

BANK OF ALBANIA
ANNUAL
REPORT
2015



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Tel.: + 355 4 2419301/2/3; + 355 4 2419401/2/3

Fax: + 355 4 2419408

E-mail: public@bankofalbania.org

www.bankofalbania.org

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GENT SEJKO, GOVERNOR OF THE BANK OF ALBANIA.



SUPERVISORY COUNCIL OF THE BANK OF ALBANIA (from left)

*Mr. Tonin Kola, Member
Mr. Dhori Kule, Member
Ms. Ela Golemi, Member
Ms. Elisabeta Gjoni, Deputy Chairwoman
Mr. Gent Sejko, Chairman
Ms. Natasha Ahmetaj, Member
Ms. Denada Prifti, Member
Mr. Petraq Milo, Member
Ms. Ermelinda Meksi, Member (not in the photo)*



(Metal: Au)

**CIRCULATION AND COMMEMORATIVE 20 GOLD FRANG COIN, ISSUE OF 1926,
DEDICATED TO THE SIGNING OF "THE FRIENDSHIP AND SECURITY AGREEMENT"
BETWEEN ITALY AND ALBANIA (THE FIRST PACT OF TIRANA), IN 26 NOVEMBER
1926.**

Obverse: Bust of Gjergj Kastriot Skënderbeu, facing right.
Reverse: Stylized reproduction of the Venetian lion with leaves

Artists: Giuseppe Romagnoli, Attilio Motti

* First commemorative coin issued by the National Bank of Albania, 1925-1945

MISSION OF THE BANK OF ALBANIA

The Bank of Albania is the country's central bank and monetary authority and has the exclusive right to: (i) formulate, adopt and implement independently the monetary policy of Albania. The principal objective of the Bank of Albania is to achieve and maintain price stability, which is the best contribution of monetary policy for sustainable and long-term economic growth; (ii) issue and circulate the Albanian currency, guaranteeing the economic agents an efficient means of payment and a reliable instrument for keeping their savings; (iii) hold and manage official foreign reserves of the Republic of Albania, as a guarantee for withstanding adverse shocks to the real sector of the economy and support financial stability.

As the issuer of the national currency, the Bank of Albania promotes the smooth operation of payments systems to: ensure a safe and fast circulation of the currency in the economy at minimum costs, prevent systemic risk and safeguard the stability of financial institutions and markets.

The Bank of Albania promotes financial system stability - public confidence in institutions, markets and financial infrastructure - through regulating, licencing and supervising banks and other financial institutions, as well as regularly identifying and analysing risks and threats to financial stability.

FOREWORD BY THE GOVERNOR

Year 2015 was full of challenges both for the Albanian economy and the Bank of Albania. The return of inflation to target, fostering economic growth, and improving banking system soundness indicators has required special attention. These challenges became even more difficult due to the unfavourable backdrop in the external economy, structural problems in the Albanian economy, and various shocks facing it throughout the year.

However, 2015 resulted in a positive year for the country's economic development. Economic growth accelerated, main economic and financial soundness indicators improved and the basis for development strengthened. These developments create positive premises for achieving our inflation target in the future and further strengthening financial stability.

The Bank of Albania has undoubtedly given its contribution in this regard.

The accommodative monetary policy stance, the prudent supervisory and regulation of the banking system, and the responsible discharge of our duties to support the development of the financial infrastructure have created an adequate platform for economic growth. Moreover, financial markets are calm, have both ample liquidity and low interest rates, and the banking system's balance sheet have improved.

The Bank of Albania has worked seriously and devotedly for accomplishing its duties and institutional commitments.

We have expanded our cooperation with national and international partner institutions, in particular with homologous supervisory authorities. I would like to highlight the memorandum of cooperation with the European Banking Authority, establishing a framework for the fruitful exchange of expertise and information. The Bank of Albania has also worked in other aspects such as the European integration process, efficient management of the currency and the foreign currency reserve, further development of the payment system, and enhancement of the professionalism in research, and improvement of the statistical base.

The Bank of Albania is better prepared for future challenges.

In 2015, the Bank of Albania introduced important changes in its work and organisation. Decision-making and control processes improved significantly, aimed at addressing shortcomings identified previously and approximating existing methods to the best European practices. In this year, the Bank of

Albania filled the vacancies in the management and control structure, and thoroughly reviewed the organisational structure. Moreover, it established new monitoring units and accelerated the work for identifying and addressing operational risks. Decisions within the institution were supported by the implementation of new technology and infrastructure systems.

In conclusion to my foreword, I would like to underline that at the end of 2015 the Supervisory Council adopted the Medium-term Development Strategy of the Bank of Albania.

Unlike in previous years, the Strategy was accompanied by a medium-term budget plan, implying concrete and long-term plans and projects for the institution's development. For the first time, this Strategy explains in clear terms the mission, vision and values of the Bank of Albania. It iterates the principles that guide its decisions such as maintaining independence, fostering accountability and enhancing transparency, through an open and unequivocal communication with the public.

The rest of the sections in the Report present the work and achievements of the Bank of Albania in 2015 in greater detail.

Gent Sejko

Governor





(Metal: Ag)



(Metal: Ag)



(Metal: Au)



(Metal: Au)

**CIRCULATION AND COMMEMORATIVE 1, 2, 20 AND 100 GOLD FRANG COINS,
DEDICATED TO THE 25TH ANNIVERSARY OF THE ALBANIA'S INDEPENDENCE,
DECLARED IN 28 NOVEMBER 1912.**

Obverse: King Zog I, facing right.

Reverse: Royal Emblem of Albania and the legend XXV *VJETORI*INDIPENDENCËS.
FR.AR*2*-28*XI*1912*1937- (Eng: 25th anniversary of independence.).

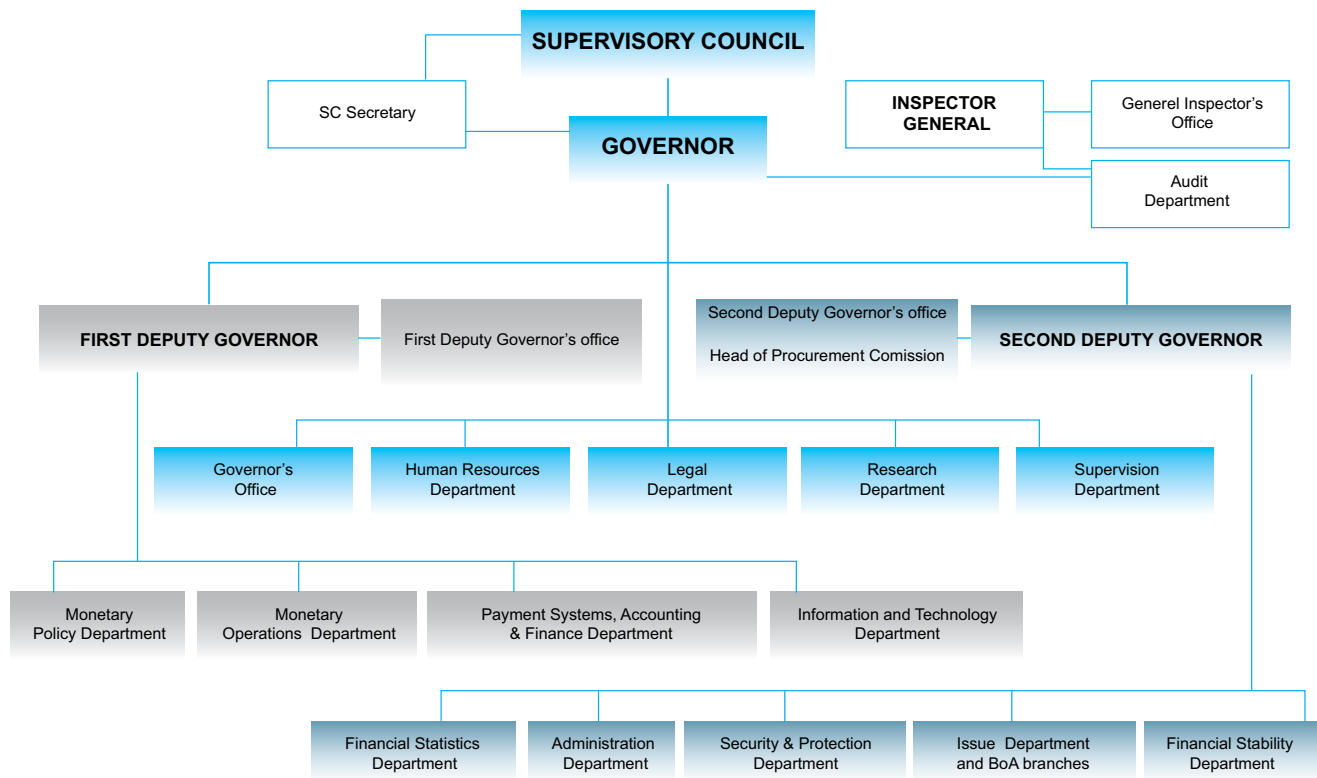
Artists: Giuseppe Romagnoli, Attilio Motti

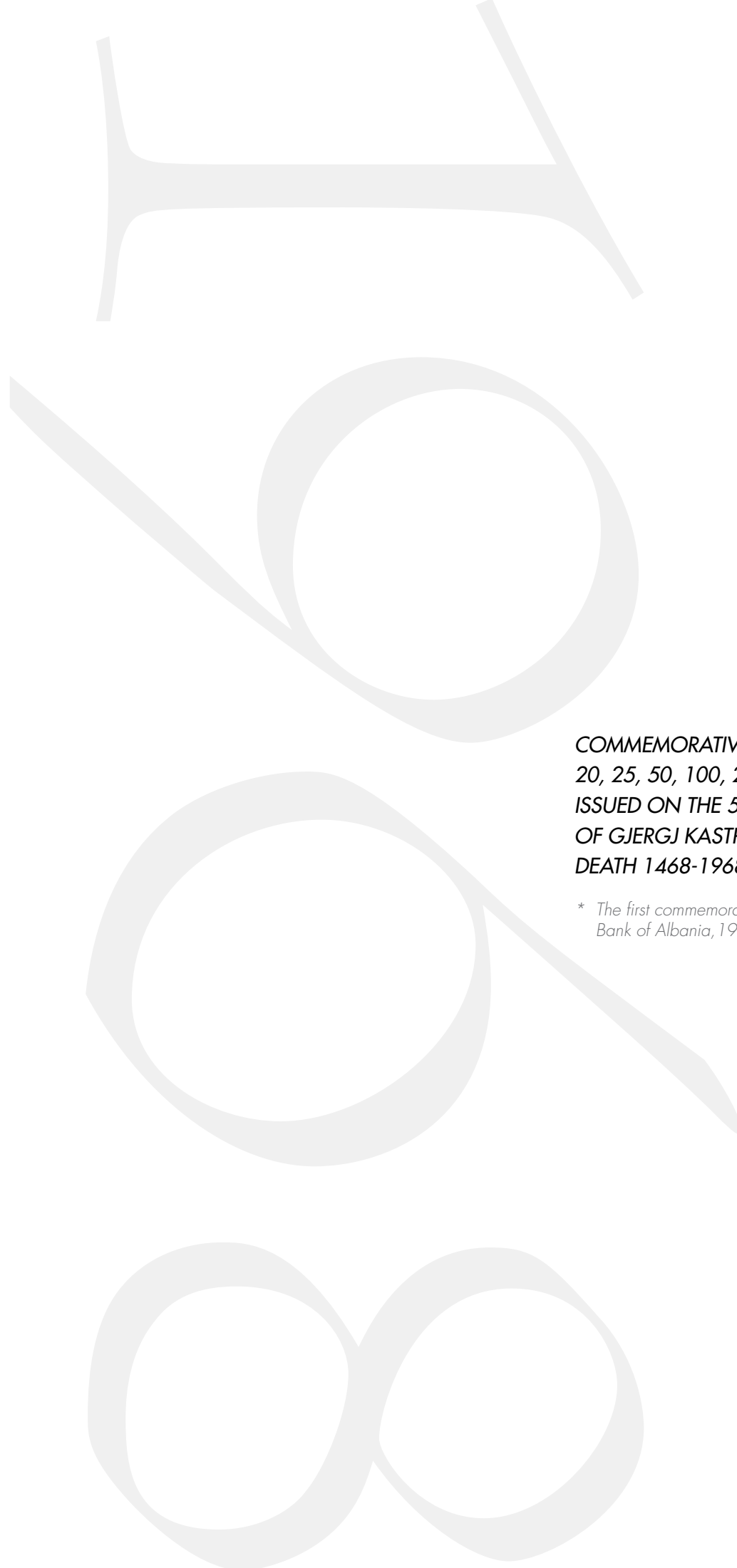
HIGHLIGHTS OF 2015

- The Gross Domestic Product rose 2.7% in the first nine months of the year, driven by growth in investments and improvement of trade exchanges with abroad. Economic growth improved for the second year consecutively, but economic activity in Albania remains below its potential.
- Annual inflation averaged 1.9%, slightly upward from the previous year. Domestic pressures on inflation remain weak, whereas external pressures have been downward.
- The Bank of Albania sharpened its accommodative monetary policy stance in 2015. The Supervisory Council lowered the key interest rate in January and November, by 0.50 percentage point in total. At the end of the year, the key interest rate stood at 1.75%. The Bank of Albania continued the liquidity injection operations and is committed to keeping low interest rates in 2016 as well.
- The fiscal policy preserved the consolidating stance, as reflected in the reduction of the budget deficit and control over the public debt trending up. In November, the second Eurobond was issued in international markets. A part of it, was used to reduce the domestic public debt, and was followed by a considerable decline in yields in the domestic market.
- The banking sector is assessed as sound. Profitability indicators improved significantly, and capitalisation and liquidity stand at stable levels, and within the regulatory bounds.
- Non-performing loans fell to 18.2% of the credit portfolio, from 22.8% a year earlier. In cooperation with other public authorities, the national plan of measures to reduce the stock of non-performing loans was finalised in September. The plan consists in legal and regulatory measures that facilitate this process.
- The supervisory regulatory framework improved, in alignment with Basel Committee principles and EC directives. In January, the regulation on the capital adequacy ratio, in accordance with the Basel II, entered into force.
- In October, a Memorandum of Cooperation was signed with the European Banking Authority. It is a framework on the exchange of information between the two parties and approximation of regulatory and supervisory standards to those of the European Union.
- In October, the National Payment Committee held its inaugural meeting, which contributes to the security and efficiency of the national payment system through inter-institutional cooperation. During the year, the payment systems' regulatory framework was completed, providing for the establishment of private infrastructures for the clearing and settlement of payments.

- In January, the AFISaR system - the central system for the registration and settlement of securities issued by the State of Albania - started operating. The implementation of this system promotes the development of financial markets in Albania and minimises the risks generated by the manual processing of the registration and settlement of securities.
- At the beginning of the year, the Parliament appointed the new Governor, Mr Gent Sejko, and elected a new member of the Supervisory Council, Ms Denada Prifti. In May, the Supervisory Council appointed the Second Deputy Governor of the Bank of Albania, Ms Natasha Ahmetaj. With the vacancies now filled, the Supervisory Council of the Bank of Albania started to function with full membership, for the first time since December 2013.
- In April, the Parliament approved the appointment of the until-then-vacant Inspector General of the Bank of Albania, enabling the resumption of reporting to the Council. In addition, the Supervisory Council approved the Internal Audit Policy and established the Audit Committee, composed of Council members. The control structures were strengthened in view of IMF recommendations and best standards on governance.
- On 30 October, the renovated building of the Bank of Albania was inaugurated and, for the first time, the Museum of the Bank of Albania was opened, which incorporates numismatic, historic and public education functions.
- In November, the Supervisory Council approved the Medium-Term Development Strategy of the Bank of Albania 2016-2018. The Strategy is a visionary, transparent and concrete plan to be implemented across all functions of the institution.

ORGANISATIONAL STRUCTURE OF THE BANK OF ALBANIA





**COMMEMORATIVE COIN SERIES 5, 10,
20, 25, 50, 100, 200, AND 500 LEKË,
ISSUED ON THE 500TH ANNIVERSARY
OF GJERGJ KASTRIOTI SKËNDERBEU'S
DEATH 1468-1968.**

** The first commemorative coins issued by the State
Bank of Albania, 1945-1992.*



(Metal: Ag)



(Metal: Ag)



(Metal: Au)



(Metal: Ag)



(Metal: Au)



(Metal: Au)



(Metal: Au)



(Metal: Au)

I. ACTIVITY OF THE SUPERVISORY COUNCIL OF THE BANK OF ALBANIA

- *The decision-making process at the Bank of Albania is guided by the principles of lawfulness, professionalism, independence and transparency. The highest decision-making and supervisory body of the Bank of Albania is the Supervisory Council, whose members are elected and appointed by the Parliament of Albania.*

The Supervisory Council during 2015 performed its activities in line with the competences set out in the Law "On the Bank of Albania"¹ and the procedures established in the regulation for its organisation and functioning.

SUPERVISORY COUNCIL IS THE HIGHEST STEERING BODY OF THE BANK OF ALBANIA

The Council met 15 times in 2015. Unlike in previous years, the Council held eight meetings to review and approve the monetary policy: four meetings to discuss the quarterly report and four meetings to discuss the intermediate report. After discussing economic and monetary developments at home and their outlook, the Supervisory Council made a decision on the key interest rate. These decisions were based on consolidated analyses and assessments, and are corroborated by research conducted at the Bank of Albania over the years. The other four meetings focused on issues related to supervision and financial stability.

i. Decision making

In the light of its role to determine the vision and strategic way ahead for the Bank of Albania, in November, the Council approved the Medium-Term Development Strategy, which seeks to provide a proactive response to challenges for the institution, in the period 2016 - 2018. On this basis, and pursuant to objectives set out in the Strategy, in December, the Council approved the Medium Term Budget of the Bank of Albania.

The Council approved 98 decisions (including 57 Regulations and 3 Guidelines), of which 63 were legal acts approved for the first time, and 35 amendments or additions to existing legal acts. These acts are either issued pursuant to the main duties of the Bank of Albania set out in the organic law (monetary policy, bank licencing and supervision, payment systems, currency issue) or regulate various aspects of the management and functioning of the institution.

¹ Law No. 8269, dated 23.12.1997, "On the Bank of Albania".

ii. New organisational structure

Following the filling of administrators' vacant positions, the Council approved some changes to the organisational structure of the Bank of Albania. These changes clarify the subordination by department under each of the administrators as well as the line of responsibility and accountability for the heads of departments. These changes are reflected also in the new Statute of the Bank of Albania.

iii. Appointments of the management

Following the amendments to the regulation on the employment relation for Bank of Albania's personnel, for the first time at the Bank of Albania, the criteria and procedures for the appointment of the heads of departments were set out. On this basis, the Council approved the appointment of the following: (i) Head of the Payment Systems, and Accounting and Finance Department; and (ii) Head of the Security and Protection Department.

iv. Budget

In December, the Council approved the budget of the Bank of Albania for 2016. The planned income in the budget provide for good administration of the foreign currency reserve, monitoring of developments in the money market and the secondary market of government securities, and fulfilment of banking system needs for liquidity. The objective for the envisaged expenditure is to retain qualified personnel for carrying out the duties assigned to them by the organic law and to provide for the normal functioning of the activity of the Bank of Albania. A priority for investments is the renovation of former Hotel Dajti building, improving the IT network infrastructure and enhancing the quality and security of the currency in circulation.

Enhancing the efficiency and effectiveness of the use of resources has been and remains a primary objective of the Council. It aims at allocating financial resources in accordance with the priorities set out in the organic law, strategy and medium-term budget of the Bank of Albania.

Every three months, the Council is informed on the budget implementation through reports about the realisation of income, expenditure and investments, with a view to monitoring the realisation of objectives set out in the medium-term strategy and the normal functioning of the activity of the Bank of Albania.

SUPERVISORY COUNCIL IS THE HIGHEST SUPERVISORY BODY OF THE BANK OF ALBANIA

In 2015, special attention was given to fulfilling the supervisory responsibility of the Council over policies, administration and operations of the Bank of Albania. To ensure proper compliance with the organic law, statute and other acts that regulate the daily operations of the Bank of Albania, the Council has been regularly informed by the relevant internal and external audit units.

i. Internal audit

Control over administration

Administrators have informed the Supervisory Council on monthly basis about the economic, financial and monetary developments, in accordance with the legal obligations. The Council has been also informed about the institution's management policies and methods of using the financial assets for the realisation of the operational activity of the Bank of Albania. Monthly information has been presented on the financial position and result of the Bank of Albania and quarterly information has been presented about investments. Every month, the Council has been informed by the Investment Committee on the foreign currency reserve management.

Activity of the Audit Committee

The role of the Audit Committee is to assist the Council in its supervisory responsibility, providing opinions and advice on: (i) financial reporting process; (ii) internal control system; (iii) internal and external audit; and (iv) compliance with legal and sublegal acts in force.

The Committee is composed of three external members of the Council, namely: Mr Petraq Milo (Chair), Ms Ela Golemi and Ms Denada Prifti.

The Audit Committee has held a number of meetings with the Inspector General and heads of departments of the Bank of Albania, without the presence of the administrators. These meetings discussed the organisation and functioning of the Internal Control [Audit] Department, annual audit plan, main findings of audit exercises, audit universe, risk assessment, effectiveness of the internal control system at the Bank of Albania, and the preparations of financial statements in accordance with the International Financial Reporting Standards.

The Council and the Audit Committee have been regularly informed on the findings and recommendations of audit exercises by the Audit Department, which provide independent guarantee on the effectiveness and quality of the internal control, risk assessment and management of the Bank of Albania.

ii. External audit

Independent external auditor

To ensure that financial statements prepared by the external auditor (KPMG) for 2015 are compliant with the accounting standards and reflect correctly the financial situation and performance of the Bank of Albania, the external members of the Council met, in March, with KPMG representatives. In the meeting, without the presence of the administrators, they discussed on the main audit findings and the transition towards the implementation of the International Financial Reporting Standards.

Financial control

The Council was informed on and discussed about the Supreme State Audit Report for 2014 to ensure that the findings and recommendations of the report

comply with the principle of central bank independence. The Council has been also informed regularly on the measures taken by the departments of the Bank of Albania for addressing them.

ACCOUNTABILITY AND TRANSPARENCY

During 2015, the Council complied to the obligation of Bank of Albania's accountability to the Assembly of the Republic of Albania and the obligation of its transparency to the public, financial system and the media.

In February, the Council approved the annual report of the Bank of Albania presenting activities of the Bank for the year 2014. The report presents detailed information on the realisation of objectives of the Bank of Albania in the area of monetary policy, financial stability, and banking supervision, as well as the use of financial and human resources. The report also contained financial statements for 2014 as audited by the KPMG.

Moreover, the Council approved 4 quarterly monetary policy reports, the Monetary Policy Document and 2 half-yearly financial stability reports, which were submitted to the Parliament, the Council of Ministers and other central institutions.



(Metal: CuNi)



(Metal: Ag)



(Metal: Au)

COMMEMORATIVE 5, 50 AND 100 LEKË COINS, ISSUED ON THE OCCASION OF THE 2600TH ANNIVERSARY OF THE FOUNDATION OF THE CITY OF DURRËS, 1987.

Obverse: Port of Durrës, its castle and a ship.

Reverse: Emblem of the People's Socialist Republic of Albania.

II. ACTIVITY OF THE BANK OF ALBANIA DURING 2015

II.1. ECONOMIC ENVIRONMENT AND MONETARY POLICY

- *The Albanian economy improved in 2015. The pace of economic growth accelerated, and the main indicators of economic and financial soundness showed, overall, trends of improvement. Albeit upward, economic activity in Albania remains below its potential. Aggregate demand is not adequate to generate full utilisation of production capacities, which is reflected in the still-low inflation rates.*
- *Against this backdrop, the Bank of Albania has adopted a stronger stimulating monetary policy stance. This stance has taken into account the consolidating trend of the fiscal policy, creating a convenient combination of economic policies. The monetary stimulus was increased through the further lowering of the key interest rate, increase in liquidity injection in the financial system, and the forward guidance on the future course of the monetary policy stance. These measures were aimed at and succeeded to control risk premiums and reduce the costs of financing the real sector. However, the complete monetary policy transmission in the economy continued to be decelerated by the persisting high uncertainty and conservative credit policies of the banking system.*
- *The cyclical weakness of the Albanian economy requires the implementation of prudent stimulating policies. Likewise, long-term problems require that structural reforms continue, in order to accelerate economic growth and increase its stability.*

II.1.1 ECONOMIC HIGHLIGHTS

- *Year 2015 was overall positive for the Albanian economy. Economic activity continued the upward cycle started in the previous year, employment recorded growth and internal and external economic balances improved. Annual inflation averaged 1.9%, rising 0.3 percentage point from the previous year. Despite the volatility throughout the year, financial markets were characterised by improved liquidity, downtrend in interest rates and stable exchange rates.*

Economic growth for 2015 was higher than in the previous year. According to INSTAT data, the Gross Domestic Product rose 2.7% during the first three quarters of the year. Indirect available indicators suggest that it continued to rise in comparable terms in the fourth quarter.² The economy benefited from the improvement of the financing conditions, more liquid balances of firms due to the payment of arrears by the public sector, inflows of foreign direct investments, and improvement of businesses and consumers' confidence. On the other hand, economic growth continues to be decelerated by the high uncertainty and unfavourable external environment.

² Indirect data include: consumers and business confidence indicators, fiscal expenditure and income, imports in machineries and equipment, imports in food products.

In accordance with the fiscal consolidation strategy, the public debt resulted within the projected levels, whereas budget deficit was downward. Similarly, the external position of the Albanian economy improved slightly and the current account deficit of Albania reduced.

Table 1. Selected economic figures over the years

	2010	2011	2012	2013	2014	2015
Inflation (y-o-y, average for the period)						
Headline inflation (in %)	3.56	3.45	2.04	1.94	1.63	1.9
Core inflation (in %)	1.81	3.20	1.70	0.19	0.10	-0.2
Economic growth						
Real GDP growth, in % ¹	3.71	2.55	1.42	1.11	2.02	2.74
GDP (at current prices, in ALL million)	1,239,645	1,300,624	1,332,811	1,350,555	1,400,549	
PBB/Frymë (në euro)	3,088	3,191	3,305	3,323	3,457	
Labour Market ¹						
Number of employed (in thousand)	1,153	1,127	1,097	990	1,006	1,051
Labour force participation rate (15-64 years old) ²	62.3	68.5	64.9	59.6	61.5	63.8
Unemployment rate according to the survey	14.2	14.3	13.8	16.4	17.9	17.4
Fiscal sector ³						
Budget balance (including grants, as % of GDP)	-3.1	-3.5	-3.4	-5.0	-5.2	-3.6
Budget revenues (as % of GDP)	26.2	25.4	24.8	24.2	26.2	26.1
Budget expenditure (as % of GDP)	29.3	28.9	28.2	29.2	31.3	29.7
Public debt (as % of GDP)	57.7	59.4	62.1	70.4	71.8	72.2
External sector ¹						
Current account (excl. official transfers in % of GDP)	-11.9	-13.5	-10.7	-11.2	-13.2	-9.8
Imports of goods (fob, as % of GDP)	36.2	39.4	36.7	35.7	38.6	35.9
Exports of goods (fob, as % of GDP)	13	15.2	15.9	18.2	18.4	17.4
FDI inflows (as % of GDP)	8.8	6.8	6.9	9.5	8.2	9.3
International reserve (in EUR million, end of period)	1904	1912	1972.0	2015	2191.72	2879.98
Monetary and financial sector						
Repo rate (end of period)	5	4.75	4	3	2.25	1.75
M3 aggregate (annual growth, end of period)	12.5	9.2	5	2.3	4	1.9
Lending to the private sector (annual growth, end of period)	10.1	10.4	1.4	-1.4	2	2.3
Deposits/GDP*	64.0	68.3	71	72.3	72.7	71.8
Loans/GDP*	37.5	39.5	39.1	38	37.4	36.9
12-month yield (annual average)	8.0	7.4	7.1	5.2	3.4	3.3
ALL/USD average exchange rate	103.9	100.84	108.26	105.7	105.48	126
ALL/EUR average exchange rate	137.8	140.34	139.03	140.3	139.97	139.7
NEER	113.4	113.8	113.7	113.7	112.2	114.0

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

GDP ratios are based on annual projections.

¹ Most recent data as at 2015 Q3.

² "Labour force survey results", published by INSTAT.

³ Preliminary data for 2015.

* Including deposits over two years. Credit includes also written off loans for 2015.

From the demand-side perspective, economic growth in 2015 reflected the growth of investments and improvement of the balance of trade exchange with abroad. On the other hand, private consumption contracted during the first half of the year- mainly in response to uncertainty - and recovered slowly in the third quarter. The fiscal policy was consolidating, as reflected in the reduction of the fiscal stimulus.

From the sectorial perspective, economic growth in 2015 reflected the continuous positive contribution by the services sector and the improvement of the activity in the construction sector. The activity in industry made also positive contribution to economic growth, but it was characterised by movements in opposite directions of its constituent branches. Lastly, activity in the agricultural sector declined.

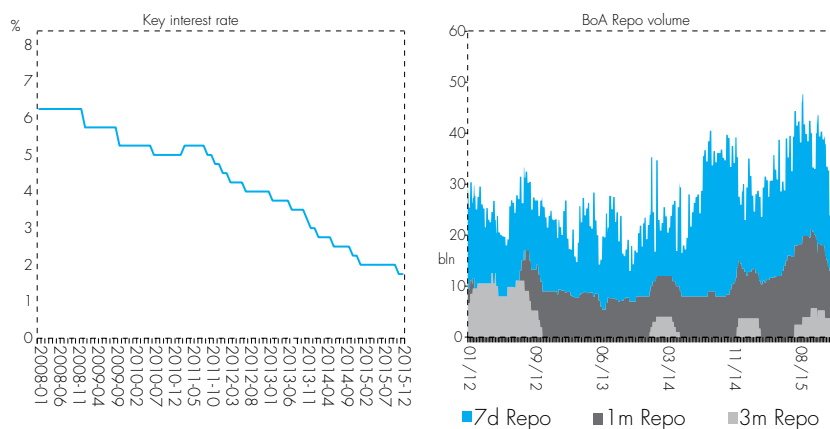
Economic growth was accompanied by growth in employment and improvement in the utilisation of production capacities. However, it was insufficient to absorb all spare capacities in the economy and create full employment. Thus, pressures on the rise of wages, productions costs and profit margins were weak. Moreover, the performance of prices in global markets, summarised in low levels of core prices and of inflation in the euro area, did not favour the increase in inflationary pressures in Albania. While upward, annual inflation remained below Bank of Albania's target.

II.1.2. MONETARY POLICY OF THE BANK OF ALBANIA

- *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 consumer price inflation at 3.0%. To realise this objective, it implements inflation targeting and a free floating exchange rate regime. The monetary policy of the Bank of Albania is forward looking, flexible, prudent and transparent.*
- *The Bank of Albania has continued to implement an accommodative monetary policy stance in 2015, to create adequate monetary conditions for economic growth and the return of inflation to target in the medium-term horizon. This policy stance has contributed to reducing financing costs in the economy and is reflected in upholding the positive growth trend in the lek credit portfolio.*

The monetary policy intensified its stimulating stance in 2015, in response to weak inflationary pressures. The key interest rate was lowered twice during 2015, to 1.75% at the end of the year, from 2.25% at the beginning of

Chart 1. Key interest rate (left) and liquidity injected by the Bank of Albania (in ALL billion)



Source: Bank of Albania.

the year. To reinforce the transmission of the monetary stimulus, the Bank of Albania has increased the liquidity injection. During 2015, the injected liquidity has averaged around ALL 29.5 billion, up by around ALL 5 billion from a year earlier and around ALL 11 billion in the period 2011-2013.

To enhance the pass through of the accommodative monetary policy stance in financial markets, the Bank of Albania has intensified the use of the monetary policy forward guidance.³ In accordance with our analyses and projections, and to better anchor financial market expectations for interest rates in the short and medium term, the Bank of Albania has used the conditioned market guidance on the monetary policy stance in 2015.⁴ The use of this instrument has helped improve the clarity on the monetary policy stance, lower the risk premiums in the market, and reduce the long-term interest rates.

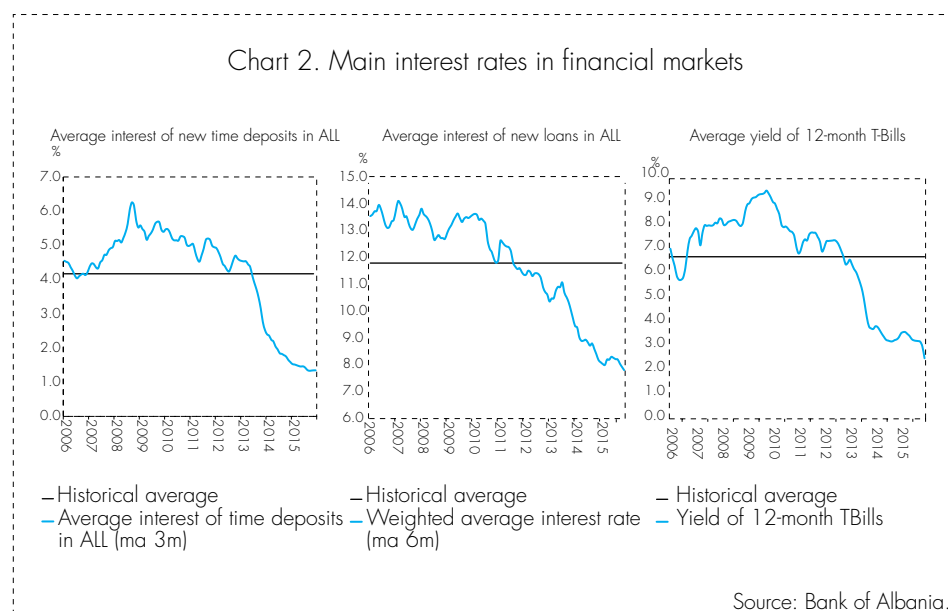
Other instruments of the monetary policy implementation have not changed over 2015. The Bank of Albania continued to inject liquidity in the banking system, through its standard refinancing operations, with the one-week reverse repurchase agreement being the main liquidity injection operation. In addition, the central bank has also employed reverse repos of 1 and 3-month maturity.

Table 2. Structure of liquidity injection operations by the Bank of Albania

	2009	2010	2011	2012	2013	2014	2015
Main instrument	55%	58%	74%	55%	60%	64%	55%
Long-term liquidity providing instruments	45%	42%	26%	45%	40%	36%	45%

Source: Bank of Albania.

The accommodative monetary policy has been followed by lower interest rates on financial instruments denominated in the national currency. This trend was

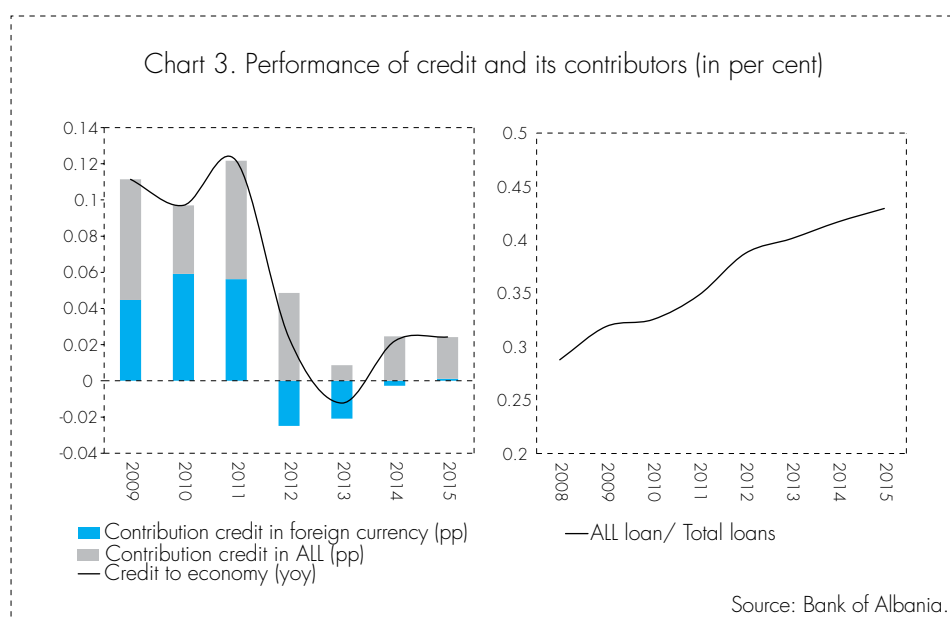


³ The forward guidance has been increasingly employed by central banks to complement or reinforce traditional monetary policy instruments.

⁴ The conditioned guidance of the monetary policy is a commitment of the central bank to pursue a certain course of the monetary policy, depending on the available information. The central bank may decide later to take a different monetary policy course, depending on the new economic and monetary developments.

reinforced in the fourth quarter, following the reduction of public borrowing from domestic financial markets. The average cost of credit to the private sector fell by 0.5 percentage point during 2015. The interest rates on lek deposits and government securities have also dropped.

In response to low interest rates, lek credit increased and was the only driving factor of the growth of credit to the private sector. Due to the constant expansion of the lek credit portfolio and constant narrowing of the foreign currency credit portfolio, the share of the lek credit in total credit portfolio has risen from around 29% in 2008 to around 41% in 2015.



The increase in lending has contributed to the expansion of both domestic demand and pace of economic growth. However, lending showed weak during 2015, as a result of the low need of the economy for financing and the banks' reluctance to lend (see Box 3 "Lending Challenges in Albania").

Monetary stimuli, sound balance sheet of the financial sector, reduction of non-performing loans, and low need of the government for financing provide premises for credit recovery in the period ahead. Positive developments noted in 2015 are expected to get stronger in the medium term. During the period, they will continue to be driven by the combined stimulating effects of the monetary policy and fiscal policy. Economic growth is expected to be more balanced and consumer price inflation is expected to be in line with Bank of Albania's target. In the long term, results of the structural reforms should be reflected in the expansion of the potential of the Albanian economy and its enhanced resilience to shocks. Moreover, these reforms should aim at improving the pass through mechanism of the main economic policies, thus improving the degree of the monetary and fiscal control in the economy.

BOX 1 PROCESSES SUPPORTING MONETARY POLICY DECISIONS AT THE BANK OF ALBANIA

The primary objective of the monetary policy of the Bank of Albania is maintaining price stability in the economy. In practice, the Bank of Albania aims at keeping inflation at 3%, on average, for the medium-term period. This target is similar, both in spirit and content, to that of modern central banks. Experience has shown that by achieving this target, the central bank contributes to the sustainable growth of the economy and the improvement of the living standard.

The monetary policy operates in a dynamic environment: on the one hand, the economy and financial markets are constantly developing; on the other hand, the monetary policy effect is transmitted to the economy with a time lag. For that reason, the projection of economic and financial indicators, and the assessment of expected monetary policy effects on them are necessary steps for a successful monetary policy.

In its efforts to adopt best practices of central banking and reflecting the added complexity of the economic and financial backdrop of policymaking, the Bank of Albania pays particular attention to analysis and forecasting. All monetary policy decisions - eight throughout the year - are corroborated by: (i) analysis of economic financial and monetary developments; (ii) macroeconomic forecasts over a three-year horizon; and, (iii) evaluation of various monetary policy options. All these steps are interlinked in a structured, transparent and efficient process, which is subject to constant improvement.

- *The process supporting decision-making starts with collecting and analysing new information. Economic and financial analyses aim to create a more comprehensive idea on the development trends and factors determining them. Bank of Albania analyses are based on the expertise of its staff and are fed and refreshed from on-going empirical research on the Albanian economy and financial markets.*
- *A second step in the process is the generation of forecasts. This brings about added value in the definition of expected developments, identification of potential risks and assessment of various monetary policy options. The forecasting framework of the Bank of Albania is based on a portfolio of models. For short-term projections, the Bank of Albania uses eight forecasting models for inflation and four forecasting models for economic growth. These models apply to a time horizon from four to six quarters. For medium-term projections, the Bank of Albania uses two structural macroeconomic models, to generate forecasts for at least a three-year horizon. Short-term and medium-term projections are coordinated so as to ensure a logical flow of the forecasting process.*
- *Support to the decision-making process ends with the assessment of various monetary policy alternatives. Monetary policy decision-making implies identification of the need and extent of monetary policy intervention, which, in turn, affects the direction and intensity of expected economic developments. For that reason, various response options are studied through medium-term forecast models and rely on experts' judgement.*

A priority of the monetary policy for 2015 was the improvement of the analytical, forecasting and reporting framework. In this regard, our work consisted in: (i) improving and enriching the forecasting models, and better coordinating the short and medium-term projections; (ii) enriching short-term models with news statistical models and their automation; (iii) conducting research for assessing the policy

transmission channels, and assessing the potential increase and the output gap; (iv) expanding the range of indicators and instruments used for the analysis and forecast process; and (v) enhancing the understanding of monetary policy decisions. The latter was realised through the enhanced clarity in writing, lay out, and consistency of analyses, as well as public statements by the Governor for projections on inflation, and economic and credit growth. During this process, the Bank of Albania has benefitted from foreign expertise in the framework of cooperation agreement with the Bank of Swedenⁱ and the Graduate Institute Geneva Swiss State Secretariat for Economic Affairs (SECO).ⁱⁱ

ⁱ The cooperation agreement with the Bank of Sweden provides for technical assistance related to improving analysis and forecasting process regarding the monetary policy, and the professional staff development in these aspects.

ⁱⁱ The SECO programme (2013-2016) provides technical assistance and staff development for the staff of several central banks, part of the programme, contributing to the development of a favourable environment for sound and balanced financial systems.

II.1.3. PRICE STABILITY

- Consumer price inflation increased slightly in 2015, but overall inflationary pressures remain low.

Annual inflation in 2015 averaged 1.9%, standing higher than in the previous year, but below Bank of Albania's target. The inertia of low inflation values continued to reflect weak pressures from the aggregate demand, downward commodity and core food prices in international markets as well as low inflation expectations.

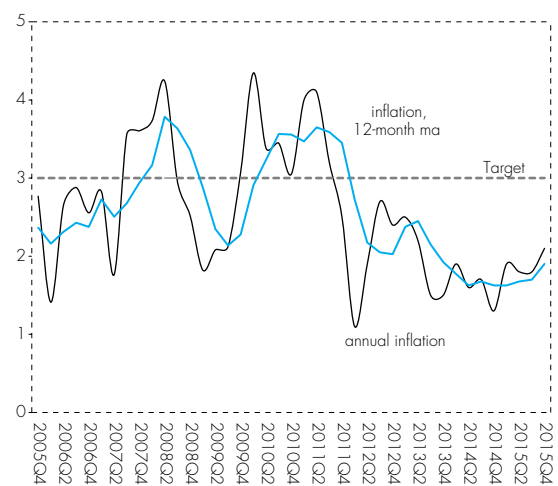
Inflation rates were determined mainly by the performance of food prices.

Developments in food prices, especially of unprocessed food, have determined most of the inflation rate during the year. The categories of 'unprocessed food' and 'processed food' contributed by around 2.0 and 0.2 percentage points, respectively to the average annual inflation for 2015. Inflation in 'unprocessed food' was volatile due to temporary shocks. Cold weather and floods early in the year exercised pressures for their rise, until April. Later, their inflation reduced gradually until July⁵ and returned to the upward trend over the rest of the year. Its high value at the end of 2015 carried the effect of the low comparative base a year earlier. On the other hand, inflation of 'processed foods' fell gradually during the year, reflecting the downward trend of prices of tobacco and grains.⁶

⁵ Contribution of 'unprocessed foods' fell to 1.2 percentage points in July from 2.3 percentage points in April 2015.

⁶ In December, the contribution of 'processed food' was negative at -0.2 percentage point from 0.3 percentage point in the first quarter.

Chart 4. Annual inflation (in %)



Source: INSTAT and Bank of Albania.

Table 3. Contribution of key items to annual inflation

	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Processed foods (pp)	-0.1	-0.1	-0.2	-0.1	0.2	0.3	0.2	0.1	0.0
Bread and grains (pp)*	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	-0.1
Alcohol and tobacco (pp)	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Unprocessed foods (pp)	1.5	1.6	1.3	1.5	0.8	1.7	1.8	1.8	2.6
Fruit (pp)	0.5	0.7	0.7	0.2	0.4	0.5	0.8	0.8	0.9
Vegetables (pp)	1.1	0.9	0.6	1.2	0.2	1.1	0.9	0.9	1.7
Services (pp)	0.1	0.1	0.1	0.1	0.2	0.1	0.0	0.0	0.0
Regulated prices (pp)	0.0	0.0	0.0	-0.1	0.1	0.1	0.1	0.1	0.0
Fuels and energy (pp)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Housing (pp)	0.3	0.3	0.2	0.1	0.1	0.1	-0.1	0.0	-0.2
Non-food consumer goods	-0.2	0.2	0.2	0.2	0.0	-0.4	-0.2	-0.2	-0.3
Durable consumer goods (pp)	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Consumer Price Index (y-o-y, %)	1.5	1.9	1.6	1.7	1.3	1.9	1.8	1.8	2.1

Source: INSTAT and Bank of Albania.

* The table presents some of the main items.

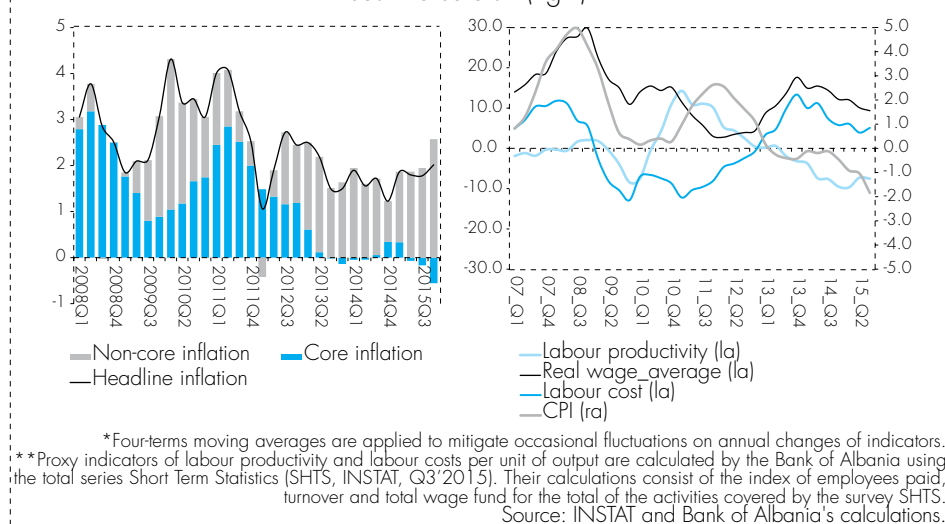
The contribution of other categories in the CPI to headline inflation resulted negative in the formation of the average headline inflation (around -0.3 percentage point). In particular, the category of 'non-food consumption goods' was determined by the annual fall in oil prices, which recorded the lowest level during 2015. Moreover, the contribution of 'housing' resulted negative at the end of the year, driven by the annual decline in rental prices.

The negative output gap generated weak pressures on inflation. Similarly, supply shocks did not produce strong inflationary impulses during 2015.

While upward, economic activity in Albania remained below its potential. As a result, pressures on the rise of wages and production costs remained weak. They continue to materialise in low historic values of core inflation, which averaged around -0.16% in 2015. The downward profile of the core inflation was affirmed also by the inflation of non-tradable goods in the CPI basket. It averaged 0.4%, with a notable negative contribution in the last quarter of 2015.

The cyclical weakness produced lower inflationary pressures than in the previous year from the labour and production costs. The average annual

Chart 5. Contribution of core and non-core inflation (in pp), left; annual change in cost indicators* (right)**

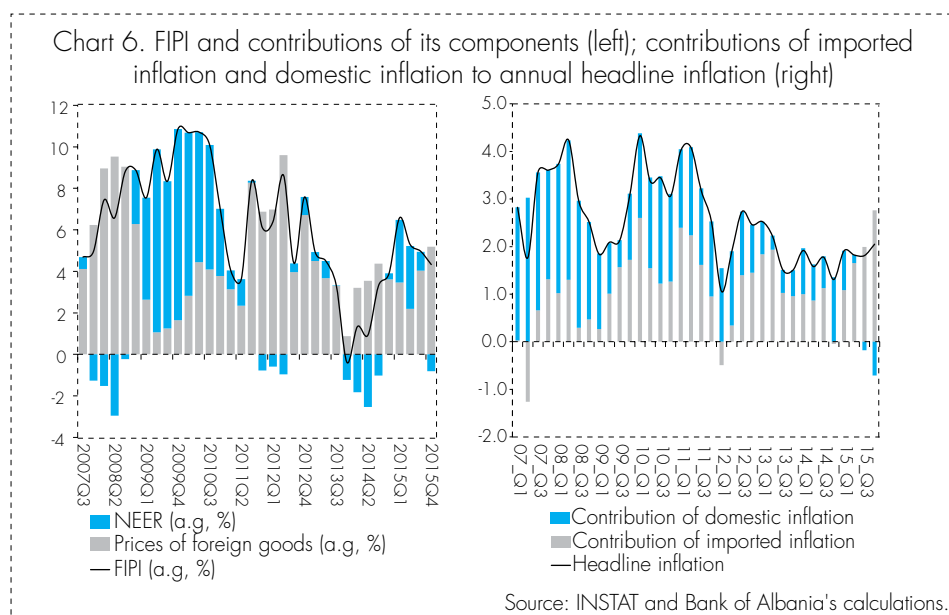


growth of the labour cost for unit in the first nine months of 2015 slowed down to 4.6% against 5.8% a year earlier. The slowdown was due to the decline in labour productivity (-6.3%), whereas the fund of wages recorded increase, though more moderately than in the previous year. For the same-stated period, industrial production costs deepened the downward trend of the last three years.

Pressures from components of imported inflation were low.

Imported inflation in the economy resulted lower than its historic behaviour. Its contribution, however, was positive, forming a large portion of headline inflation. The increase in the imported inflation's contribution during 2015 Q4 was mainly due to the effect of the low comparative base.

'Foreign prices' increased 3.7% in annual terms, largely unchanged from the previous year. Unlike in 2014, the depreciation of the national currency in terms of NEER, added the presence of foreign inflationary pressures at home, especially in the first half of the year. In response to them, the FIPI⁷ index expanded 5.3% in 2015.



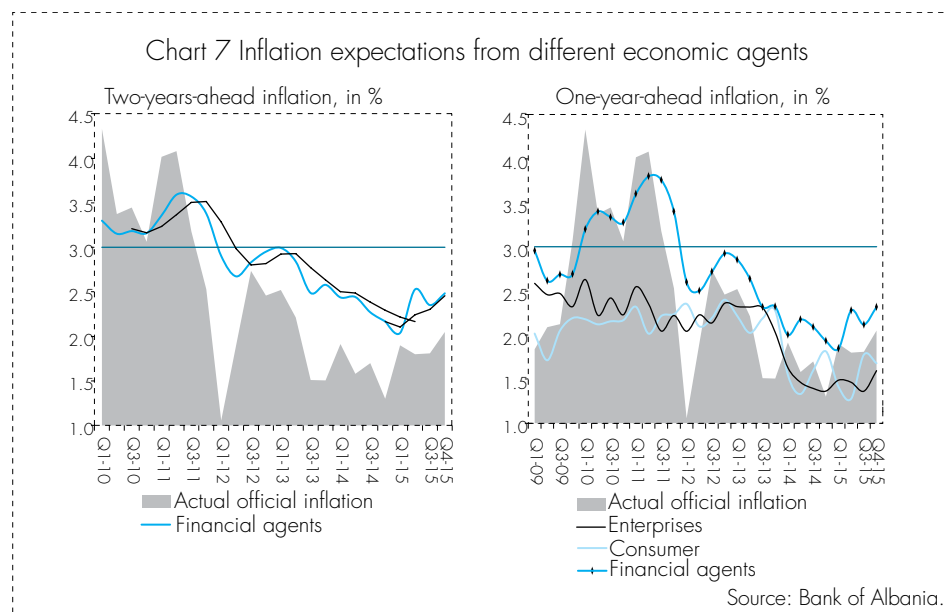
Pressures from inflation expectations remain weak.

While slightly upward in 2015, inflation expectations remained low. Short-term expectations ranged from 1.5% (firms and consumers) to 2.1% (financial agents), standing significantly below the respective long-term average. Although assessments by different agents vary in relation to the level of inflation for the period ahead,⁸ the synchronisation level of the series is high. It is largely affected by the volatility of factual inflation, attesting to the marked adaptive nature of inflation expectations.

⁷ FIPI is calculated as the annual increase in the Import Price Index and NEER index for the respective month. Imported inflation pressures impact inflation with a 1-3 month time lag.

⁸ The average of the series of financial agents' expectations is around 1 percentage point higher than the average of the firms and consumers' expectations.

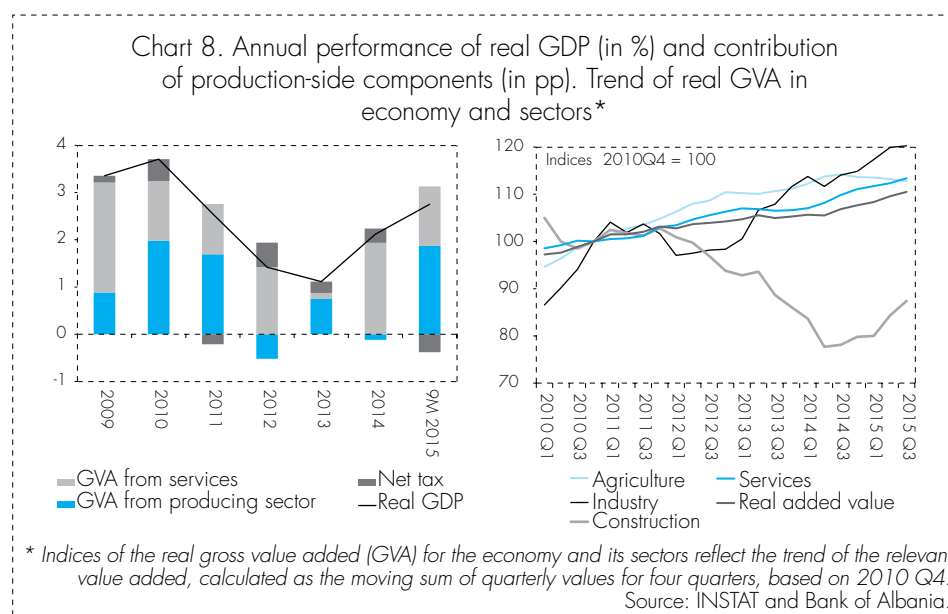
Medium-term expectations (two-years-ahead inflation) of financial agents resulted anchored closer to Bank of Albania's target.⁹ After reaching the lowest historic value in 2015 Q1, they made an upward turn in 2015 Q2.



II.2.2. ECONOMIC GROWTH

- Economic growth during 2015 was driven by a broader production base and was accompanied by improvements in labour market indicators.

Economic activity showed higher growth rates in 2015. According to official data, annual growth resulted in 2.7% for the first nine months of the year,¹⁰ from 2.0% in 2014.



⁹ Medium-term expectations are used to better capture the confidence in the ability of the monetary policy for the return of inflation to target within the medium-term horizon.

¹⁰ The analysis of economic activity by sector is corroborated by direct statistical data available only for the first three quarters of 2015. Real growth by quarter was 2.24%, 2.96%, and 2.98% respectively for Q1, Q2 and Q3.

The services sector¹¹ made a significant positive contribution to economic growth for the nine-month period, estimated at 1.26 percentage points. Also, unlike in the previous year, construction sector made a high positive contribution, estimated at 1.24 percentage points. This sector benefited from the growth of investments during 2015. Economic activity was driven also by the expansion of the industry sector, which contributed 0.82 percentage point.¹² By contrast, the agricultural sector contracted and made negative contribution to real growth.¹³

From a longer-term perspective, the Albanian economy showed signs of restructuring, moving away from production sources and construction sector towards the industry sector. Likewise, within the services sector, the sources have shifted from sectors with a low value added, such as whole sale and retail trade, towards those with higher value, such as education and health care. These structural movements render economic growth somewhat difficult in the short term. However, in the long run, they are necessary and should be further strengthened.

¹¹ The services sector consists of: wholesale and retail trade; repair of vehicles and motorcycles; transport and storage; accommodation and food services; information and communications; finance and insurance; real estate; scientific, professional and technical activities; administrative and support services; arts, entertainment and recreation, production of goods for households for own use and other services.

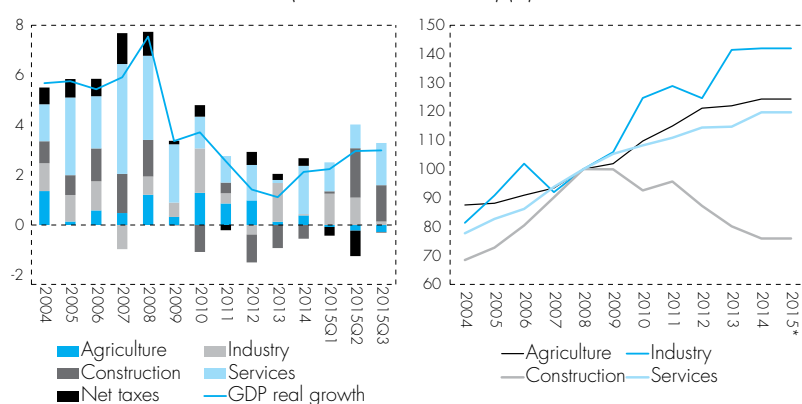
¹² The contribution of sub-branches is divided into 0.36 percentage point by the processing industry and 0.46 percentage point by the extractive industry.

¹³ The contribution of agriculture to real growth for the nine-month period is estimated at -0.19 percentage point.

BOX 2 ECONOMIC GROWTH IN ALBANIA AND STRUCTURAL CHANGES

The Albanian economy has grown over the period 2000-2015, but the growth rates have been uneven throughout the years. The growth rates decelerated from around 6% average in the period leading up to 2008, to around 2.3% on average after this year. The period 2000-2008 experienced growth rates around the potential of the economy. The main underlying growth factors in this period were the shift of sources from less productive sectors (agriculture) towards more productive ones (services and construction), increasing adoption of technology, high support with bank credit, and low base at the start of economic growth. In terms of aggregate demand, economic growth during this period was driven by high private investment and consumption levels, whereas exporting remained weak.

Chart 9 Contribution by sector to real GDP growth (in pp) (a); GVA* by sector (index 2008 = 100) (b)



Note: * Gross Value Added. For GVA 2015, Bank of Albania estimates.
Source: INSTAT and Bank of Albania estimates (National accounts for GVA – prior to 2008 Bank of Albania estimates).

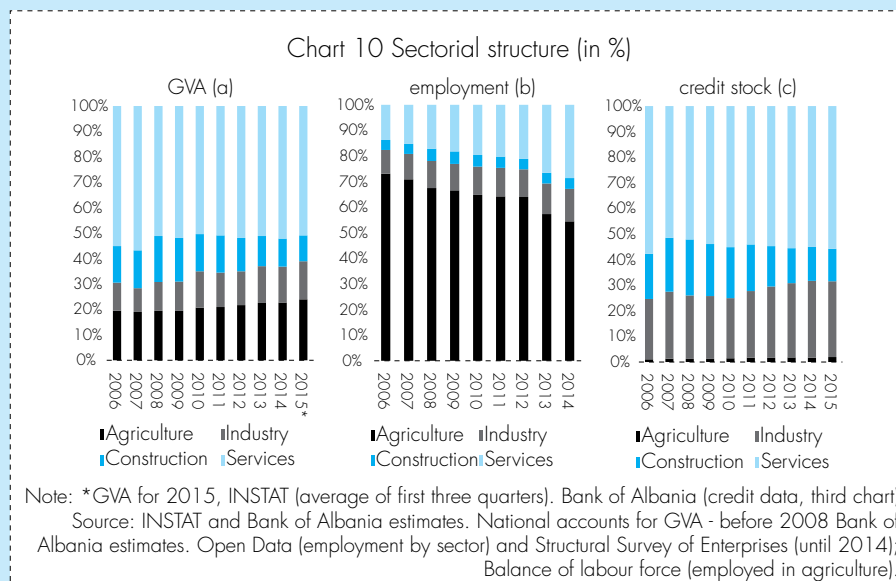
Since 2009, the Albanian economy has been subject to pressures from added uncertainties due to the financial and debt crisis in EU countries. It experienced prolonged slowdown, accompanied by unsteady growth rates. The shock from the global crisis showed that the strategy of relying on domestic demand as a source for economic growth had its limitations, especially in the presence of tightened financing conditions in foreign markets. Moreover, this shock revealed sectorial disproportions that had characterised the high growth rates prior to 2009. Both these problems have been a structural weakness in the Albanian economy, which should be addressed resolutely in order to bring the economy back on track for higher and steadier growth.

From the sectorial perspective, the rapid expansion of construction up to 2009, especially in the residential segment, was followed by an immediate drop in demand for them. Consequently, the construction sector was characterised by contraction of its activity and contributed negatively to economic growth until the end of 2014.¹ The growth rates in the services sector also slowed down markedly, mainly after 2010.² In the period 2009-2010, certain branches (communications, mobile telephony, information, digital broadcasting, and penetration of internet) saw rapid increase in productivity, thus contributing positively to the performance of the sector. Later, the branches of services with a high share in GDP, such as trade and maintenance, generated less value added, therefore reducing their contribution to economic growth. These developments reflected to a large extent the spillover effects of slowdown in household expenditures for both goods and services

and house purchase, and reduction of firms' investments. In the same period, the contribution of production sectors oriented towards exports or competitive imported goods - such as agriculture and industry - resulted higher. But, these developments could not offset the loss in the non-tradable sectors (construction and services). The industry progressed by utilising more the competitive advantages in terms of low labour costs than the growth in productivity. Its contribution to growth is positive, higher than prior to 2008, yet unsteady. Agriculture continued to reflect inherited difficulties from the land division and ownership, fragmentation and informality, lack of organised markets destined for Albania and abroad, relatively isolated investments limited to certain regions and sub-sectors. It has a considerable share in employment, although downward over the years, whereas its share in the gross value added is estimated at around 20%.

Overall, production sectors such as industry, agriculture, and construction have not managed to expand and dominate the value added structure in the economy. The latter is dictated by the services sectors, which have also increased their share in employment during 2011-2014.

From the viewpoint of bank credit, in the pre-crisis years, construction and services apparently showed more interest in it. After 2012, the increase in the bank credit portfolio shifted to the industry sector, against its decrease for the construction sector. Services, the main sector of the Albanian economy, remain the most credited economic activity. Agriculture remains the sector that has not yet entered seriously in the credit agenda, due to problems related mainly to its formalisation.



The above-analysed developments reflect the shift of the economy towards a more solid structure and a more efficient model. Yet, as illustrated above, this shift may not be considered as complete and structural reforms supporting it should progress. These reforms should aim at boosting the competitiveness of the economy through the productivity factor.

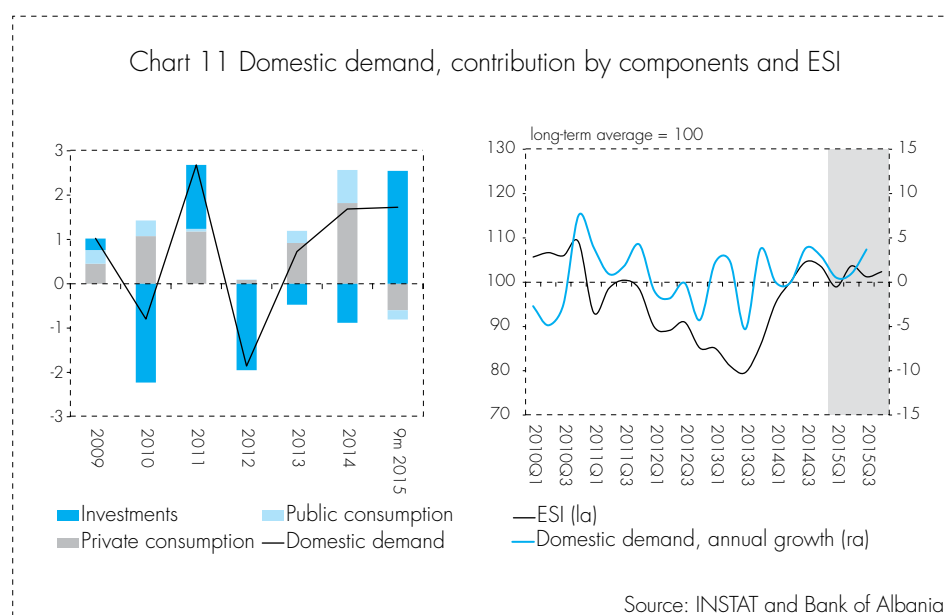
ⁱ On average -0.54 percentage point against the average contribution by 1.2 percentage points before 2009.

ⁱⁱ On average 1.35 percentage points against the average contribution by 2.9 percentage points before 2009.

The improvement in economic activity was accompanied with minor improvements in labour market indicators. Employment increased by around 5.6% in the first nine months, mainly concentrated in services and agriculture sectors. The unemployment rate reduced by 0.5 percentage point, standing at 17.5% at the end of the first nine months. However, it remains above the historic average rate, pointing to unutilised capacities in this market.

The recovery of investments and improvement of the balance of trade with abroad made the main contribution to economic growth in 2015.

Domestic demand, through its main components consumption and investment, grew 1.7% in the first nine months of 2015.¹⁴ After a poorer performance in the first six months, mainly due to the fall in consumption, domestic demand picked up in the third quarter. The easing of monetary conditions, improvement of confidence indicators and reduction of uncertainties contributed to its gradual recovery during the year. Information from indirect indicators suggests for a positive performance of domestic demand in the fourth quarter, driven by growth in private investments and consumption.



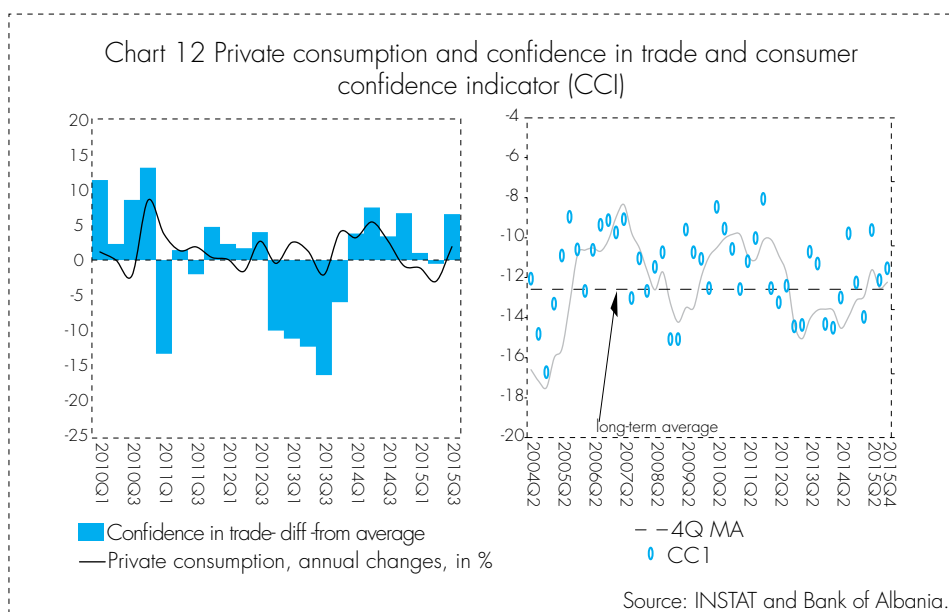
Investments resulted as the main determinant of the domestic demand performance. After the negative contribution in three consecutive years, investments made high contribution by around 2.5 percentage points to the growth of domestic demand in the first nine months of 2015. INSTAT data showed that public consumption contributed negatively in the first three quarters of 2015, whereas private consumption made a positive turn in the third quarter.

¹⁴ Domestic demand components are final consumption (including final consumption of the population, of the public administration and of not-for-profit institutions) and gross fixed capital formation. In terms of national accounts, private consumption in this report refers to final consumption of the population, whereas investments are equivalent to gross fixed capital formation.

Private consumption contributed negatively to economic growth in the first nine months.

Private consumption, the component with the highest share in aggregate demand, contracted 0.8%, in annual terms, for the first nine months of 2015. After contracting for three consecutive quarters,¹⁵ consumer spending recorded a turning point in the 2015 Q3, returning to growth. Indirect quantitative indicators and survey results point to growth of private consumption in 2015 Q4. The slight improvement of consumer confidence and easing of credit conditions suggest the recovery of consumer spending in this quarter.

The increase in income from employment¹⁶ and income from remittances was lower during 2015. Meanwhile, private consumption was financed to a larger extent by consumer credit. Low inflation rates contributed positively to real income; however, driven by uncertainties surrounding the income stability, consumers continued to increase their savings during the year.



Investments were the main source of growth for domestic demand in the first nine months of the year.

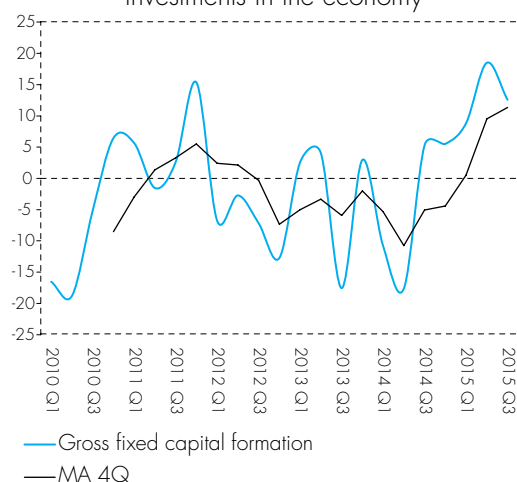
Investments recorded positive developments, registering 13.5% real annual growth in the first nine months of 2015, after contracting 8.4% in the same period in the previous year.¹⁷ Their improvement is attributable to the positive developments in the category of investments in construction and expansion

¹⁵ While the consumption of non-durable goods continued to grow, households spent less for services and postponed the purchase of durable goods during the year. The analysis on consumption, disaggregated by purpose and durability of goods is based on indirect indicators of the retail trade index and data on national accounts.

¹⁶ The index of the wages fund increased by 7.6% in average terms during the first nine months of 2015, compared to the 12.1% increase in 2014.

¹⁷ Despite the growth, the ratio of spending for investment to GDP resulted in 26.5%, being lower than the 28.7% historic average in the period 2008-2014. The share is calculated for data in current prices.

Chart 13. Annual performance of investments in the economy



Source: INSTAT and Bank of Albania.

of investments in machinery and equipment¹⁸, as suggested by indirect quantitative indicators.¹⁹ The upward trend of investments in the economy reflected the contribution of a series of factors related to the improvement of the firms' confidence and financing conditions, growth in foreign direct investments, and support by the public sector²⁰.

Aggregated information and indirect quantitative data and survey results suggest for continued increase in investments in 2015Q4, albeit at a slower pace. The improving trend of the confidence and assessment of firms on their financial situation, especially in the construction sector, as well as the eased lending conditions signal for growth of investments in 2015 Q4. However, the deceleration of the growth rates in the balance of new investments (from survey results) and of the investment activity in

machineries and equipment suggest that the expansion of investments in this quarter may be slower than in the first nine months of the year.²¹

FISCAL INDICATORS²²

The consolidating nature of fiscal policy in 2015, expressed in the contraction of the budget deficit, has led to a lower contribution from public demand on economic growth. However, the reduction of public borrowing in domestic financial markets has contributed to improving the financing conditions and has created space for faster growth in the private sector.

The fiscal policy has showed a consolidating profile during 2015, pursuant to the commitment of the government to reduce public debt in the medium term.²³

¹⁸ According to the latest published data of the annual national accounts on the structure of formation of investments belonging to 2013, investments in construction account for around 75% of total investments, whereas 12% are investments for machinery and equipment, 6% in vehicles of transport, 4% in mineral search, and 3% in agriculture.

¹⁹ The categories of investments in construction and investments in machinery and equipment are proxied through the respective indirect indicators of the value added in construction and import of machineries, equipment and spare parts. Thus, in the first nine months of 2015, both the value added in construction by 14.8% and imports of machineries, equipment and spare parts by 12.9% marked a high annual growth rate.

²⁰ During the first nine months of 2015, total FDI inflows recorded 15.7% growth, improving on a year earlier. Moreover, in the period under review, budget capital expenditure increased 13.9% in annual terms. High expansion was also recorded for capital expenditure for the local government.

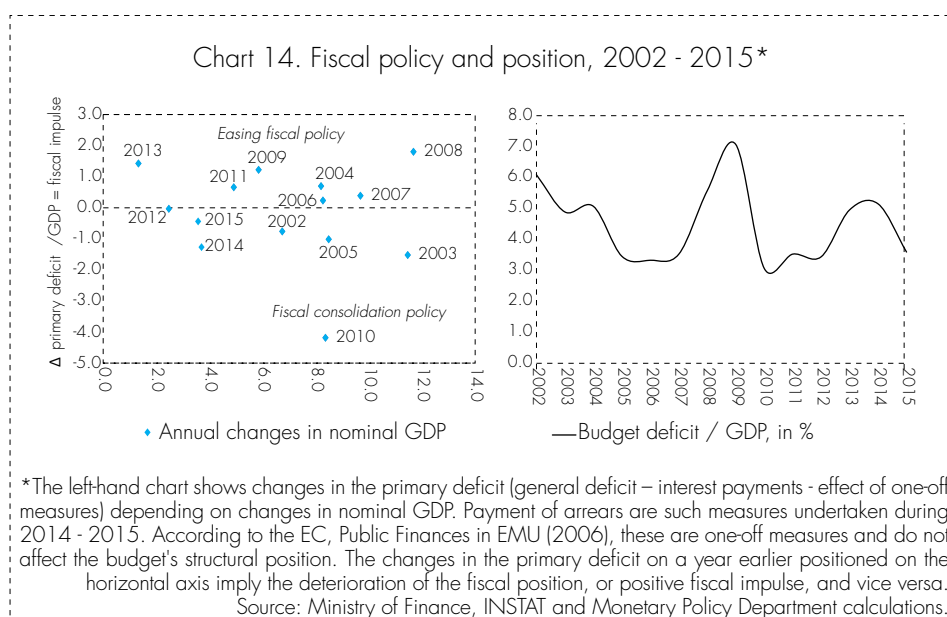
²¹ The confidence survey index of new investments by firms point to the reduction of growth of investment rates for the remainder of 2015. Also, in 2015 Q4 imports of machineries, equipment and spare parts increased 7.0%, lower than the rate registered in the previous year.

²² Fiscal data analysis is based on information published by the Ministry of Finance as at 20 February. The data are preliminary and may be subject to revision.

²³ In accordance with the Extended Fund Facility, concluded between the Government of Albania and the IMF in February 2014, Albania's public debt should descend to around 60% of the GDP, within the medium-term period. The facility envisages also the disbursement of around EUR 331 million to support the government reform programme.

Although in the short term fiscal consolidation implies a low impulse in the economic activity, in the medium and long term, it contributes to developing the private sector and strengthening the macroeconomic stability.

The primary deficit to GDP (including payments of arrears) narrowed by 1.4 percentage points from a year earlier. Excluding the payment of arrears, fiscal consolidation for 2015 appears more moderate, around 0.13 percentage point. The overall budget deficit was estimated at around 3.6% of GDP (from 5.2% in the previous year) and 33% of it was formed by the payment of arrears.



The fiscal consolidation during 2015 was sustained mainly by the control over budget expenditure, while the performance of fiscal revenues has remained in relative terms similar to that in 2014.²⁴

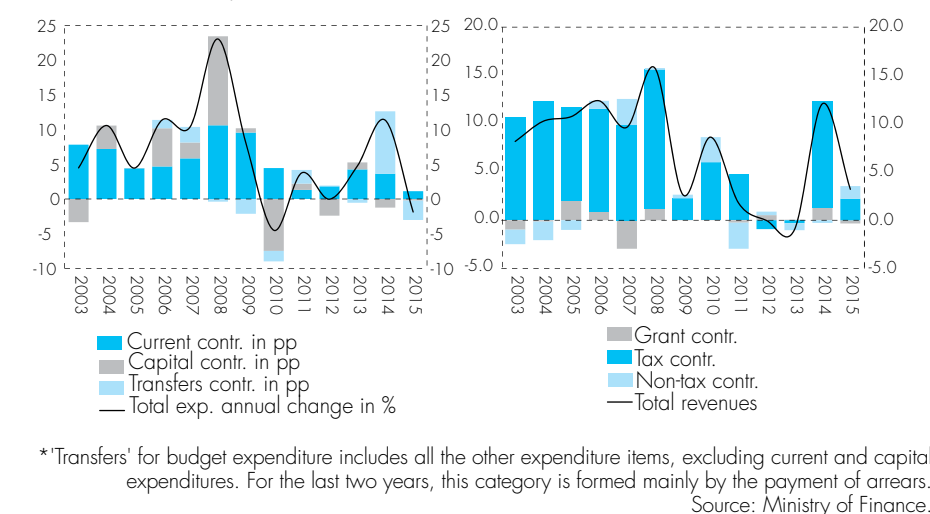
The size of the public sector, as a ratio of total expenditure to GDP, was estimated at around 29.7% at the end of 2015, from 31.3% in the previous year. Budget expenditure at the end of the year amounted to ALL 430.6 billion, shrinking 1.9% in annual terms. Similar to a year earlier, the highest concentration was noted in the last quarter.²⁵ Primary current expenditure resulted ALL 309.3 billion, or 2.1% higher in annual terms. Capital expenditure were realised at a level around 1.8% lower than in the previous year, estimated at around 4.1% of GDP²⁶. During 2015 around ALL 17.2 billion were paid as arrears, accounting for around 4% of total budget expenditure for this year.

²⁴ Fiscal data for 2015 are preliminary and subject to review by the Ministry of Finance.

²⁵ The last quarter accounted for around 30.7% of total expenditure.

²⁶ Capital expenditure, according to the Ministry of Finance publication, does not include the activity of the Regional Development Fund, most of which is destined for infrastructure projects. When including this item, investment expenditure by the public (central and local) sector would result slightly up, by 0.2% in annual terms.

Chart 15. Annual changes in main fiscal items (expenditure, left and revenues, right) by contribution of relevant items, 2003-2015*



Budget revenues have been rising slowly throughout 2015. In terms of GDP, revenues were estimated at around 26.1% from 26.2% in the previous year. The accumulated level until the end of the year amounted to ALL 378.5 billion, or 3.2% higher in annual terms. The majority of this growth was formed by non-tax revenues (revenues from granting the right of use for 4G band to mobile telephony companies). Of tax items, revenues from profit tax made the most substantial positive contribution to total growth (1 p.p.), reflecting the improved financial situation of state-owned companies (KESh), and the improved economic activity at home. On the other hand, revenues from the VAT, despite their high share in total revenues (33%), had a modest contribution to growth in this year (0.5 p.p.). The performance of VAT revenues, in the absence of legal changes, has reflected the fall in imports on a year earlier (around 1.4%)²⁷, weak consumption during this year, as well as lower food and oil prices in international markets. Legal amendments made in 2015 related mostly to personal income tax²⁸, national tax²⁹ and excise tax³⁰ were factorised in a slow increase of total budget revenues.

Budget deficit resulted in around ALL 52.1 billion at the end of 2015, narrowing by around 27.7% from the previous year. Foreign resources have not only financed in full the budget deficit for this year, but also served to reduce the stock of domestic debt (by around ALL 17.7 billion).

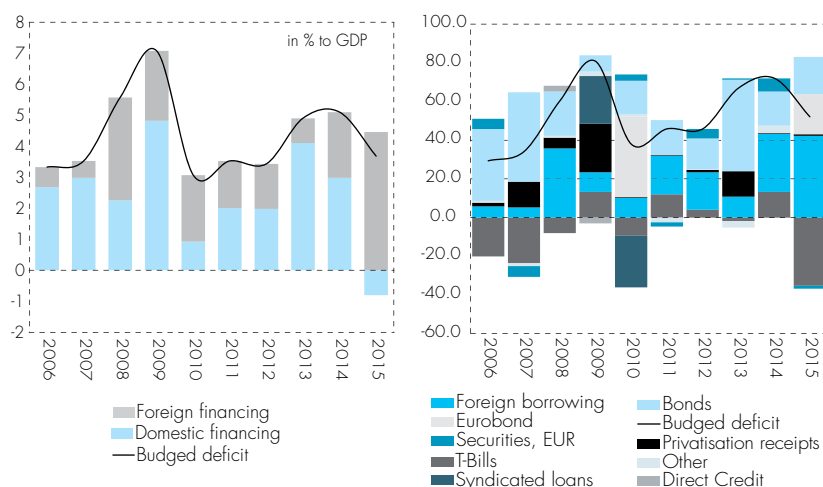
²⁷ Revenues from imports VAT contributed negatively to total VAT collected as at the end of the 11-month period. Conversely, the VAT on goods and services produced at home made a positive contribution to the increase in total VAT almost throughout all 2015. This trend was similar to 2014, but different to the historic behaviour.

²⁸ Dividends, income from partner's profit, interests on loans and deposits, income from copyright, gambling games and income from bonuses were taxed at 15% (from 10% before). The increase in this item in the previous year, which in addition to the above sub-items includes income from tax on wages, having the highest share, resulted in around ALL 0.4 billion.

²⁹ The vehicle circulation tax on fuel rose to ALL 27/litre (From ALL 17/litre). Income from this item rose by around ALL 1.9 billion for 2015.

³⁰ Excise tax revenues contracted by 4.6% on a year earlier, as a result of the downward imports of fuel and tobacco, which did not offset the increase in the excise tax on tobacco and its sub-products.

Chart 16. Budget deficit financing, by two main sources in % of GDP, left, and main financing instruments, in ALL billion, right



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

Foreign resources used to finance the deficit in this year were the Eurobond, the PBG (Policy Based Guarantee) guaranteed by the World Bank (around EUR 250 million), as well as disbursed funds by the IMF in the framework of the EFF. A part of the EUR 450 million Eurobond (issued in November 2015) served to pay the maturing EUR 300 million Eurobond issued in November 2010. The rest was used to reduce the domestic short-term debt.

Public debt accounted for around 72.2% of GDP at the end of 2015, up by around 0.4 percentage point from the previous year. In terms of structure, as a result of the focusing of the government to finance the deficit with foreign resources, the debt held by non-residents has risen to around 34.0% of the GDP, whereas the domestic one has reduced to 38.2%. In the structure of the domestic debt, the share of the long-term debt increased and the share of the short-term debt decreased. Days to maturity for the stock of domestic debt increased to 706 from 630 at the end of 2014. This improvement increases the public debt resilience to short-term liquidity shocks and interest rates in the financial markets.

Table 4. Key fiscal indicators

	ALL billion			Against GDP, in %			Annual change, in %		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Total revenues	327.2	366.7	378.5	24.2	26.2	26.1	-1.0	12.1	3.2
Grants	5.7	10.1	8.9	0.4	0.7	0.6	3.2	75.9	-11.6
Tax and customs	229.0	253.5	259.3	17.0	18.1	17.9	-1.5	10.7	2.3
Local government	10.8	12.4	11.7	0.8	0.9	0.8	-0.3	15.0	-6.0
Social insurance	60.0	69.9	73.2	4.4	5.0	5.0	4.6	16.5	4.6
Non-tax	21.6	20.7	25.4	1.6	1.5	1.8	-10.1	-4.1	23.0
Total expenditure	394.1	438.8	430.6	29.2	31.3	29.7	4.8	11.3	-1.9
Current	328.6	343.0	348.0	24.3	24.5	24.0	5.1	4.4	1.4
Capital	65.5	60.5	59.4	4.8	4.3	4.1	6.2	-7.5	-1.8
Arrears	0.0	33.8	17.2	0.0	2.4	1.2			-49.0
Budget balance	-66.9	-72.1	-52.1	-5.0	-5.2	-3.6	46.0	7.8	-27.7
Domestic borrowing	46.3	38.2	-17.3	3.4	2.7	-1.2	86.8	-17.5	-145.2

Source: Ministry of Finance, INSTAT.

Trade with abroad and balance of payments

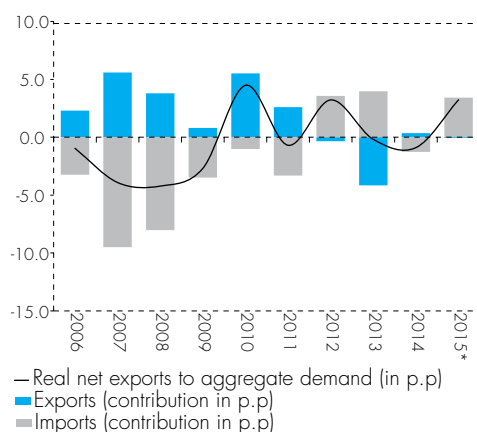
The improvement of the balance of trade with abroad was reflected in economic growth during the first nine months of the year.

Net real exports contributed positively to aggregate demand growth during the first nine months, driven mostly by the 7.3% fall in annual terms in the imports of goods and services. The decline of imports was dictated by both the lower volume of the imports of goods, and the faster decline of expenditure for tourism abroad. Real exports showed a similar trend, which fell by around 0.9% in annual terms. However, its fall was significantly lower than that in real imports. The fall of Albanian exports in goods accelerated, as driven by

the downward oil and metal prices in international markets. Meanwhile, the exports of services, driven by higher financial inflows from tourism, resulted upward, in annual terms, during the period.

The lower deficit of net exports provided the primary contribution to the reduction of the current account deficit in the first nine months of the year. This trend contributes to the improvement of the long-term sustainability of Albania's external position. Higher inflows of secondary income also made a considerable contribution to the narrowing of the current deficit.³¹ In this account, the annual growth of remittances was the main development. In the meantime, the deficit of the primary income account³² expanded, as a result of the higher outflows of FDI profits.

Chart 17. Contribution of real net exports (in percentage points to GDP)



*For 2015, data apply for the first three quarters.
Source: Bank of Albania.

The current account deficit is financed based on non-debt creating flows.

The profile of financing the current account deficit continues to be based on non-debt creating flows, in the form of foreign direct investments and capital account inflows. The financing by debt-creating flows resulted somewhat higher in this year, accounting for around 2.8% of nominal GDP. The expansion of financial obligations in the form of state borrowing was the main contributor to the growth of financing the current account through external debt. At the end of 2015, the stock of foreign currency reserve assets was sufficient to cover 7.6 months of imports of goods and services and 185.3% of the short-term external debt.

³¹ The secondary income account includes current transfers of the central government, of households and of not-for-profit institutions serving households. Remittances is the main item in this account.

³² Primary income account includes all the flows of the profit from the stock of assets invested abroad by residents or in Albania by non-residents. FDI income is the main item in this account.

Table 5. Main balance of payments items (in EUR million, unless otherwise stated)

	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
Current account (in EUR million)	-341.0	-313.2	-377.5	-239.9	-170.5	-325.6
/ GDP (%)	-12.0	-11.8	-14.5	-10.6	-6.2	-12.5
Goods and services	-479.5	-470.2	-540.8	-376.8	-360.3	-474.6
Exports, f.o.b.	712.7	803.7	720.0	589.6	705.7	776.0
Imports, f.o.b.	1192.3	1273.9	1260.8	966.4	1066.0	1250.6
Travel - net	10.6	32.0	66.0	43.6	76.4	64.5
Primary income	-13.7	-24.1	-47.1	-43.8	-20.5	-23.1
Credit	28.9	34.7	30.5	27.2	24.7	30.3
Debit	42.6	58.8	77.6	71.1	45.2	53.4
Net FDI income	-17.5	-31.6	-38.7	-46.4	-24.1	-28.7
Secondary income	175.6	198.3	205.4	180.7	210.2	172.1
Credit	204.4	230.6	244.1	211.9	243.3	214.7
Debit	28.8	32.3	38.8	31.2	33.0	42.6
Remittances - net	137.5	165.1	171.0	141.8	161.7	135.4
Capital account	22.4	20.7	21.1	26.0	21.3	45.6
Net borrowing/net lending	-295.3	-275.3	-361.3	-213.9	-149.2	-280.0
Financial account (in EUR million)	-215.8	-183.2	-292.5	-187.4	-184.8	-111.2
/ GDP (%)	-8.2	-7.3	-11.1	-8.3	-6.8	-4.3
Direct investments	-135.5	-242.3	-222.8	-273.9	-200.5	-231.0
Portfolio investments	14.3	-12.0	105.1	-79.1	-71.3	-12.7
Financial derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	-117.1	-83.0	-135.9	53.7	70.8	-179.9
Reserve assets	22.5	154.0	-38.9	111.8	16.2	312.5
Errors and omissions	79.5	92.0	68.9	26.5	-35.6	168.8
Net borrowing/net lending	-295.3	-275.3	-361.3	-213.9	-149.2	-280.0

Source: Bank of Albania.

II.1.4. FINANCIAL MARKETS

- Financial markets appeared liquid, interest rates trended downward, and the exchange rate was relatively stable. These trends are expected to pick up further in 2016, reflecting the monetary policy stance and the reduction of public borrowing in domestic financial markets. The latter has contributed to lowering yields on government securities beyond monetary policy signals. Their reduction is reflected also in other financial instruments.

Monetary policy was reflected in lower interest rates in financial markets.

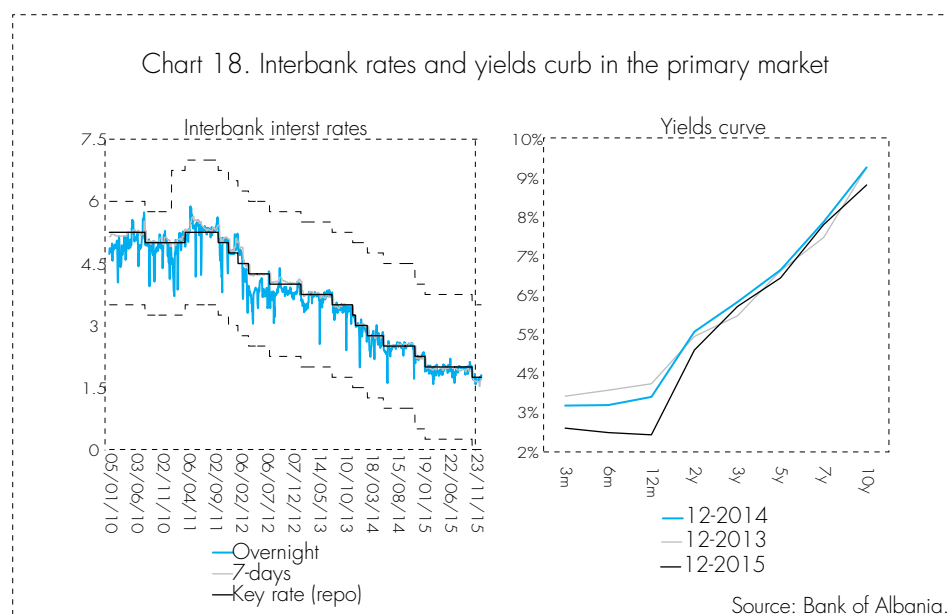
Financial markets have responded to the accommodative monetary policy and the engagement for maintaining this direction for the medium-term period. The interest rate in the interbank market fell further in 2015, in line with the monetary policy stance. They ranged close to the key rate, in accordance with the operational objective of the Bank of Albania³³. Average daily overnight interest rate in this market fell to 1.92% in 2015, from 2.56% in 2014, while the one-week rate fell to 1.93%, from 2.65%. Interbank rates were less volatile compared to the previous year³⁴.

In accordance with the performance of lending interests in the money markets, the yields on government debt instruments also fell. The yield curb shifted on

³³ The operational objective of the Bank of Albania is addressed in more detail in the chapter on "Financial market operations and foreign currency reserve management".

³⁴ The standard deviation of the overnight interbank rate for this year was 0.1537, from 0.2626 in 2014.

the down side and became steeper. With the issue of the Eurobond and shifting to foreign financing, domestic borrowing reduced through operations for early purchasing of treasury bills or their maturity, causing an immediate drop in short-term yields in the last month of the year.



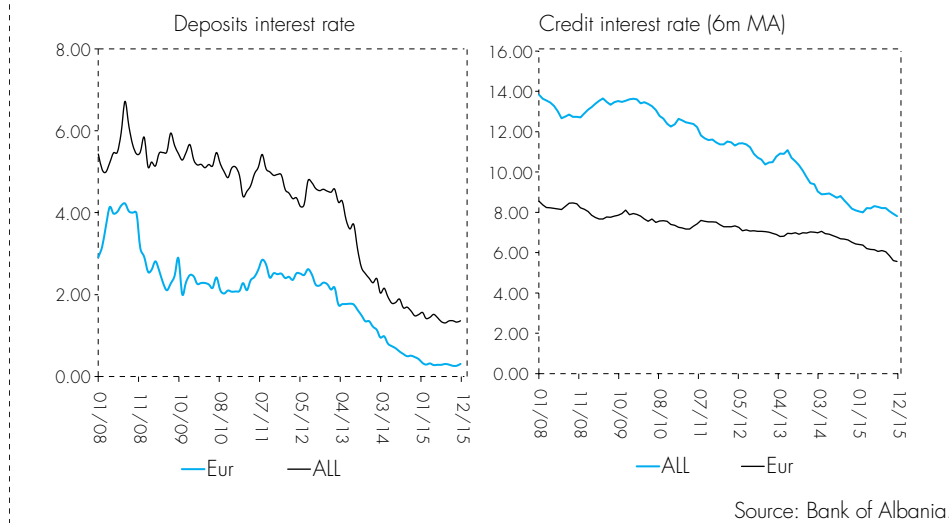
The rising demand of the government for financing in the first quarter exercised, for a short time, slightly upward pressures on short-term yields. The further lowering of the key rate and the downward demand over the rest of the year caused the trend to change to the opposite direction. The 12-month yield at the end of the year stood at 2.26% from 3.45% in the previous year. Long-term debt instruments fell on average by 0.26 percentage point³⁵, mostly concentrated in the last quarter. Participation in auctions was generally high in 2015, driven by the rising demand of households. Over the last two years, the positive difference of yields on securities with interest rates on term deposits has triggered the shift of households' savings toward the first alternative.

The accommodative monetary policy has been transmitted also in lek deposits and credits. The average interest rate on new term deposits was 1.4% in 2015 from 1.9% in 2014. The rate fell for all the maturities, though more significant in long-term maturities. In parallel, the interest rate on new euro deposits fell also, down on average to 0.30% or 0.46 percentage point lower than in the previous year.

Interest rates on new lek loans have also been on the down trend, averaging 8.1% from 8.6% in the previous year. The fall in interest rates has mainly affected the medium and long-term loans, while those on short-term loans have not changed. Interest rates on credit have fallen for both loans to enterprises and loans to households. The former have benefited lower interest rates on loans for investment purposes, whereas the latter have benefited lower interest

³⁵ Bond yields for 2-, 3-, 5-, 7- and 10-year maturity with fixed interest rate, at the end of the year, stood at 4.57%, 5.69%, 6.42%, 6.79% and 8.80%, respectively 0.47pp, 0.11pp, 0.20pp, 0.07pp and 0.45pp lower than at the end of the previous year.

Chart 19. Interest rates on deposits and loans

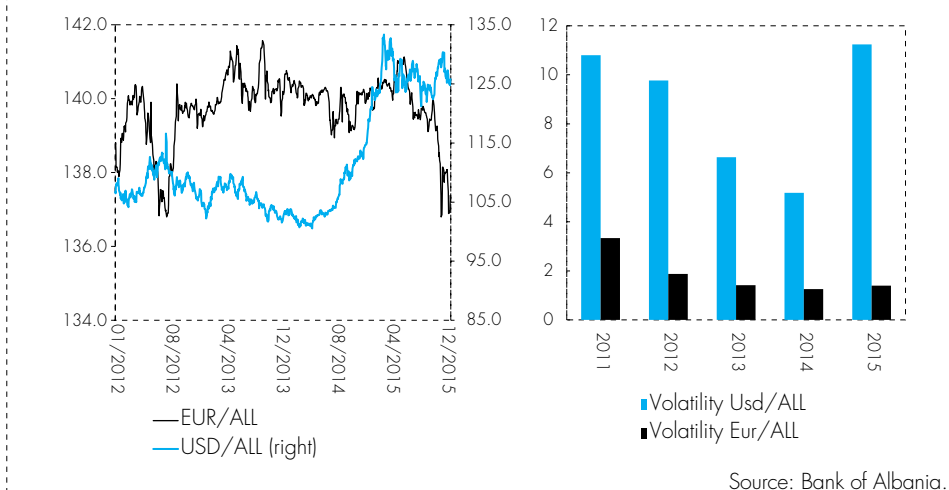


rates on consumer and mortgage loans. Year 2015 recorded a drop in interest rates on new euro loans as well, on average to 5.9% from 6.7% in the previous year. The strong drop was affected significantly by the credit for preferential clients, as the rates applied for them are lower than for the other clients.

Lek exchange rate showed volatility at the end of the year.

The EUR/ALL exchange rate averaged 139.7 for 2015, slightly below the average in the previous year. The first half of the year recorded growth of demand for foreign currency by both public and private agents, which was reflected in the depreciation of the national currency. Albanian lek appreciated modestly over the summer months, in response to the characteristic seasonal behaviour. This trajectory continued more evidently in the last quarter, reflecting the higher foreign currency supply. Against the US dollar, the Albanian lek continued to depreciate throughout the year (19.4% in annual terms), in line with the dynamics of the EUR/USD exchange rate in foreign markets.

Chart 20. EUR/ALL and USD/ALL rate and volatility over the years



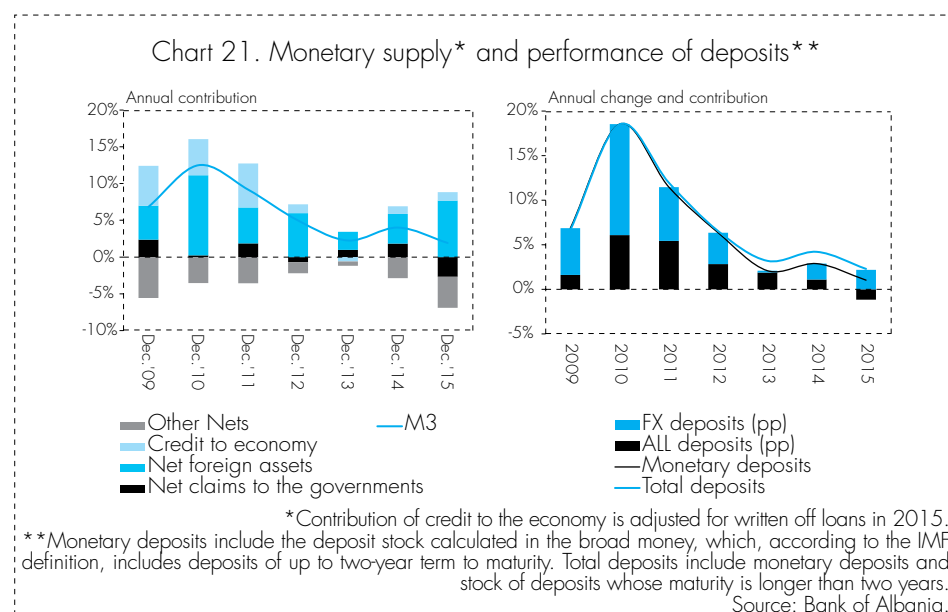
II.1.5. MONETARY INDICATORS

- The monetary supply expanded moderately, dictated by the absence of government financing through the domestic market and low demand by the private sector for funding.

The monetary expansion remained at moderate levels during 2015. The creation of money in the economy was driven mainly by the currency component and less so by the performance of credit. After the annual increase by around 4.3% in the first half of the year, the M3 aggregate slowed down the annual rate to 1.9% in December. The expansion of monetary supply continued to be limited by the low performance of credit to the private sector, in line with the performance of the economic activity. At the same time, structural shifts toward financial assets that are not included in the money indicator continued to dictate money developments on the liabilities side.

Deposits in the banking system continued to expand against the previous year, whereas their structure reflects a shift towards demand deposits. The total stock of deposits³⁶ expanded on average 3.3% during 2015. Economic agents have added their demand for more liquid instruments, against the backdrop of further decline in interest rates. Demand deposits accounted for around 33.4% of total deposits in December, up by around 5.5 percentage points from the end of the previous year. In parallel with the shift towards more liquid instruments, households have shifted a part of their savings to long-term financial instruments such as over-two-year time deposits. The latter have maintained the same growth rate as in the previous year, expanding by around ALL 13 billion.

The stock of deposits expanded driven mainly by the increase in foreign currency deposits, whereas lek deposits fell over 2015. The performance of

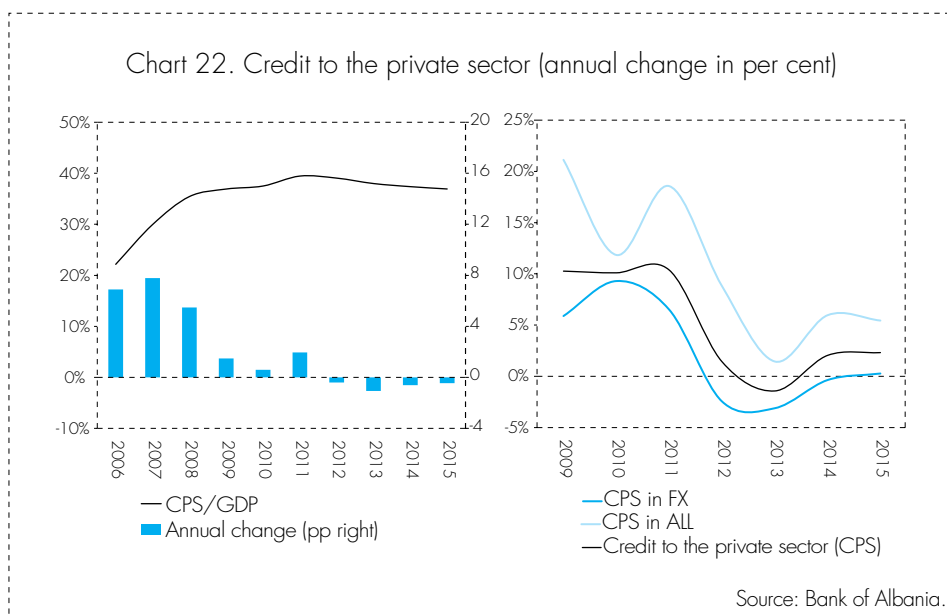


³⁶ The analysis of deposits in the banking system include over-two-year time deposits, which are not included in the calculation of the M3 aggregate, according to the methodology of monetary statistics.

lek deposits was driven by shift of households' savings in instruments outside the banking system, which are offered mainly in the national currency at more favourable interest rates. Households' investments in government securities rose by around ALL 18 billion over 2015.

Credit to the private sector was supported by both the moderate expansion of lending and the cleanup of banks' balance sheets from loss loans³⁷. Lending showed a sluggish performance in 2015. Adjusted for written off loans, outstanding credit to the private sector rose by ALL 12 billion, or at 2.2% compared to 2.0% in 2014. The credit performance in the second half of 2015 was driven by the appreciation of the exchange rate³⁸, especially in December. Adjusted for exchange rate fluctuations, annual growth of credit to the private sector amounts to around ALL 14 billion, or 2.8% higher than in 2014.

From a long-term perspective, the sluggish credit performance continues to reflect a sluggish demand by economic agents against the backdrop of uncertainties, spare production capacities and expansion of own sources of financing.³⁹ In parallel, banks continued to be selective and conservative in their lending policies, albeit the credit standards eased in 2015.



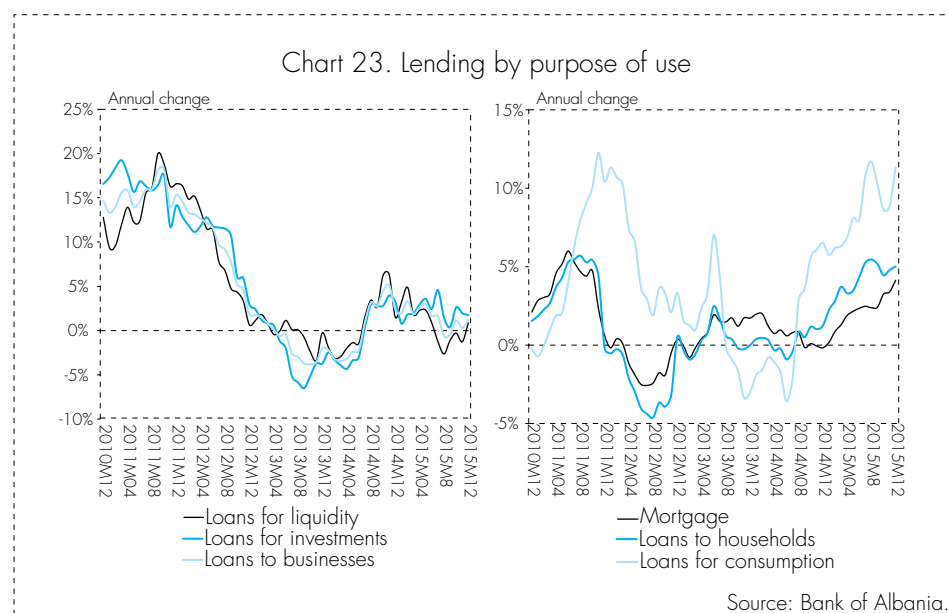
³⁷ During 2015, the credit portfolio was impacted by loss loans write off, in accordance with the regulatory requirements that entered into effect at the beginning of 2015. These requirements consisted in the write off of loss loans rated under this category for longer than three years. The following analysis on lending refers only to credit to residents, according to the methodology on monetary statistics, adjusted for written off loans. According to banks reporting, written off loans amounted to ALL 26.7 billion in total for 2015. For detailed information on the impact of this process on credit data, refer to Box 2 in the quarterly Monetary Policy Report, November 2015.

³⁸ At the end of December 2015, the Albanian lek appreciated 2% against the euro, compared to December 2014.

³⁹ Firms' liquidity improved in 2015 also thanks to the payment of government arrears over the past two years.

The growth of credit to the private sector is driven by a steady growth of lek credit. The reduction for some years of lek credit costs, together with the orientation of bank policies for lek credit, have supported the shift of the credit portfolio to the national currency. This portfolio recorded 5.4% annual growth in 2015. At the end of December, the ratio of lek credit to total credit stood at 41%, or 1.2 percentage points higher than in 2014.

By sector, loans to households rose by 4.8%, whereas loans to enterprises rose only 1.2% during 2015. Consumer loans recorded 11.4% annual growth. In parallel, credit for house purchase recovered in the second half of the year, recording 3.0% annual growth.



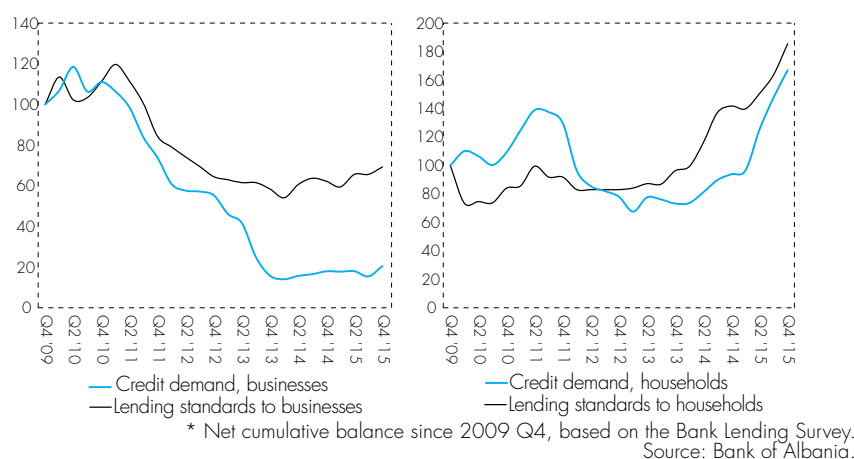
The growth of loans to enterprises was overall weak. This performance reflected the lower need by enterprises for support with short-term monetary assets, in response to the improved liquidity situation following the payment of arrears. Loans to enterprises for liquidity rose by 0.9% at the end of the year, after fluctuating in negative territory for some months. Credit for investments showed positive growth rates, recording 1.7% annual growth at the end of the year.

BOX 3 LENDING CHALLENGES IN ALBANIA

The performance of lending in Albania has been sluggish, over the recent years. The sluggish credit growth is accompanied by the concentration of the credit supply in only few banks and small number of enterprises. Moreover, for certain business segments, access to borrowing became more difficult, whereas the portfolio's average term to maturity has shortened. The portfolio of loans to enterprises is dominated by credit to large corporates, which accounts for 64% of the portfolio, compared to 47% in 2008. For the same period, the average residual maturity shortened to 41 months, against 47 in 2008.

The weak lending rates are related to both demand and supply-side factors.

Chart 24. Credit demand and standards*



The low demand by economic agents for financing was conditioned by the sluggish economic activity and the presence of unutilised production capacities, as well as added uncertainties about the developments in the future. In parallel, the use of alternative sources of financing, such as firms own funds or the injection of liquidity by the government in the form of the payment of arrears, contributed to the reduction of the banking sector demand for financing.

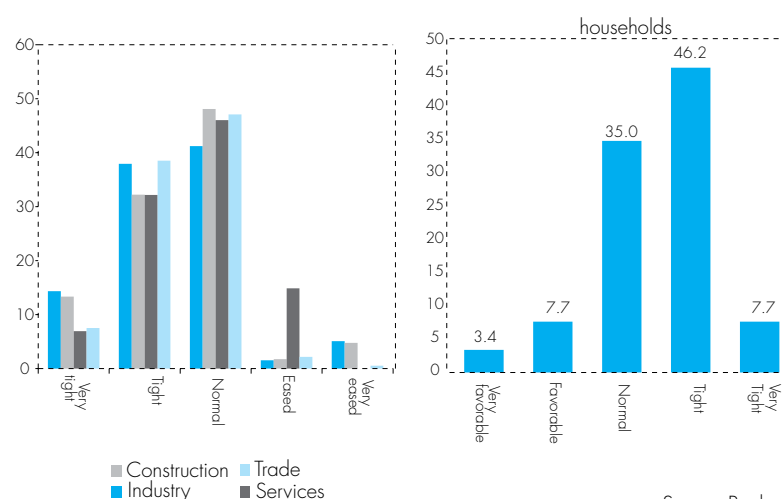
Credit supply also tightened. This performance reflected the prudent approach by banks towards lending, in the presence of tightened policies by parent groups, of regulatory capital requirements and its high costs in the euro area, as well as of the high risk level perceived in Albania due to the high level of non-performing loans and difficulties surrounding collateral execution. The tightening of supply was reflected in worsened credit conditions, such as increase in collateral requirements, reduction of the disbursed credit size, and reduction of term to maturity.

Bank lending surveys show that households demand expanded during the year, and demand by enterprises grew in the last quarter. Credit conditions are reported as overall eased during 2015. For enterprises, this performance reflects the easing of conditions for small and medium-sized enterprises, and tightening for larger corporations. The credit conditions tightened generally due to factors related to the firms' financial situation, sector-specific problems, and high level of non-performing

loans in the banking system. The implementation of tightened policies is reflected in the widening of the margin for risk-rated credits, reduction of the disbursed credit size, and reduction of term to maturity. On the other hand, credit conditions for households eased over the three last quarters, both for consumer and house purchase credit. The increase in interbank competition and the accommodative monetary policy of the Bank of Albania have constantly contributed to the easing side of credit conditions.

While credit conditions have eased, both enterprises and households perceive them as still tight. According to Business and Consumer Confidence Surveys, most respondents state that bank credit conditions remain tightened, in terms of credit cost, collateral requirements and commissions. The chart shows responses by sectors of the economy. The chart also reveals that the industry sector and households have the highest share of responses for tightened or very tightened credit conditions. Interviewed households have not opted to get a loan not only due to their assessment of conditions as inadequate, but also because they do not meet the required conditions by the banks. However, compared to 2012, the number of enterprises stating that credit conditions are tight has fallen.

Chart 25. Responses on the assessment of credit conditions



Source: Bank of Albania.

The performance of credit conditions at home has resulted overall in line with their trend in the CESEE region. Credit standards¹ in these countries eased over the first half, and remained largely unchanged in the second half of the year. They eased more evidently for the consumer credit segment, and less for small and medium-sized enterprises. Credit conditions for larger corporations are reported as overall tight. The still-high level of non-performing loans - notwithstanding the improved ratio to total credit - and the regulatory framework remain the most important factors contributing to the tightening side of credit conditions. On the other hand, banks in these countries report constant increase in demand for financing over the last three years, thus expanding the demand - supply gap.

In response to the sluggish credit performance, the Bank of Albania has aimed at boosting demand and contributing to improving the supply conditions. The accommodative monetary policy of the Bank of Albania has aimed at reducing the credit price and increasing credit demand. The key interest rate has been lowered by 4.5 percentage points since 2008. Moreover, the accommodative monetary

policy has enabled the lowering of the cost of refinancing and reducing the burden of servicing existing credits for economic agents. From the supply side, the Bank of Albania has taken a series of measures aimed at addressing such problems as: high costs of banking capital in the euro area; incentivising credit restructuring in Albania; and, reducing non-performing loans and credit risk. In relation to the last aspect, in cooperation with the Ministry of Finance and other public institutions, a national plan was drafted to reduce the level of non-performing loans. In this context, a number of measures have been taken on the treatment of bad debt, easing the tax burden and collateral execution. Additionally, in cooperation with the VVB FinSac project, an initiative is taken about large-debtor restructuring in the banking system. All these measures create the premises for better credit performance in 2016.

ⁱ For more information, see: CESEE Bank Lending Survey H2-2015

II.2 MONETARY OPERATIONS IN THE MONEY MARKET

- The Bank of Albania implements its monetary policy by using indirect market instruments. They include open market operations, standing facilities and the required reserve. Open market operations play a key role in the monetary policy transmission to the banking system. The Bank of Albania exclusively determines the conditions for applying them. The main open market operations are the repurchase and reverse repurchase agreement of seven-day maturity, whose interest rate represents the key interest rate. Other operations are repurchase agreements (reverse) of one- and three-month maturity and outright transactions

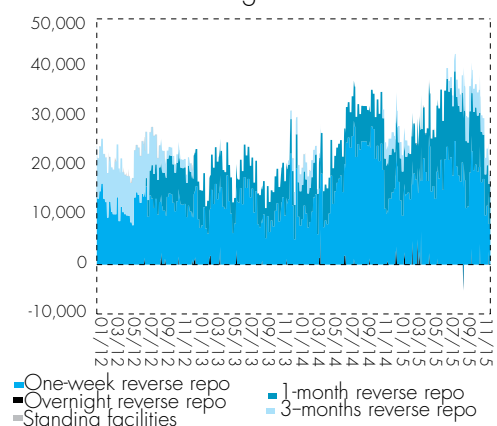
Open market operations

Open market operations consist in three sub-items: the main operation; fine-tuning operations; and structural operations. They are used for short-term management of liquidity in the money market, aiming at accomplishing Bank of Albania's operational objective - orienting short-term interbank rates close to Bank of Albania's key interest rate and limiting their fluctuations.

During 2015, the overnight interbank rate floated very close to the key rate, deviating 0.07 percentage point. This deviation is similar to that in 2014, and lower than the 0.10 percentage point and 0.26 percentage point recorded in 2013 and 2012, respectively. Unlike in the last three years when it ranged 0.01-0.07 percentage point above the key rate, the one-week interbank rate stood on average 0.06 percentage point below the key rate in 2015. Interbank trading for maturities longer than one week was very rare even in 2015. Amid continued limits on amounts and maturities in interbank trading, the Bank of Albania increased the share of one and three-monthly injections.

During 2015, the injected liquidity amounted to ALL 29.50 billion, up on average by ALL 5 billion from a year earlier. Irrespective of the high average of injection during the year, the need for liquidity by commercial banks fell significantly by the end of the year, due to the maturation of the domestic

Chart 26. Open market operations and use of standing facilities*



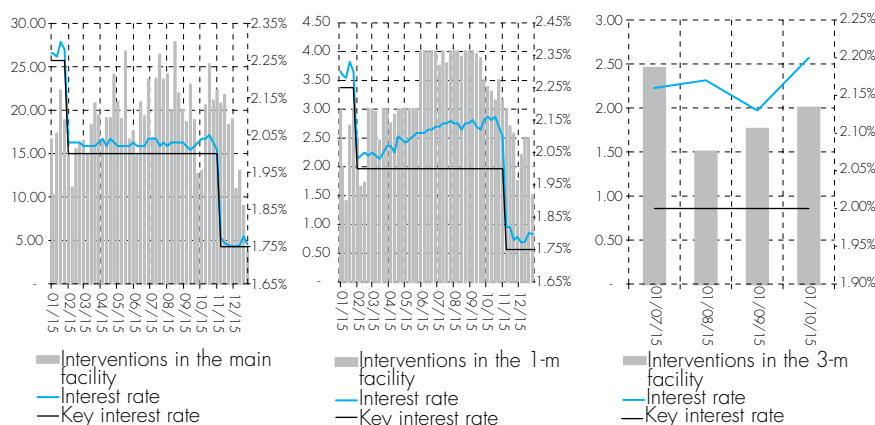
*Negative values in the use of the instruments in the chart reflect liquidity withdrawal operations whereas positive values reflect liquidity injection operations.
Source: Bank of Albania.

debt by the Ministry of Finance. After the issue of the Eurobond, the Ministry of Finance strategically shifted the financing from domestic to foreign resources, by maturing securities, mainly in lek. The majority of matured securities were owned by commercial banks, which was, in turn, reflected in increased liquidity. The Bank of Albania continued to maintain a mixed structure of liquidity injection, dominated by one-week (main) facility accounting for 55% against 64% in the previous year.

One-week reverse repurchase agreement is the main instrument for open-market operations. The interventions through the main operation were conducted through fixed-amount and variable-price. During 2015, the liquidity injected through the one-week reverse repo amounted to ALL 18.6 billion.

Besides one-week liquidity-injecting operations, one-month ones continued at the same time. They amounted to ALL 3.6 billion per week, increasing from the past two years (ALL 2.2 billion and ALL 1.9 billion, respectively). The three-month reverse repos were employed in only four occasions, during July - October, with the amount ranging ALL 1.5-2.5 billion.

Chart 27. Interventions through one-week, one-month and three-month reverse repurchase agreements



Source: Bank of Albania.

To manage the liquidity situation and short-term interest rates, during 2015, the overnight liquidity injection operation was employed too, mainly concentrated in the last days of the period for the required reserve. The overnight reverse repurchase agreement was used at similar levels to those of the past two years, 15 days against 12 days and 18 days in the preceding years. In the meantime, the placed amount continued to rise, to ALL 2.6 billion from ALL 2.0 billion and ALL 1.5 billion in 2014 and 2013, respectively.

The Bank of Albania intervened in the market through structural operations, aiming to enhance competition in the short-term security market segment. It sold 3 and 6-month Treasury bills and purchased the same amount in 12-month Treasury bills, aiming to keep the portfolio unchanged. Only in the last two months of 2015, with the reduction of debt issues by the Ministry of Finance, the Bank of Albania reduced its ownership in Treasury bills.

Standing Facilities

Standing facilities – overnight deposits and overnight loans at the Bank of Albania are instruments available to commercial banks to manage liquidity on a daily basis. Their interest rate is set by Bank of Albania's Supervisory Council. During 2015, they followed the key interest rate movements, creating an upper corridor (+1.75 p.p. from the key rate) and a lower corridor (-1.75 p.p. from the key rate), for the short-term interbank rates. Since 4 November, following the lowering of the key rate by the Bank of Albania to 1.75%, the deposit rate fell to 0.0%, thus discouraging the banks to use it.

The overnight deposit continued to be highly used, concentrated in the first three months, due to the structural liquidity surplus concentrated in one bank.

Table 6. Use of standing facilities

	Overnight deposit		Overnight loan	
	Number of cases	Average value (ALL billion)	Number of cases	Average value (ALL billion)
2011	65	0.44	31	0.15
2012	185	5.57	20	0.49
2013	159	1.70	19	1.46
2014	74	4.60	14	0.80
2015	80	5.70	22	2.20

Source: Bank of Albania.

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 level of the required reserve is applied to the amount corresponding to 10% of deposits up to two years of the commercial banks, denominated in lek, euro and US dollar. The Bank of Albania allows banks to use up to 40% of the required reserve in lek on daily basis, while observing the obligation to keep the monthly average level of the required reserve not lower than its defined level.

The performance of the required reserve has been in line with the performance of the deposits that are subject to this instrument. During 2015, the required reserve in lek fell by 2.7%, in euro increased by 7.3%, and in US dollar fell by 10.50%. The remuneration rate on the lek required reserve reflected the performance of Bank of Albania's key interest rate (70% of the key interest rate), while foreign currency required reserve is not remunerated.

The remuneration rate on the surplus in lek and US dollars balance has remained 0% during 2015, whereas the remuneration rate on the surplus euro

balance remained 0.10% lower than the deposit rate, in accordance with the ECB definition. Therefore, banks administer by themselves the costs deriving from the introduction of negative interest rates by the ECB, at least for the surplus balance of their accounts at the Bank of Albania.

II.3 FINANCIAL STABILITY AND BANKING SYSTEM PERFORMANCE

- *Safeguarding financial stability and the smooth functioning of the financial system in the Republic of Albania are key objectives for the Bank of Albania, in addition to the primary objective to maintain price stability. The role of the Bank of Albania on safeguarding financial stability is set out in the law "On the Bank of Albania" and in the law "On banks in the Republic of Albania". The Bank of Albania identifies and acts to mitigate the risks that jeopardise the financial system stability. This objective is sustained through the licensing, regulation and supervision of banking activity and the implementation of initiatives for improving payments systems, for which the Bank of Albania is responsible.*

II.3.1. FINANCIAL STABILITY ACTIVITIES OF THE BANK OF ALBANIA

Financial stability is defined as a situation in which the financial system operates in the absence of serious failures or undesirable effects, supporting the actual and future development of the entire economy. The Bank of Albania identifies, monitors, and acts to mitigate the risks that jeopardise the financial system stability. To fulfil this commitment, the Bank of Albania communicates regularly with all public authorities, the financial industry and the public as important stakeholders in achieving financial stability.

The Financial Stability Report and the Financial Stability Statement are the main communication tools, which provide an assessment of the situation, identify the risks and make recommendations for the smooth functioning of the banking and financial activity. During 2015, the Report was re-formatted to focus on the identification of specific risks. Both the number and themes addressed in "boxes", which analyse specifically definite issues, has increased. In addition, financial stability issues are addressed in other publications of the Bank of Albania, and speeches by administrators.

Stress testing is an important instrument to assess financial system stability. It consists in scenarios of adverse developments in the financial activity and macroeconomic indicators to test the resilience of the banking sector in terms of capitalisation and liquidity. This year, Bank of Albania supplemented these tests including market and operational risks, in terms of assessing the banking system's solvency. In parallel, stress test was conducted for the liquidity risk. Both tests certified the banks' adequacy of capital and liquidity levels to withstand risks.

The Bank of Albania, during 2015, continued to work for a comprehensive macro-prudential policies framework. As the treatment of the systemic risk in

the centre of these policies, during 2015, the methodologies and method to assess this risk are expanded and improved. In parallel, work continues to draft the objectives, instruments and method of implementation of these policies in the institution and in relation to the other relevant public authorities. At the same time, during 2015, the Bank of Albania has worked to improve the management framework of contingency financial situations. In this regard, various procedures were reviewed and work started for the necessary legal improvements. These developments are expected to be finalised during 2016.

The Bank of Albania has fully and fruitfully cooperated with other public authorities, notably the Financial Stability Advisory Group (FSAG) meetings, as an effective forum for sharing information and coordinating activities with the Ministry of Finance, the Financial Supervision Authority and the Albanian Deposits Insurance Agency. During 2015, FSAG meetings focused on the assessment and necessary action to mitigate risks that may be spilled over from foreign markets. The cooperation with the Albanian Government was also fruitful in realisation of the action plan for addressing non-performing loans. Contributions provided by the Ministry of Economic Development, Tourism, Trade and Entrepreneurship and the Ministry of Justice as well as cooperation with the World Bank Group and the International Monetary Fund on these issues have also been important.

II.3.2. BANKING SECTOR PERFORMANCE

Overall, the positive developments in the real economy and in the banking sector contributed to the consolidation of the financial stability over the period. Prudential indicators of the banking sector, solvency, liquidity and the creation of reserves to specific risks, are assessed as adequate and within the regulatory requirement, even when assuming the materialisation of adverse macroeconomic scenarios. The main challenge to the Albanian banking system, in the period ahead, is related to the further improvement of assets' quality, to enable also the expansion of lending and deepening of financial intermediation in the economy.

The banking sector remains the main segment of financial intermediation in Albania. As at end-December 2015, its assets stood at 91.3% of the Gross Domestic Product (GDP), slightly down from the previous year. Sixteen banks continue to operate in the banking sector. Four large banks share 62.4% of the credit portfolio and 69.5% of the sector's deposits.

As at end-2015, the banking sector assets rose to ALL 1.318 billion, registering 1.9% annual growth, from 4.8% a year earlier. The expansion of inter-bank investments and the contraction of provisions, following the write off of loss loans from banks' balance sheets, provided the main contribution to the expansion of the sector's assets. The activity was financed through the increase in deposits of the public, which accounted for 83% of total banking sector assets. Aggregated, deposits in banks, as at the end of the year, increased 2.6%, from 4.5% in the previous year.

The banking sector's reliance on external sources of financing remains limited. Its net position to non-residents remained on the crediting side and continued to increase during the period. In 2015, borrowing from parent banks fell at low historic levels.

Financial result and profitability indicators

The average indicators of banking sector profitability improved considerably during 2015. The net financial result of the banking sector (after taxes) was positive, around ALL 15.7 billion, up by 40% from 2014. The net result from interests hiked around ALL 4.4 billion, or around 9.8%, accounting for 83% of the gross income from the activity. This performance reflects (i) expansion of average earning assets and (ii) continuous improvement of net interest margin. The latter is a result of the accommodative monetary policy combined with a fast re-pricing of deposits and the fall in the share of costly deposits. The share of time deposits dropped at 64.8% to total deposits, as at end of 2015, from 70.4% in December 2014. On the other hand, provisioning expenses on credit risk and total expenses fell by 1.4% and 3.7%, respectively, from a year earlier. In the light of developments, average profitability indicators improved: return on average assets rose to 1.2%, from 0.9% in the previous year, while return on average equity reached 13.2%, from 10.5% in the previous year.

Banking business capitalisation

During 2015, the higher growth rate of risk-bearing assets against the regulatory capital, contributed to the fall in the capital adequacy ratio by around 1 percentage point from a year earlier. Nevertheless, the 15.7% capital adequacy ratio is notably higher than the 12% required minimum, laid down in the regulatory framework. Good capitalisation remains a feature of the banking system and it has been maintained due to continued positive values in the net financial result. Banks maintained the required minimum even after the approval of the new rules on capital adequacy ratio, in line with the Basel II⁴⁰ approach. The structure of the regulatory capital appeared favourable in terms of the banking sector's capacity to cover potential losses, as the core capital continues to account for 85% of it.

II.3.3. RISK ASSESSMENT AND MANAGEMENT

Credit risk

During 2015, the Bank of Albania continued to closely monitor the loss loans write off from balance sheets, as part of implementing the regulatory obligations⁴¹. Also, information has been constantly submitted on the mandatory execution processes, as part of the banking sectors' efforts to collect non-performing loans.

⁴⁰ Starting from January 2015, banks have shifted to a new standard of calculating the capital requirements for monitoring main risks, in accordance with Basel II. Pursuant to the provisions in the new Regulation "On capital adequacy ratio" (No.48, dated 31.07.2013) providing for the alignment with this standard, banks may release capital in certain categories of risk weighted assets from one side, but should plan for additional capital requirements for market and operational risks.

⁴¹ Starting from January 2015, banks are obliged by the regulatory requirements to undertake the process of balance cleaning and the write off loans under the category "lost" for 3 years.

The Bank of Albania continued to implement the countercyclical measures undertaken since May 2013, with incentives to channel the surplus liquidity in the economy, and support the early re-structuring of loans. The impact of these measures, throughout the implemented period, was assessed as positive.

Along with other measures, including the fiscal treatment and the positive impact of payment of government arrears to private sector, they have contributed positively to the improvement of credit portfolio quality over the last year. In December 2015, the non-performing loans fell at 18.2% of the credit portfolio, down by 4.6 percentage points compared to the end of 2014. At the same time, the provisioning ratio for non-performing loans climbed at 71%, expanding by 4 percentage points from end-2014.

During 2015, the Bank of Albania, in collaboration with FinSAC of the World Bank, continued to implement the initiative for addressing the non-performing loans. Also, in collaboration with the Ministry of Finance, Ministry of Economic Development, Tourism, Trade and Entrepreneurship, commercial banks in Albania, the World Bank and the International Monetary Fund, the Bank of Albania drafted an action plan on reducing non-performing loans. Finalised in autumn, the plan contains some legal and regulatory measures to facilitate the management of credit risk by the banking sector.⁴²

The impact of the above-stated factors will continue during 2016, while the assets' quality is expected to improve. Against this backdrop, the Bank of Albania will request banks to maintain high capitalisation and liquidity levels, while they accurately identify non-performing loans.

Market risk

The Bank of Albania monitors closely the developments related to the market risk and the direct or indirect impact from possible fluctuations in the exchange rate and the interest rate on the banking sector's activity.

Owing to the mismatch between interest rate-sensitive assets and liabilities, the sector is exposed to a rapid increase in the interest rate. Although the probability of this movement is low, Bank of Albania has recommended to banks to include the assessment of this risk in their analyses and to take action to minimise this risk in case it is considered as important.

The level of net open position in foreign currency suggests a limited exposure to the exchange rate risk (volatility). At sector level, the open position in foreign currency was "long" at 7.7% of the regulatory capital, as at December 2015.

The indirect impact of potential exchange rate volatility on banking activity indicators is important. In the event of unfavourable exchange rate fluctuations, the most probable impacting instrument is the size of foreign currency credit when the borrower's income is in the national currency. Although the portfolio of such credit has been downward during the period, exchange rate volatility

⁴² The activity of the Bank of Albania to reduce the non-performing loans is also addressed in the light of supervisory aspect of the institution.

is considered as important as regards the impact on the borrowers' solvency. The unhedged foreign currency credit accounts for 27.7% of credit outstanding, down by 3.6 percentage points from end-2014. The trend noted in the past two years, for the expansion of crediting mainly in the Albanian lek, has contributed to the reduction of the above-mentioned exposure. Therefore, more support should be provided by the banking industry and economic agents.

Liquidity risk

Liquidity position of the banking sector stands at good levels. Bank of Albania assesses that banking system exposure to liquidity risk is low. Stress test exercises shows that banking system in Albania has regulatory capital and liquidity reserves able to withstand strong shocks caused by adverse macroeconomic developments, inside or outside Albania.

As at December 2015, liquidity indicators, stated as the ratio of liquid assets to total assets and the ratio of liquid assets to short-term liabilities, were 32.3% and 41.4%. All banks maintained liquidity ratios considerably above the required minimum laid down in the applicable regulatory framework. The ratio of credit to deposit value was around 53%.

Deposits remain the main source of funding the banking sector activity. Overall, deposits have a low concentration, which has been downward since the end of 2014.

During the year, the commitments by parent banks in the form of line of financing narrowed. In December 2015, credit lines accounted for only 0.42% of total assets of the sector, from 1.98% in December 2014. Only 32% of the total credit line was used.

Monitoring systemic risk

In the light of the last financial crisis, the construction of adequate indicators for the identification of systemic risk is an important challenge to regulators. The Bank of Albania, in the framework of developing macro prudential policies, monitors the developments in the systemic risk through some indicators and methodologies, which assess its various aspects.

During 2015, the accumulation of the systemic risk arising from factors relating to the banking sector and the real economy appears slightly up by reflecting the non-positive developments in the housing market and the increase in the external public debt. In contrast, the contraction of foreign currency credit has mitigated the accumulation of systemic risk. Nevertheless, the materialisation of the systemic risk fell from the previous year, reflecting the improvement of credit quality for businesses and households and a lower exposure to exchange rate risk during the period. The financial stress is assessed as downward, due to the decreasing fluctuation in the exchange rate and money market.

BOX 4 METHODOLOGIES USED BY THE BANK OF ALBANIA TO MONITOR SYSTEMIC RISK

During 2015, the Bank of Albania was committed to deepen and improve the analyses related to systemic risk monitoring in the financial market (hereinafter systemic risk). Systemic risk is the possibility that an event in the financial system may severely damage the overall ability of the financial system to carry out main functions, thus causing serious consequences to the economic activity. Systemic risk may change over time and/or expand across the sectors in a certain moment of time.

1. To assess the change of systemic risk over time, Bank of Albania has worked to establish and implement the following techniques:
 - **Financial systemic stress index** - assesses the exposure of financial system components to adverse developments, which, in case of being materialised, have a considerable impact on the economic activity;
 - **Systemic risk accumulation index** - assesses the accumulation of disorders in terms of real economy, public and banking sectors, which increase the exposure of the economy to systemic risk. Following, through the construction of macro prudential policies framework, Bank of Albania aims at mitigating the accumulation of systemic risk prior to its materialisation. On the other hand, Systemic Risk Materialisation Index assesses the level of system risk materialisation in the economy and in the respective agents.
 - **Banking stability index** - an overall assessment of the core conditions and substantial factors of risk that affect the assessment of banking sector's soundness.
 - **Assessment of the financial cycle** - an important step, albeit difficult, to complete the macro prudential policies framework. The activation of these policies is carried out in compliance with the development of the financial cycle with the purpose its impact. During 2015, Bank of Albania has worked for the complete assessment of the credit cycle, which will be further expanded through the inclusion of new dimensions and elements.
2. To assess the cross-sectorial expansion, the Bank of Albania has worked to establish and implement the following techniques:
 - **Identification of systemically important banks in Albania**, a methodology developed in line with the recommendations of the Basel Committee on Banking Supervision. This methodology sustains the need to adopt the supervision of systemically important financial institutions, in order to contain their contribution to the systemic risk.
 - **Similarity among banks in Albania: application on the credit portfolio and its quality**, which assesses the contribution to the banking activity arising from the exposure of bank lending in the same sectors.
3. To assess the systemic risk by combining both particularities of its development, the Bank of Albania has worked to establish and implement the following techniques:
 - **Survey of systemic risk perception with banks** - collects the banks' opinion on their exposure to main systemic risks and the respective probability of materialisation in the short/medium-term period.
 - **Liquidity stress test** - following the stress-test on the solvency of a bank through the up-bottom and bottom-up approaches, strengthens the analytical capacities of the Bank of Albania and provides the assessment of the solvency

of both individual banks and the banking sector to withstand the extreme shocks to their financing.

- **Macro prudential instruments in the real estate market** - constructed based on the dataset received from the banking industry, which provide the construction of the Loan to Value, Price to Income and Debt Service Ratio indicators, to monitor and address the strong connection between unsteady real estate prices and financing of the real estate market through bank loans.
- **Assessment of financial stress periods after its materialisation** - through the implementation of quantitative methods, identifies the financial stress stages and supports the analysis on the need to activate macro prudential policies.

The work started for some of these methodologies will be finalised during 2016. Also, conditions will be provided to consolidate them on the basis of qualities that show their identification and treatment of systemic risks in the banking sector and the financial sector.

II.3.4. STRESS-TEST EXERCISES AND OUTCOME

Stress-test exercises assess the adequacy of banking sector's resilience against assumed shocks, as a part of the relevant scenarios, usually over a period of two years. Capitalisation is considered as the main source of the banking sector's resilience. During 2015, the exercise was enriched by including market and operational risks in compliance with Basel II, and the effect of loss loan write offs. The scenarios purposely include movements, with low probability of occurrence in the macroeconomic indicators, such as the considerable rise in interest rates, the slowdown or strong contraction of lending and the considerable depreciation of the exchange rate. The outcome of the exercise, in terms of capital adequacy, reveals that the banking sector can successfully withstand macroeconomic shocks. Also, the exercise was conducted to assess the sensitivity of banks to the fall in the exposures' value to parent banking groups. This exercise showed that some banks need to monitor, on on-going basis, this exposure.

II.4. BANKING SUPERVISION

- Bank of Albania's supervision is based on three pillars: licensing, regulation and supervision. The latter is carried out through off-site surveillance and on-site inspections. The constant supervision and regulation of financial activities, mainly of banking activities, are at the focus of this function and represent its main activities.⁴³

To guarantee a sound financial situation of the licensed entities and of the entire financial sector, the attention of the Bank of Albania, during 2015, was also focused on providing the high standards of corporate government and

⁴³ The Bank of Albania publishes detailed information on developments in the banking system and banking supervision process in annual supervision reports.

risk management and control, in maintaining the level of banks capitalisation, the improvement of credit portfolio quality and maintenance of liquidity level. A positive development in terms of supervisory attention is the considerable drop in the non-performing loans indicators of banking sector at the end of 2015 (at 18.2%, from 22.8% in 2014). The mandatory written off of loans which had been categorised for more than three years as loss loans contributed to this improvement. This process was monitored on an on-going basis.

The supervisory mission has been sustained by the efforts to increasingly approximate the supervisory standards with those of European Union homologous institutions and the best international standards. The cooperation with international institutions is strengthened for materialisation of these projects. In this regard, the assessment of the European Banking Authority for the Bank of Albania's confidentiality regime in 2015 was an important milestone in the work of the Bank of Albania in 2015. The European Banking Authority considered this regime in full compliance with the respective regime of the European Union (EU) and decided to include the Bank of Albania in the supervisory authorities list of non-EU countries, which participate in the banking supervisory colleges of the European Union. In the light of this event, the European Banking Authority (EBA) signed in October 2015 a Memorandum of Cooperation with supervisory authorities in six South-Eastern European (SEE) countries.

In the framework of implementing the medium-term strategy of the Bank of Albania and the objectives laid down in this document, during 2015, work continued to develop supervisory methodologies, the regulatory framework and the human resources and skills to carry out the supervisory function. The review of the methodology aimed at further restructuring the supervisory procedures based on best international standards and practices. Also, the alignment of the Bank of Albania's regulatory framework with Basel II & III and with the European Union directives continued during 2015, taking into account developments in the domestic banking system. The development of human resources was focused not only in increasing its number, also in intensifying the training of staff to enhance their knowledge and expertise, in parallel with the sophistication of the regulatory and methodological framework.

In the period ahead, we will concentrate on fostering the coordination of banking supervision with the financial stability in order to effectively harmonise the micro prudential approach to macro prudential approach for the purposes of the ultimate objective of safeguarding financial stability in Albania.

In concrete terms, some of the most important developments in the supervision activity during 2015 were:

- Implementation of the risk-based supervisory policy;
- Implementation of risk assessment manual and the new assessment system of banks;
- Implementation of the new regulation on calculating the capital adequacy ratio in compliance with Pillar I of Basel II.

In line with the new supervisory policy adopted by the Supervisory Council in 2014, the supervisory approach for licensed entities, mainly banks, drove to an increased attention to banking system risks. In addition to full scope assessments or examinations, to control the exposure level and the measures taken by banks, thematic analyses or examinations are carried out.

The approval of the new risk assessment manual in 2014 drove to the change of periodic off-site surveillance and the whole assessment of banks during the examinations, thus marking a qualitative increase of the conducted assessment, clearer identification of problems, and supervisory practice in compliance with the assessment standards of EU homologous institutions.

The entry into force of the regulation on the calculation of capital adequacy and regulatory capital of banks in compliance with Pillar I of Basel II and partially with Basel III increased the attention of supervision for maintaining the capitalisation rate by banks. The special analysis helped keep in check possible fluctuations in the capital adequacy level of banks. Dedicated examinations were conducted to verify the correct implementation of this regulation, by identifying the possible problems as well.

Year 2015 was characterised by a set of other developments, which are provided in greater details in the following sections.

II.4.1. REGULATORY FRAMEWORK

The main purpose for the compilation and review of the supervisory regulatory framework during 2015 was to adopt an effective and proactive banking supervision approach in introducing supervisory requirements for risk prevention and management, and implementing the recommendations by international institutions, such as the International Monetary Fund and the World Bank. For this purpose, banking supervision regulations were aligned with Basel Committee standards, European Union directives, best practices in the field of regulation of the regional countries, which are EU members, and taking into account, in any event, the opinion and considerations of the banking industry through continuous meetings and communication.

Revision of regulatory acts in force during 2015

- Regulation "On capital adequacy ratio" supplemented with the new guidelines "On the recognition of ECAs"⁴⁴ accepted by the Bank of Albania, which also contains the correspondence tables of credit quality degree with the relevant credit assessment realised by the ECAs, which are known as accepted.
- Regulation "On consumer credit and mortgage credit" was revised to enrich the regulatory framework of the supervision authority in terms of

⁴⁴ External Credit Assessment Institutions (ECAs). Bank of Albania shall know as accepted "External Credit Assessment Institutions", for all the classes of exposure as laid down in Chapter III of the Regulation "On capital adequacy ratio"; and the for the securitisation positions, the following institutions: Moody's, Fitch, Standard & Poor's and Japan Credit Rating (JCR).

consumer's protection, increase of competition and transparency on the consumer credit and mortgage credit products provided by banks and non-bank financial institutions. This was realised through the adoption of the best practices and alignment with Directive 2008/48/EC "On credit agreements for consumers" and Directive 2014/17/EU "On credit agreements for consumers relating to residential immovable property", and amendments to the Law "On consumers' protection".

- Regulation "On internal audit system", was reviewed triggered by the need to review the internal audit cycle and some principles as reviewed by Basel Committee on Internal Audit (2012). This review aimed at further strengthening the internal audit role in banks, by increasing the independence and professionalism, strengthening the relationships and communication between the supervision authority and internal audit system of banks, and in particular between the business units, supporting units and the internal audit unit (the model of "three lines of defence").

Amendments to regulatory acts during 2015:

- Regulation "On the minimum requirements of disclosing information by banks and branches of foreign bank" was partially reviewed to further align the supervision authority's requirements in the field of market discipline with the European regulation on the credit institutions' activity, and increase the requirements on information disclosure, mainly of the banks remuneration's policies, as laid down in the recent document of the Basel Committee "Pillar 3 - Disclosure requirements for remuneration"⁴⁵;
- Regulation "On capital adequacy ratio" was partially amended to extend the deadline into 2016 for the package of measures to improve lending climate in Albania.
- Regulation "On regulatory capital of the bank" was partially amended for the alignment of the regulatory capital with the revised provisions of the European Regulation on the activity of credit institutions, to gradually include in the commercial bank's regulatory capital the Tier 1 capital as a ratio to Tier 2 capital;
- In the light of the current liquidity situation in the system, and the cost materialisation that the entry into force of new requirements on risk concentration management would bring about, the Regulation "On the risk management from large exposures of banks" as amended. These amendments aimed to facilitate the treatment of banks' exposures against supervised institutions as well as Albanian government debt securities in foreign currency, as various investments in various counterparties abroad were evidenced as non-profitable;
- Regulation "On the reporting to the Bank of Albania according to the Unified Reporting System", was amended aimed at completing one of the medium-term recommendations of the IMF and WB joint mission, FSAP (2013), for a more detailed information by banks about their direct and indirect shareholders;
- Regulation "On foreign exchange transactions" was amended,

⁴⁵ Pillar 3 - Disclosure Requirements for Remuneration.

in accordance with IMF recommendations on the liberalisation of regulatory requirements on the foreign exchange transactions in the framework of the free capital movement.

II.4.2. LICENSING AND APPROVALS

The number of banks that conduct their activity in the Republic of Albania remained unchanged, consisting of 16 commercial banks with both foreign and Albanian capital. The major part of the banking sector is controlled by subsidiaries of EU-based banking groups, and exercises the activity in accordance with the Albanian legislation and in accordance with Bank of Albania's regulatory framework in force. During 2015, the number of Albanian-owned banks rose to three.

Table 7 Banks' ownership structure (number of banks at period-end)

	2011	2012	2013	2014	2015
Banks in Albania, of which:	16	16	16	16	16
Branches of foreign banks	2	0	0	0	0
Banks' ownership structure, by capital origin, of which:					
Majority foreign-owned ¹	14	14	14	14	13
EU-based banks ²	10	10	10	10	9
Turkish owned ³	1	1	1	1	1
Majority owned by an international financial institution (Saudi Arabia) ⁴	1	1	1	1	1
Majority Kuwaiti owned ⁵	1	1	1	1	1
Majority Swiss Confederation owned ⁶	1	1	1	1	1
Majority Albanian owned ⁷	2	2	2	2	3

Source: Bank of Albania.

¹ 'The major part' is in any case a simple majority of 50 per cent of votes plus 1 vote.

² EU-based banks are: Italy (Intesa Sanpaolo Albania, Banka Veneto), Austria (Raiffeisen), Germany (Procredit), France (Societe Generale Albania, Credit Agricole Albania), Greece (Banka Tirana, Alpha Bank Albania, NBG Albania), Bulgaria (First Investment Bank).

³ National Commercial Bank.

⁴ United Bank of Albania.

⁵ Credit Bank of Albania.

⁶ International Commercial Bank.

⁷ Majority Albanian owned banks at the end of 2015, are: Union Bank (88.82%), Credins Bank (79.08%) and American Bank of Investments (former Credit Agricole Bank, Albania, 100%).

During 2015, the Bank of Albania approved the transfer of 100% of the qualifying holding of the shareholder's capital of Credit Agricole Bank Albania sh.a. (the new name of the bank is American Bank of Investments sh.a.). After this approval, the bank's ownership is transferred from the shareholder IUB Holding SA, France, to the new shareholder Tranzit sh.p.k., Albania, non-bank financial institution. Also, during 2015 the merger by absorption was approved between Banka Credins sh.a. (the absorber company) with Credins Leasing sh.a, a non-bank financial institution (the absorbed company). The request initiated by Banka Credins sh.a. was in terms of its re-organisation and the possibility to increase the activity of leasing within the bank structures.

Related to the additional activities of banks, five requests were assessed and approved consisting in the increase of the trading activity for the account of the bank and of the clients, including in foreign exchange, in a self-organised market of transferable securities, in increasing the intermediation activity in

insurance and re-insurance and in providing the service of security boxes.

Banks submitted applications for their bank network regarding both expansion and reduction (closure, merger/transfer) of branches/agencies in the country. Following these changes, the number of branches/banking agencies through which the banks conduct their activity is 500.

With regard to licensing, the Bank of Albania has paid particular attention to implementing the core principles and rules for responsible and effective bank management, assessing the organisational structure of the banks, their management and division of responsibilities. In accordance with the Regulation "On the core management principles of banks and branches of foreign banks and the criteria on the approval of their administrators", the Bank of Albania approved 73 new administrators. Their positions are as follows: 22 Steering Council members, 8 Audit Committee members and 43 executive directors. Administrators of non-bank financial institutions were also subject to approval.

During 2015, based on the applications, the Bank of Albania granted licenses and its approval for financial institutions, which are subject to its licensing and supervision.

Table 8 Number of financial institutions licensed by the Bank of Albania (end of period)

	2011	2012	2013	2014	2015
Banks and branches of foreign banks	16	16	16	16	16
Non-bank financial institutions	19	21	21	22	27
Foreign exchange bureaus	301	322	333	356	397
Unions of Savings and Loan Associations	2	2	2	2	2
Savings and Loan Associations	126	126	121	113	111

Source: Bank of Albania.

In the non-bank financial market, in 2015, six new entities were licensed: three micro credit financial institutions, two electronic money institutions and one non-bank financial institution to conduct the activities of factoring and financial lease. Meanwhile, one of the new licences is relevant to the revocation of an existing one, attributable to the change of a non-bank financial institution into an electronic money institution. The number of licenced non-bank financial institutions is 27, as at the end of the year. Part of the approvals for non-bank financial institutions was the approval for conducting additional activities to two institutions for the transfer of the qualifying holding to 20% of shares of capital for one institution.

Licensing of foreign exchange bureaus continued in 2015, at a faster pace than in the previous year. Thus 50 new entities were licensed to conduct foreign exchange activities. Nine licensed entities that exercised foreign exchange activities returned their licences to the Bank of Albania for termination of activities. As at end 2015, in the forex market operated 397 licensed foreign exchange bureaus. Approvals were given for additional cambists exercising their activity in existing foreign exchange bureaus.

In this year, no new Savings and Loans Associations were licensed. Their

number reduced due to the re-organisation of three Savings and Loans Associations through the merger by absorption in a single one and the revocation of licences for two Savings and Loans Associations.

II.4.3. ON-SITE EXAMINATIONS

On-site examination is one of the most important supervisory processes, aimed at examining in practice the functioning of the licensed entities and the implementation of sound risk management practices, in terms of quality and quantity. During 2015, 20 full-scope and partial examinations were performed in banks and 44 examinations in other licensed entities. The organisation and planning of these activities is based on the supervisory cycle set out by the supervisory policy, the off-site analyses result and ensuring the conformity of the activity of licensed entities with the applicable legal and regulatory framework.

The overall assessment of banks was realised through the full-scope examinations, which are the main focus of supervision. Also, special attention was paid to targeted inspections during 2015. Their main focus was to assess the implementation of regulatory framework after the entry into force of the new Regulation "On capital adequacy", in compliance with Basel II. The conclusions from on-site examinations reveal that the activity of licensed entities is overall carried out in conformity with the requirements of the legal, supervisory and regulatory framework and the banking system maintains a sound financial situation.

Following are summarised some of the main aspects of inspections:

- Corporate governance, establishment of adequate structures for the governance, management and audit, adequate delegation of responsibilities and decision-making based on ethics and responsibility;
- Adequacy of internal acts that regulate the activity and management of various risks, regarding compliance with the applicable regulatory requirements and the methodology of risks assessment or the prudential level for all the involved structures. Special attention is paid to lending, starting with the approval of credit, the continuous monitoring and their recovery;
- Ensuring regulatory compliance, in particular regarding the calculation of provisions against risks, regulatory limits, exposures to related persons, level of capital adequacy and regulatory capital;
- Systems of internal audit, to increase work quality, expand the scope of audit and increase capacities to enhance efficiency for the identification, measurement and monitoring of risks.

At the conclusion of the examinations, recommendations were provided on the necessary improvements and the examined entities were required to draft a plan, and their rigorous implementation.

During 2015, new non-bank financial institutions were subject of on-site

examinations as well. On-site inspections were conducted at institutions exercising the activity of factoring, transfers and payments at e-payments institutions and at the intermediary and advisory for foreign exchange transactions. The focus of the examination was on supervisory requirements regarding corporate governance, observation of supervisory norms and lending or factoring principles or the management of specific risks of institutions.

ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

In addition to banks and non-bank financial institutions, 42 foreign exchange bureaus were subject of this risk assessment through continuous inspections. Joint inspections with the General Directorate on Preventing Money Laundering and Terrorism Financing were conducted in two banks, two NBFIs and eight FEBs on issues on the prevention of money laundering.

Positive efforts of institutions to manage the risk related to the AML/CFT were noted during this year. In particular, banks have put in place adequate structures and systems in this regard and have increased the effectiveness of preventive measures on money laundering and terrorism financing driving to the increase of number and quality of the reporting suspicious activities. The identified shortfalls in inspections consisted in: identification of the beneficiary owner; implementation of due diligence in cases of abnormal indicators, increase of frequency and fields subject of control of internal audit or of trainings, improvement of SARs identification and analysis systems, etc. In addition to the recommendations, supervisory measures are provided in the inspection reports to specific institutions.

A highlight related to the AML/CFT was the CoE Moneyval Committee's decision to remove Albania from the regular follow-up process. The Bank of Albania provided its contribution in the preparation of standards and information, based on which, the Moneyval experts concluded that Albania had made adequate progress in respect of all Core and Key recommendations of Moneyval in the field of AML/CFT.

TRANSPARENCY AND DISCLOSURE OF INFORMATION

Transparency with clients and information disclosure were in focus during 2015, aiming at improving the customer relations standards and public information. Banks' behaviour and measures relating to public transparency and disclosure of financial information have been consistently and cautiously examined through on-site and off-site supervision.

Following the Bank of Albania's recommendations, the banking sector has raised its awareness and commitment to matters of transparency and disclosure of information. Bank of Albania's supervisory measures relating to disclosure of information have proved effective as all banks are now publishing the annual report and periodical quarterly financial reports on their websites. The publication of banks' reports on Bank of Albania's website, in a standardised

format, on approved commissions and interest rates on loans and deposits, continued during 2015. Besides off-site analyses, on-site examinations also assessed the accuracy of these reports.

II.4.4. CREDIT REGISTRY

The inclusion of new reporting entities in the Credit Registry System, with a view to reducing information asymmetry among financial institutions, the exercising of supervision and the optimum management of credit risk continued to receive proper attention during 2015. In this regard, the database managed by this system was enriched with the inclusion of four non-bank financial institutions⁴⁶. The credit registry contained data reported by 35 reporting entities, as at end 2015.

The structure of participants in the credit registry consists in: 16 banks, 16 non-bank financial institutions, 9 of which are lending entities and 7 financial leasing entities; 2 Unions of Savings and Loan Associations, and one Savings and Loan Association, which conducts its activity independently of Unions.

An important function of the Credit Registry remains the handling of requests for borrowers' report. In this regard, a large number of requests submitted by legal entities and individuals were handled throughout the year; requests handled in the framework of meeting the legal obligation, as well as other requests.

Special attention was paid to further developing the information currently reported to the credit registry, which consists in the inclusion of loans that are subject of a court process. The inclusion of this information is expected to be materialised in a reduction of non-qualitative loans in the banking and financial system and in the further increase of transparency level among the reporting entities. The reporting of this information at live system of the credit registry is projected to start in early 2016.

II.4.5. SPECIAL SUPERVISORY ACTIVITIES

Platform for addressing non-performing loans

This platform was initially introduced in October 2013 and was realised in collaboration with consultative companies ADAstra and TPJ, supported by the World Bank FinSAC project. The purpose of this platform is to find out a sustainable solution for the difficult financial relationships of some large borrowers with the banks of the system. During 2015, many meetings were held with banks to discuss the possibilities to resolve the problems of these borrowers. The work to implement this platform evidenced rather positive elements, such as sharing information and perspectives of banks on the solution of individual problems.

Plan of measures for reducing non-performing loans in the banking system

⁴⁶ Three Non-bank Financial Institutions of lending (Lute Credit; Capital Invest; Agro partner) and one Financial leasing entity (Albania Leasing).

The special attention to reduce the non-performing loans in the system was materialised in the drafting of a coordinated plan of measures. This plan was a result of the inter-institutional work to identify the legal, regulatory and administrative space for intervention with a view to lowering the non-performing loans in the banking system. The work was finalised upon approval of the plan by the Council of Ministers and the Bank of Albania. The scope of this plan is to review or draft legal acts related to the registration and execution processes of loans collaterals, review some Bank of Albania's regulation whose purpose is to improve the management, in particular, of non-performing loans, and in general, the credit portfolio. During 2016, special attention will be paid to the treatment of 35 largest borrowers in the banking system.

Package of measures to support lending to economy

This package of measures was introduced in 2013, aimed at boosting bank lending to the economy through the incentives consisting in (i) easing of capital requirements upon the increase of credit; and (ii) increasing capital requirements upon the growth of investment in non-resident counterparties. The application of this package was initially decided for 2013-2015. Given its positive results, at the end of 2015, it was decided to extend the effects during 2016 as well.

Drafting of the law on savings and loan associations

Year 2015 marked the finalisation of the draft-law "On Savings and Loan Associations and their Unions" by the Bank of Albania, initiated in 2014. In this regard, round tables with savings and loans associations (SLAs) were held to present and consult developments in the new legal framework and respective expectations. These round tables were organised jointly with the World Bank. The new draft-law will further contribute to long-term developments in the SLAs market and is expected to be approved at the Parliament in the first half of 2016.

Recovery plans

Seven banks in the Albanian banking system (systemically important banks), drafted for the first time the recovery plans in compliance with the Bank of Albania's guideline "On Recovery Plans". These plans are drafted preliminarily to serve as a guideline in the event the institution is subject of financial stress. The submitted plans were assessed during the year, with assistance from World Bank experts. This process aimed at not only analysing the compliance with the regulatory requirements laid down by the Bank of Albania, but also the drafting of some requirements for approximating the plan with the latest guidelines of the European Banking Authority, Financial Stability Bank of Albania and Directive 2014/59/EU "For the recovery and resolution of credit institutions and investment firms", and with the best practices.

II.4.6. COOPERATION WITH OTHER INSTITUTIONS

Cooperation with national authorities

The cooperation with various institutions, which monitor special activities in the financial market, continued during 2015. Most notably, cooperation with:

- Albanian Deposit Insurance Agency, through the regional workshops

with banks' branches throughout the country, in the framework of the communication and training campaign on data maintaining and public information;

- Ministry of Foreign Affairs, regarding the United Nations SC resolution and the Decision of the Council of Ministers on introduction of sanctions and updating the list of terrorism financing;
- Tirana District Court and the Prosecution Office (in collaboration with judiciary police),
- Gambling Monitoring Unit on blocking the guarantee fund;
- General Directorate of Customs on the execution of guarantees on excises.

The close cooperation with the General Directorate for the Prevention of Money Laundering (GDPML) continued in 2015, consisting in the share of opinions and expertise during the year.

The collaboration regarding the prevention of money laundering, given its importance to other public institutions, is not limited only with the GDPML. This collaboration has consisted in inter-institutional meetings and discussion tables with the Ministry of Foreign Affairs, Ministry of Justice, Prosecution Office, State Informative Service, Financial Supervision Authority, General Directorate of Police, etc.

Cooperation with foreign institutions

Cooperation with foreign supervisory authorities is based on formalising the relations, through memorandums of understanding (MoUs) with relevant counterparts. In concrete terms, we have periodically cooperated with the regulatory authorities of Italy, Greece, Austria, Kosovo, etc. The collaboration is deemed crucial, in particular with those home countries of foreign banks operating in Albania, where the coordination of joint actions increased the supervisory effectiveness. In the framework of collaboration with supervisory authorities, a joint inspection was organised with the Central Bank of the Republic of Kosovo. The visits and discussions provided for sharing experience and information and strengthening the relationships between both institutions.

The communication with the European Central Bank, the Bank of Greece and parent banks of Albanian banks with Greek capital was also important. These communications aimed at sharing the information on the stress-test process, which was followed by the re-capitalisation process.

Also, the Bank of Albania has cooperated with the delegation of the CoE Economic Crime and Cooperation Unit on the technical assessment of the situation in Albania on anti-corruption and money laundering issues. This collaboration took place in the framework of the Agreement between the European Union and the Council of Europe with Western Balkan countries and Turkey, named Horizontal Instrument of Financing, under IPA II.

II.5. PAYMENT SYSTEM

- *To accomplish its legal responsibilities on payment systems, the Bank of Albania promotes the smooth functioning of the internal payment system in Albania. During 2015, the Bank of Albania has undertaken concrete steps aiming at achieving the objective, by promoting developments, both as the systems' operator and their overseer and reformer. Besides, the infrastructure of payments, the Bank of Albania already provides an infrastructure on securities. Also, attention was paid to the completion and improvement of the payment system's regulatory framework, promotion of inter-institutional collaboration, expansion of research and increase of transparency.*

To strengthen the oversight of payment systems, the Bank of Albania, during 2015, undertook a set of measures aimed at improving the regulatory framework and procedures on payment systems oversight. One of the key developments in this regard was the approval of the Regulation "On the licensing, regulation and oversight of payment systems and clearing houses". This Regulation seeks to establish an incentive in the payment systems market, to encourage private initiatives on the clearing and settlement of payments. The establishment of infrastructure for the clearing and settlement of payments contributes to promoting the use of electronic payment instruments, hence the reduction of cash in economy.

In compliance with the reformatory role in the field of payment systems, the Bank of Albania has intensified the efforts to promote inter-institutional cooperation and research in the field of payments. The National Payment Systems Committee (NPSC) held its first meeting in October 2015. The scope of the NPSC is to support and contribute to enhancing the security, stability and efficiency of the national payment system in Albania, through the inter-institutional cooperation. In addition, the NPSC serves as a forum to facilitate discussion over issues related to payment systems and instruments, with a view to drafting necessary recommendations to corroborate decision-making for the involved institutions. In the first meeting, NPSC dealt with some important projects in the field of small-value payments, which aim at promoting the use of payment instruments, through the increase of security and effectiveness, while the reduction of costs on their use has a considerable impact.

Also, the Bank of Albania, during 2015, continued to cooperate with the World Bank in the framework of the finalisation of the project on the study of costs for the use of payment instruments, and for the identification of other fields, where both institutions may cooperate to reform the payment services market in Albania.

As the overseer and catalyser of payment systems, the Bank of Albania has adopted the "Methodology on the reporting of electronic payment instruments from the electronic money institutions". The establishment of the methodology was a response to the licensing of two electronic money institutions during 2015. The compilation of this methodology was based on the practices and standards of the Bank for International Settlements and the European Central Bank. The implementation of these standards in the Albanian environment

considerably supports the monitoring process and possibilities to undertake initiatives to encourage money institutions through comparative analyses.

BOX 5 AFISAR AND ITS IMPACT ON AIPS

The Bank of Albania established the central system for the registration and settlement of securities in AFISaR, in the framework of boosting the development of financial markets in Albania, and of minimising risks from the manual process of settlement and registration of government's securities in its transactions. Considering that the issue and exchange of securities bear the movement of funds for the finalisation of a transaction, the interconnection of the AFISaR system with AIPS, may be considered crucial for the smooth functioning of both systems. In this regard, the establishment of AFISaR is assessed to directly affect the activity of AIPS. This box aims to identify the impacts of the interconnection between AIPS and AFISaR, which affect the activity of AIPS, and thus, the results of the analysis.

In more concrete terms, due to the fact that, AFISaR, related to the part of securities settlement, observes the Delivery Versus Payment, a core principle on the securities settlement, the securities' settlement is projected to be conducted in compliance with the models that eliminate the risk.ⁱ In addition, the automation of securities settlement through AFISaR has a direct impact on the number and value of the settled payments, if considering, that previously the settlements was conducted on net basis. The main impact of this development may be identified in "settlements for net clearing systems"ⁱⁱ, where the settlement of securities is reflected. The Bank of Albania, with regard to the functions of AFISaR, holds only the securities' accounts of individual clients, by transferring their cash accounts to commercial banks. This has automatically increased considerably the number of transactions that are processed through AIPS.

Beyond the impact on the number and value of the securities settled in AIPS, the establishment of AFISaR affects also the liquidity need of participants, as a result of the settlement on a gross basis. In this framework, the Intraday Loan Facility (ILF) is being used somewhat more broadlyⁱⁱⁱ.

ⁱ "Principal risk" means the risk that a counterparty will lose the full value involved in a transaction, i.e. either the risk that a seller of a financial asset will irrevocably deliver the asset, but not receive payment, or the risk that a buyer of a financial asset will irrevocably pay for, but not receive the asset;

ⁱⁱ This item includes the settlements in AECH and the international schemes of Visa and MasterCard cards.

ⁱⁱⁱ An important instrument in AIPS is the Intraday Loan Facility (ILF) provided by the Bank of Albania to participating banks for the intraday management of liquidity and to guarantee the continuing and smooth interbank functioning of payments.

PERFORMANCE OF AIPS AND AECH

AIPS - Albanian Interbank Payment System for large-value payments

In compliance with the objectives of the Bank of Albania, the payment systems showed security and effectiveness during 2015. The volume of transactions processed in AIPS amounted to 123,578 transactions, with the value of circulated liquidity totalling ALL 6,329 billion. The volume of the processed

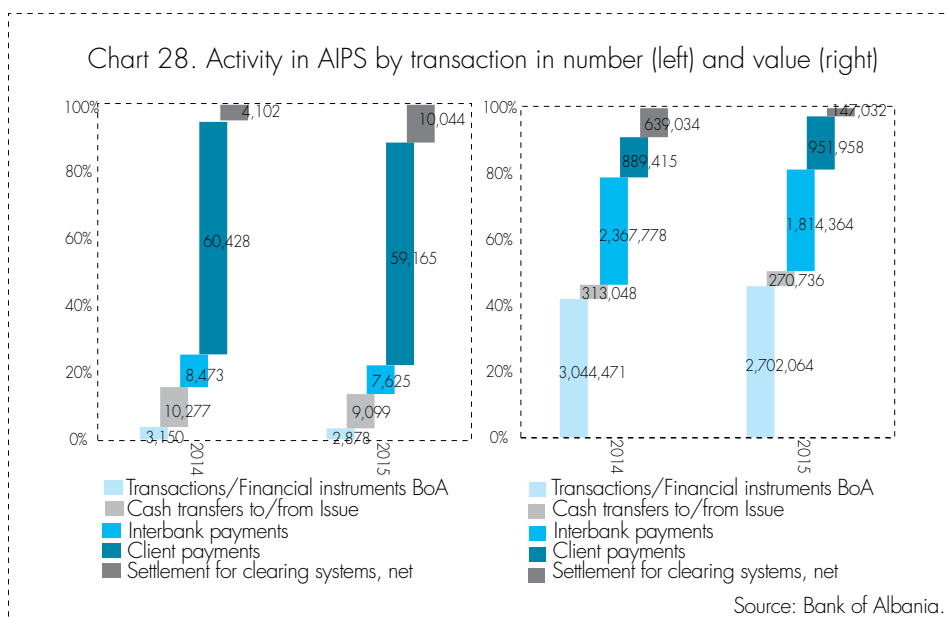
transactions in AIPS increased considerably, compared to the previous year, by about 42.98%, meanwhile the value of the processed transactions fell by 12.74%. The increase in the number of payments processed in AIPS reflects also the processing of securities transactions at gross basis in AFISaR.

Table 9. AIPS activity

AIPS	2014	2015
Number of transactions	86,430	123,578
Value of transactions (in ALL million)	7,253,748	6,329,598
Average value per transaction (in ALL million)	83.93	51.22

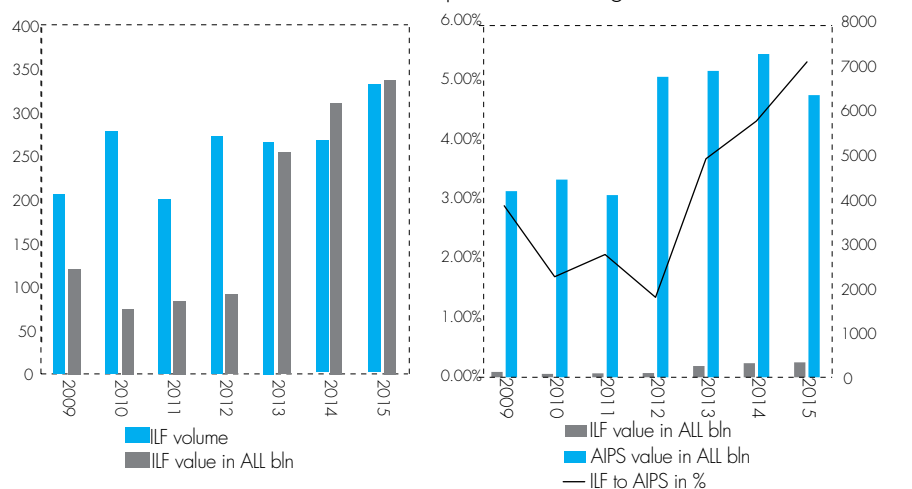
Source: Bank of Albania.

By typology of transactions processed in AIPS, the volume of payments for clients (this item has the main share of 47.88% of payments in terms of number) was upward in terms of value, by 7.03%. In terms of volume, the number of transactions fell 1,263 transactions, compared to the previous year. On the other hand, the main item in terms of value, "transactions/financial instruments of Bank of Albania" (42.69%) fell in terms of absolute value by 11.25%, compared to the previous year, thus dictating a more limited presence of the monetary authority in the market, given the ample liquidity conditions.



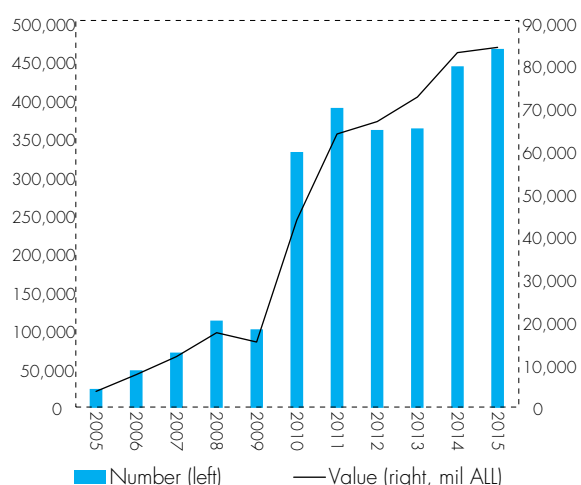
The Intraday Loan Facility (ILF) increased, in terms of both number and value (by 23.88% and 7.44% respectively), albeit reflecting a fall of the average value per transaction. The need for more ILF shows an increase of banks' demand for liquidity. This development shows the beginning of AFISaR activity, which, based on the new way of collateral management, affects also the need of participants for liquidity. It should be emphasised that the increase in the use of Intraday Loan Facility does not reflect an increase of the system's exposure to liquidity risk.

Chart 29. ILF number and average value (left); and ILF value and AIPS performance (right)



Source: Bank of Albania.

Chart 30. Number and value of transactions cleared in AECH



Source: Bank of Albania.

AECH- Albanian Electronic Clearing House

During 2015, some 466,708 payments were cleared in AECH, with around ALL 180,000 as an average value per transaction. The activity of AECH was up by 5.12%, compared to the previous year, in terms of the volume of transactions. The value of cleared transactions rose by 1.53%.

Payments by participants show that the use of AECH by banks for payments of their clients continued to increase. In this regard, banking activity increased considerably the number of transactions by 15.66% and their value by 4.99%, compared to 2014. The upward trend of the number of transactions by banks shows the increasing familiarisation of the public with payment instruments (interbank credit transfers), and reflects the measures taken by the Bank of Albania in this regard⁴⁷.

Table 10. Share of participants' activities in AECH, in number and value

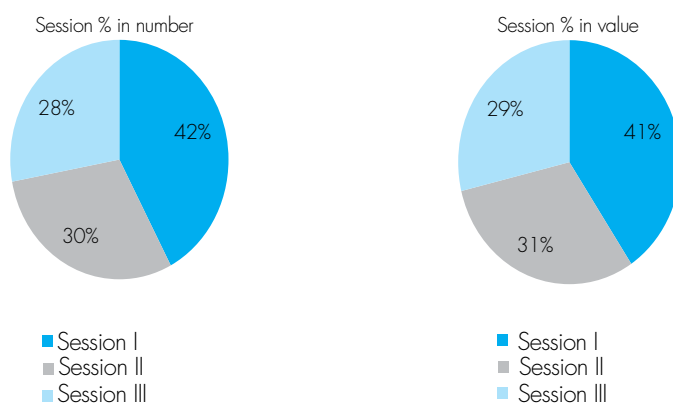
AECH - number	2014	2015
Ministry of Finance and Bank of Albania	56.68%	52.34%
Banks	43.32%	47.66%
Total number	443,977	466,708
AECH - value (in ALL million)	2014	2015
Ministry of Finance and Bank of Albania	50.20%	48.50%
Banks	49.80%	51.50%
Total value	83,133.08	84,404.99

Source: Bank of Albania.

⁴⁷ Since 2011, the Bank of Albania has increased the limit value for transactions in AECH, added a third clearing session in the AECH, differentiated tariffs during the sessions and reduced the commissions and tariffs applied for this system, as well as set out a maximum value on bank commissions for ALL payments cleared in the AECH.

By session, the chart shows a higher concentration of transactions cleared in the first session in the AECH, avoiding the overload in payments flows in the last clearing session. As a result, the additional risks on the smooth functioning of the payment systems are minimised.

Chart 31. Transactions cleared in AECH, volume (left) and value (right), in 2015



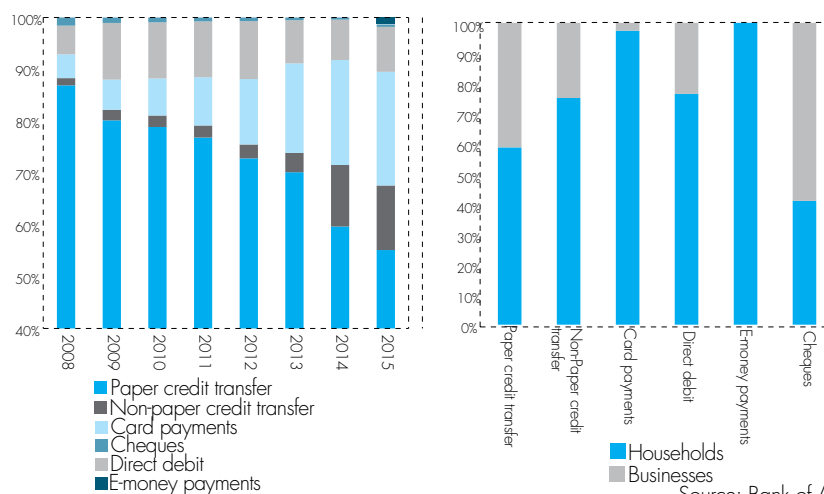
Source: Bank of Albania.

Payment instruments

Banks' reporting on payment instruments show that about 11.3 million payment transactions were made, totalling ALL 4.603 billion, reflecting 7.75% growth in the number and 7.60% in the value of payments during 2015.

From the total number of clients' payments, during this period, a high use of credit transfer took place during this period (at 67.57%), of which, 81.63% were payments instructed in paper form. During the recent years, paper credit transfers contracted, meanwhile non-paper credit transfers (home banking) and card payments increased.

Chart 32. Volume of payment instruments in years-number (left) and use of payment instruments by households and businesses during 2015 (right)



Source: Bank of Albania.

A highlight of electronic payment instruments was the introduction of electronic money payment instrument, from both bank and non-bank financial institutions. The introduction of this instrument in the Albanian market would provide a positive impact on the financial inclusion of the population in financial services.

Home Banking

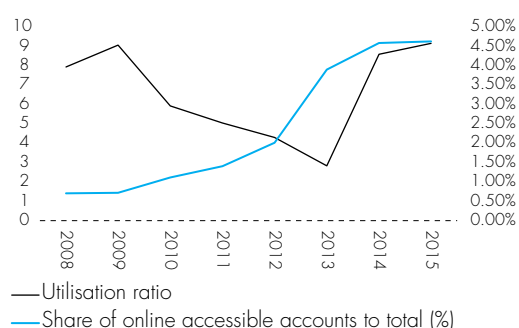
Recently, home banking has been increasingly expanding in the Albanian market. After their introduction in 2005 by one bank of the system, 13 banks provided home-banking services as at end-2015. The products provide the remote access to the bank account, via on-line, telephone or software that the bank makes available to its clients. Banks reported an increase of 12.39% in the volume of "home banking" payments. Also, the value of transactions increased considerably by 71.89%, from the previous year. The rise of home banking transactions dictates at a considerable degree the developments of the market in this regard.

Table 11. Number and value of reported home banking transactions

	Year 2012	Year 2013	Year 2014	Year 2015
Number of transactions	236,215	323.676	1,249,294	1,404,052
Value of transactions (in ALL million)	117.233	101.067	164.502	282.756

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

Chart 33. Share of online accessible accounts against total accounts and online accessible accounts utilisation ratio*



* Utilisation ratio shows the average use of an online accessible account for transactions.
Source: Bank of Albania.

The increasingly upward trend of home banking is closely connected to the presence of infrastructure and the expansion of possibilities to internet access even through a smart phone. Banks policies in the framework of promoting these alternative means of payments are assessed to have played a positive role in this regard.

Bank cards

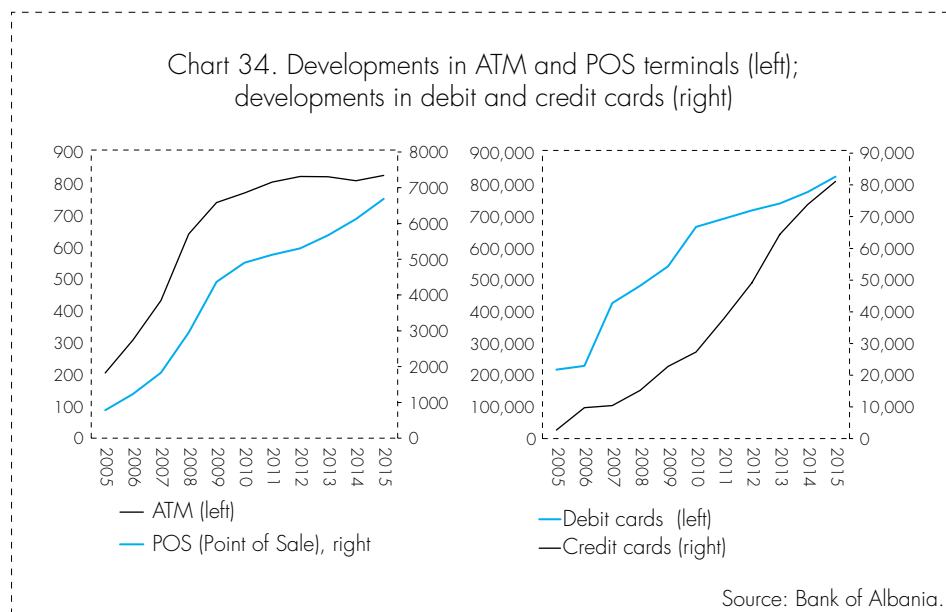
As at end-2015, 14 banks were licensed as card issuers in the Republic of Albania. Eight banks were also cards accepters, unchanged from end-2014.

The infrastructure provided by banks licensed as card issuers and those licensed as cards accepters shows that, as at end-2015, the number of ATMs and POS terminals was slightly up, by 1.9% and 2.3%, respectively, compared to 2014. Notwithstanding

the positive upward trend in the number of POS terminals, their concentration continues to be high in Tirana,⁴⁸ 79.7%. Also, virtual POS terminals showed an increase. The introduction of terminals for electronic money cards⁴⁹ was a novelty in this year.

⁴⁸ Districts are divided according to the branches of the Bank of Albania.

⁴⁹ Electronic money is a payment instrument, different from the remote payment instruments. E-money is an electronic store of monetary value and provides to the holder the possibility to make payments electronically. This instrument may be reloaded at a monetary value whenever necessary, within the limits set out by the bank of Albania. Electronic money may be stored on an electronic device or remotely at a server (for example PAYPAL) and is not conditioned by the need to own a bank account.



During 2015, the issue of debit and credit cards increased by 6.3% and 9.9%, respectively. Also, the presentation of electronic-money cards in the market showed an increasing pace during 2015.

Table 12. Number of issued/active cards, as reported by banks

Number of cards	31 December 2014	31 December 2015
Cash and payment cards	862.019	940.278
1- Debit cards	777.195	826.280
2- Credit cards	73.804	81.125
3- Electronic-money cards	0	32.873

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

The use of bank cards in ATMs and POS terminals shows that cash withdrawals at ATMS have the main share of transactions processed via cards. This indicator reveals that the economy is still highly based on cash. Nevertheless, during 2015, the number and value of payments via cards at physical and virtual POS terminals increased considerably, by 16.8% and 12.4%, respectively, in line with the positive trend of the recent years. In relative terms, the payments through via pre-paid cards stood at 6.30% of payments through debit and credit cards.

Table 13. Number and value of transactions through payment cards as reported by banks

	Volume			Value (ALL millions)		
	2013	2014	2015	2013	2014	2015
1- ATM cash withdrawals	11,729,920	12,205,989	13,105,771	117,195	125,048	136,627
2- ATM depositing	21	6	816	0.09	0.01	116.45
3- ATM transfer orders	61	40	63	0.75	0.65	0.58
4- Cash withdrawal at POS terminals	3	881	580	460.17	113.73	14.06
5- Card payments at POS terminals	1,496,640	2,124,304	2,481,524	12,511	17,921	20,141
- through debit cards	864,730	1,212,278	1,490,416	5.74	7,915	9,059.31
- through credit cards	631,910	912,026	991,108	6.77	10,006.15	11,082.19
6- E-money payments (POS)	0.00	0.00	155,873	0.00	0.00	618.04
Total card transactions	13,226,645	14,331,220	15,744,627	130,167	143,084	157,518

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

Cash transactions

Cash transactions of clients at banks' counters rose in number and fell in value for 2015, compared to the previous year. In 2015, the number of transactions at bank cash desks increased by 5.4% in terms of number, and fell by 4.4% in terms of value, compared to the previous year.

Table 14. Number and value of cash transactions at banks' counters

	2014		2015	
	Number	Value (ALL million)	Number	Value (ALL million)
Cash transactions at bank desks	10,853,254	2,440,046	11,434,237	2,332,974
I. Cash deposits at bank desks	6,753,568	1,351,998	7,637,418	1,378,922
II. Cash withdrawals at bank desks	4,099,686	1,088,048	3,796,819	954.052

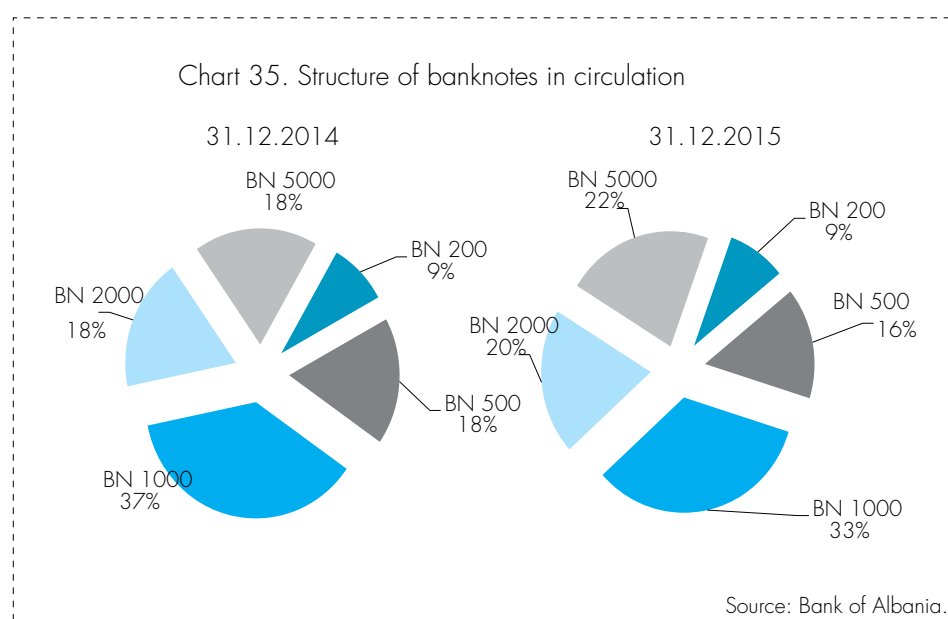
Source: Reports submitted by banks according to the "Methodology for reporting payment instruments".

II.6. MONEY ISSUE

The Bank of Albania has the exclusive right for the issue and circulation of the national currency – the Albanian lek. It determines the form, dimensions, weight, model, and other features of Albanian banknotes and coins of legal tender in Albania, as well as coins and banknotes for numismatic purposes.

BANKNOTES IN CIRCULATION⁵⁰

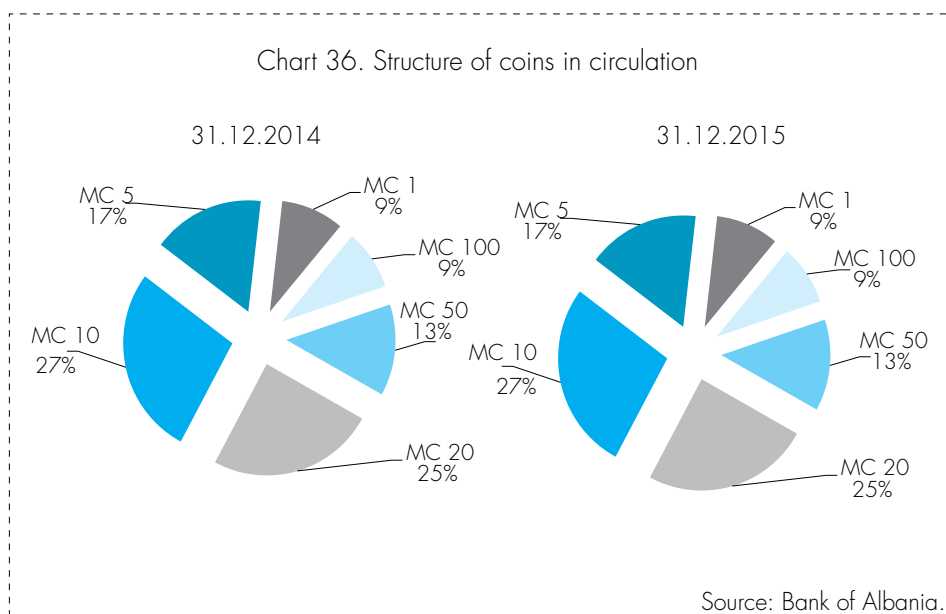
As at end-2015, there were 125,314,626 banknotes in circulation, worth ALL 235.393 billion. Compared to 2014, the number decreased by 5.4 million banknotes, while their value increased by 5.6%. The change in this indicators is attributable to the change in the structure in favour of 5000 Lek and 2000 Lek banknotes. Also, the volume of payment requests from commercial banks increased by 6.4%. The average value of a banknote in circulation was ALL 1,878 at end-2015, from ALL 1,706 at end-2014.



⁵⁰ It is the number and value of banknotes put in circulation by the Bank of Albania.

Coins in circulation

As at end-2015, there were 158,396,989 coins in circulation, worth ALL 3.799 billion. Compared to 2014, the number of coins increased by 7.6% and their value increased by 8.2%. As at end-2015, the overall coin to banknote value ratio was largely unchanged from a year earlier.



Indicators of currency in circulation

At end-2015, the ratio of currency in circulation to the M2 aggregate was 31.9%, from 31.3% at end-2014. Further, the coefficient of the currency in circulation⁵¹ at the Bank of Albania in 2015 was 0.409, from 0.568 in 2014.

Recycling of cash and quality of banknotes in circulation

In 2015, some 112 million banknotes were processed, which were checked for their authenticity and fitness for circulation. The sorting rate⁵² was 25%, from 28.86% during 2014. Unfit banknotes were replaced case by case with new banknotes fit for circulation. The banknote circulation rate⁵³ for 2015 was 0.9, implying that a banknote is returned to the Bank of Albania's cash desks, on average, less than once a year. This rate is higher for 500 LEKË and 1000 LEKË banknotes, and lower for 5000 LEKË and 2000 LEKË banknotes, which shows that the latter are returned less at the cash desks of the Bank of Albania.

Protecting banknotes and coins against counterfeiting

The Bank of Albania pays attention and encourages the continuous collaboration with commercial banks, to increase and strengthen the detecting and preventive capacities against counterfeit banknotes and coins in circulation. During 2015, the number of counterfeit banknotes and coins was slightly

⁵¹ Ratio of banknotes and coins delivered at the Bank of Albania to the average annual number of banknotes and coins in circulation.

⁵² Ratio of unfit banknotes and coins to the total number of banknotes and coins sorted in a year.

⁵³ Ratio of banknotes delivered at the Bank of Albania cash desks to the average annual number of banknotes in circulation.

down compared to 2014. Overall, the number of counterfeit banknotes and coins was lower and insignificant in relation to the quantity of coins and banknotes in circulation. Banknotes evidenced as counterfeit by the technical analysis are mainly reproductions by ink-jet toner in colour, and in fewer cases by offset, combined with the application of artisanal methods for the imitation of some mainly visual security features.

BOX 6: COMMEMORATIVE COINS OF THE BANK OF ALBANIA

The Bank of Albania, in addition to the legal obligation for the issue of "lekë" coins and banknotes, which are legal tender, is the only one issuer of commemorative coins and banknotes in Albania. The issue of commemorative coins from the national bank in Albania started in 1926, when the National Bank of Albania (1925-1945) issued the first national currency. The first commemorative coin was also put in circulation. It was worth 20 gold franks and commemorated "The Tirana Pact" or "The Pact on Friendship and Security" signed between Italy and Albania on 27 November 1926. The National Bank of Albania, through the design of the coin, aimed at transmitting the message that the two people had a long-standing friendship. The obverse features the portrait of the Albanian National Hero, Gjergj Kastriot Skënderbeu, the reverse features a stylised reproduction of the winged lion of Venice, symbolising the wars that Albanians and Venetians fought together. The State Bank of Albania (1945-1992) continued to issue commemorative coins.



The Bank of Albania has issued a variety of commemorative coins, in precious and simple metals. They feature events and important personalities of the Albanian history. During 2015, four commemorative coins in gold and silver, of 50 lekë and 100 lekë, were issued and exposed for the first time on the occasion of the 105th Anniversary of the Congress of Manastir, which established the foundations of the Albanian language and determined its alphabet. The coins commemorated also the 135 Anniversary of Albanian League of Prizren (1878-2013), which is known as the first Albanian political and military organisation with a patriotic inspiration.



II.7. FOREIGN-EXCHANGE RESERVE MANAGEMENT

- *The Bank of Albania is the national responsible authority for maintaining and managing the foreign exchange reserve of the Republic of Albania. It uses its best opportunities to achieve and maintain a certain level of foreign exchange reserve, conducive to financial stability, and in accordance with the monetary policy.*

The objectives and criteria on foreign exchange reserve management are stipulated in the regulation "On foreign exchange reserve management policy", approved by the Supervisory Council. The primary objectives of this process are ensuring liquidity and security, whereas ensuring returns from reserve funds management represents the third objective as long as it does not infringe the objectives for liquidity and security. Also, the Supervisory Council approves the allocation of competences and responsibilities among the organisational units, engaged with the foreign-exchange reserve management. The Supervisory Council, in addition to the definition of objectives, approves the qualitative criteria to organise the reserve fund by tranches, the universe of classes of permissible instruments, the criteria to select the counterpart for investment and to carry out other activities to serve the reserve management, as well as the budget of the acceptable risk. Based on the adopted qualitative criteria, the Investment Committee approves the quantitative criteria, in accordance with the thresholds set out by the Supervisory Council and monitors the investment of the reserve portfolio and the generated return. The Monetary Operations Department is the responsible unit for managing the foreign-exchange reserve at the Bank of Albania. This unit is responsible for establishing the necessary infrastructure for the investment of reserve, realising the investments operations, assessing, monitoring and regularly reporting on the level of the portfolio risk and the result deriving from the investment. The Investment Committee, in compliance with the criteria set forth by the Supervisory Council, shall approve the names of the entities permitted for investing the foreign exchange reserve, which include USA, Japan, United Kingdom and Eurozone governments/central banks, that are generally rated at least A- (for Eurozone governments the accepted minimum rating is BBB-). The names permitted for investment include also multiparty institutions or other institutions rated at least AA-.

Efforts for diversifying the reserve portfolio continued during 2015. New names were included in the list of entities for reserve investment, with the aim to improve the return on reserve investment per risk unit. The result established under the management of reserve portfolio for 2015 was positive, albeit at low rates, reflecting an environment at rather low interest rates. The active management of portfolios, realised in compliance with the limits set forth according to risk budget, provided positive contribution in the total result. After an analysis on the optimisation of the portfolio return, the exposure in portfolio established with governments rated BBB. Meanwhile, the exposure against governments rated as BBB continues to be allowed for the purposes of active management. Positions taken in these names and the investment result are monitored through defined indicators, in the framework of the special mechanism established for the management of credit and market risks for this part of the reserve portfolio.

Year 2015 was characterised by a further decline in negative territory of interest rates for treasury issues in the euro area. Consequently, investment opportunities at a positive return rate related to euro-denominated portfolio reduced further, compared to the previous year. As at end-2015, around 80% of investments in euro-denominated portfolio are at a negative interest rate.

In the framework of the agreement "On the Reserves Advisory and Management Program (RAMP)", capacity building for the new staff and consolidation for the existing staff continued, through training and certified programs, subject of sponsorship by this institution. These qualifications have aimed at consolidating and enhancing the degree of professionalism of employees committed in the process of foreign-exchange reserve management and of the staff supporting or monitoring the performance of this process. The World Bank provided technical assistance in two main directions, during 2015:

- a. establishment of a process on risk budgeting during the active management of foreign-exchange reserve portfolios. This process will provide a better analysis of strategies implemented during the investment of reserve portfolios, for a more optimal allocation of risk budgeting;
- b. improvement of information technology infrastructure, supporting the foreign exchange reserve management. During the previous year, the Bank of Albania was committed in preliminary tests of the new version of the System for Portfolio Management, which will offer additional improvements with regard to the processing of operations and reduction of operational risk degree.

STATISTICS ON FOREIGN-EXCHANGE RESERVE IN 2015

During 2015, the gross foreign-exchange reserve, estimated and reported in euro, increased by about EUR 688.94 million, registering EUR 2,881.27 million as at end-December. The key factors contributing to the gross reserve are as follows:

- A. *Transactions with the Ministry of Finance provided a positive impact, at EUR 383.13 million, according to the following items:*
 - *net inflows from disbursed loans, at EUR 430.32 million;*
 - *International Monetary Fund (IMF), at EUR 95.14 million;*
 - *International Development Agency (IDA) etc., at EUR 335.18 million.*
 - *inflows from the issue of foreign currency debt, at EUR 512.34 million;*
 - *in the external market, at EUR 447.06 million;*
 - *in the domestic market, at EUR 65.28 million;*
 - *inflows from other incomes denominated in foreign currency, at EUR 31.30 million;*
 - *Transfers (including debt servicing), at EUR 590.83 million.*
- B. *Transactions with commercial banks and other entities provided a positive impact, at EUR 204.76 million, according to the following items:*

- Commercial banks' deposits at the Bank of Albania to comply with the required reserve and transactions related to their capital, etc., at EUR 649.74 million;
 - Transfers: at EUR 446.07 million;
 - Net outflows for the account of other entities (DIA, etc.), at EUR 1.09 million;
- C. Bank of Albania's transactions provided a positive impact, at EUR 53.95 million, according to the following items:
- Buying foreign currency from commercial banks and other institutions, at EUR 23.95 million:
 - from banks: at EUR 22.03 million;
 - from other institutions: at EUR 1.92 million;
 - Receipts generated from foreign-exchange reserve investments, are estimated at about EUR 41.33 million. These receipts represent the bulk of payments in the form of interests and coupons which are cash based calculated,
 - Settlement of Bank of Albania's dues to the IMF is estimated at EUR 5.44 million;
 - Transfers, around EUR 5.89 million;
- D. Market factors provided a positive impact, estimated at EUR 47.10 million, according to the following items:
- Foreign-exchange rate volatility of currencies composing the foreign-exchange reserve influenced positively the gross reserve reported in euro, registering an effect of about EUR 79.22 million.
 - The portfolio revaluation effect, as a result of interest rate volatility, is estimated at a negative value of EUR 32.12 million*.

* This value also contains the effect arising from the depositing of securities' coupons.

II.8. STATISTICS

- Pursuant to its legal obligations, the Bank of Albania collects, processes, and publishes official statistics, by categories set forth in the Program of Official Statistics. Also, Bank of Albania produces other statistics necessary to support its main functions, such as: design and implementation of the monetary policy, banking supervision and maintenance of the financial stability. All objectives of the Bank of Albania in the field of statistics are guided by the requirements of European Union structures on statistical reporting of member states and acceding countries, meanwhile the manuals, guidelines and all other international standards serve as the methodological basis applied on official statistics. The Bank of Albania, as a statistical agency, reports regularly to national and international institutions, and is subject of the domestic and external programs of assessment and monitoring. During 2015, the statistical function of the Bank of Albania focused on: production of some new statistical indicators, perfection and development of methodologies and the consolidation of practices and methods of statistical compilation.

STATISTICAL INDICATORS

In 2015, the Bank of Albania published for the first time three tables of annual periodicity, containing information on the flow of foreign direct investments by country, and by economic activity, and the situation of foreign direct

investments by country and economic activity. During 2015, several measures were taken to provide the compilation and disclosure of the quarterly statistics of international investments positions and of foreign direct investments, which will take place during 2016.

In compliance with the obligation laid down in the Program of Official Statistics 2012-2016, on the establishment of a pilot project and methodological documents to construct statistics of financial accounts, work continued on the compilation of annual statistics for the non-residents sector, general government sector and the non-financial corporates sector, households and non-profit institutions serving households. Statistics of financial accounts for the financial sector, including the central bank, commercial banks, insurance companies, pension funds, investment funds, non-bank financial institutions and other financial providers, are compiled on quarterly and annual basis, starting from end-2013. The financial accounts are completed also for constructing "To Whom from Whom Matrices", for "loan", "deposit" and "securities" instruments. These data will be published by sector, starting with financial sector data for the end of 2016.

METHODOLOGY AND PROJECTS

On November 2015, the "IPA 2012 Multi-beneficiary Statistical Cooperation Programme" project financed by the European Union was completed successfully. In the framework of this project, a detailed methodology of international services statistics, and a technical plan for the future activities were compiled, and for the first time, a part of the data were reported in line with the requirement for reporting at Eurostat.

During 2015, work continued intensively for the finalisation of the Automated Regulatory and Statistical Reporting project for the reporting entities in the banking system. In the framework of this project, all the requirements of the Bank of Albania to commercial banks on the statistical and regulatory reporting were reviewed, aiming at the highest integration of the two requirements units. At the end of 2015, the transfer to the automated system of reporting was completed for all requirements laid down in the regulatory acts adopted till 2015, as well as the major part of requirements of units that produce statistics at the Bank of Albania. The transfer from paper-based to entirely electronic-based reporting from commercial banks at the Bank of Albania, for regulatory and statistical purposes, is projected to be completed within the first part of 2016.

The project on the Automated Regulatory and Statistical Reporting is considered a possibility to review or introduce the new methodological requirements in the field of monetary statistics, financial accounts statistics and external sector statistics. This process is realised through the improvement of reporting forms or the inclusion of the new forms in the reporting system, built according to the classifications, concepts and definition stipulated in international statistical manuals and methodologies. The sixth edition of the Balance of Payments and International Investment Position Manual (BPM6), published by the IMF in

2009, the European System of National and Regional Accounts (ESA 2010) and the System of National Accounts (SNA 2008, United Nations), serves as the basis methodology for the new and reviewed reporting requirements. As a result of these measures, during 2016, we project to build the improved monetary indicators related to the institutional sectorisation, and of interest rates indicators on the outstanding amounts of deposits and loans, according to the format implemented by the European Central Bank.

COOPERATION

As a statistical agency, the Bank of Albania regularly cooperates with other statistical agencies⁵⁴ and institutions which use these statistics, both on activities and products stipulated in the Program of Official Statistics, and the new requirements to the National Statistical System. During 2015, the Bank of Albania was represented and actively participated in the Inter-institutional Working Group for Chapter 18 (Statistics) of the Acquis, and in the Inter-institutional Working Group for the preparation and reporting to Eurostat of the Excessive Deficit Procedure⁵⁵. The Bank of Albania, as the responsible agency for the compilation of the monetary and financial statistics, and external sector statistics, has acted as a coordinating agency for the IMF initiatives, related to the dissemination of statistics,⁵⁶ and is actively committed to the strengthening of standards from all statistical agencies. The signing of the Memorandum of Understanding among three statistical agencies was an objective of the work during 2015. This Memorandum will aim to strengthen the technical cooperation among the agencies and increase the quality of statistical production for the National Statistical System as a whole. Together with the other two statistical agencies, the Bank of Albania was contacted by a Mission of Eurostat in July 2015. This mission assessed the degree of implementation of the principles set out in the European Statistics Code of Practice, by the Albanian statistical agencies. Some of the recommendations in the Assessment Report were implemented within 2015, while the remaining is included in the short and medium-term plans of the Bank of Albania, as a statistical agency.

II.9. RESEARCH

- *The Bank of Albania aims to base its decision-making process on a sound foundation and a body of tested knowledge about the Albanian economy. Investment in creating solid research capacities contributes to improving Bank of Albania's reputation and credibility as an institution with advanced methodologies and the required knowledge for guaranteeing the country's macroeconomic equilibriums. Therefore, the active development of research assumes a primary role in Bank of Albania's development strategy.*

The Bank for Albania's research has contributed to enhancing the level of knowledge on the Albanian economy and expanding the portfolio of research

⁵⁴ Institute of Statistics (INSTAT) and Ministry of Finance.

⁵⁵ Groups are chaired by the Albanian Institute of Statistics (INSTAT).

⁵⁶ Initiatives of GDDS, SDDS and GDDS.

materials mainly in applied economics. The research aimed at supporting the decision-making process for the drafting and implementation of central bank's policies, and the development of new methodologies of empirical analyses. Research results of the Bank of Albania endeavour to employ contemporary methods of empirical assessment, identify the problems and suggest solutions on the proposed issues, about the effectiveness of the monetary policy and safeguarding financial stability. During 2015, the Bank of Albania conducted more than 20 research and empirical analyses in these two aspects. Other areas of scientific research include the problems in transition economies, and theoretical researches, about the application of new methodologies in the forecasting and economic analyses.

The monetary policy studies consisted in: the macroeconomic effects of monetary policy transmission, the existence of banking credit channel in the transmission mechanism, determinants of micro and macro-economic margin, transmission of import prices to producer prices, etc. The research works tried to bring together the monetary, financial and statistical developments of national accounts, to investigate the mutual impact of the real economy and the financial stability on the performance of the monetary policy and its transmission to the economy.

Related to financial stability, the research works focused on the efficiency of credit allocation, the signalling role of confidentiality index in the banking system, the impact of financial sector on economic growth, etc. The studies on monetary financial markets show that the current models of the financial market expansion have reached their maximum effects on the economic activity. The deepening of financial market and the presentation of new financial institutions and instruments should drive to the encouragement of financial sector. The study of the exchange rate, shows that the interventions of the Bank of Albania in the foreign exchange market, contributed in the return of the exchange rate to objective values or "defined" by the economic fundamentals. Also, it is noted that under the current conditions, there is a light, albeit controlled, increase of pressure transmission from the exchange rate to prices.

The Macro-econometric Model for the Albanian Economy (MEAM) was re-assessed during 2015. The MEAM model re-assessment, overall, maintains the previous version structure, but simultaneously improves the economic analysis, based on the new statistical information and by addressing "the shortfalls" concluded from the application of the model's previous versions. In concrete terms, these changes consist in the replacement of some time series of better proxies; in methodological changes of some series; also the increase of new transmission channels, previously assessed off the model. The MEAM model and its satellite models were used to assess future developments of main macroeconomic indicators, and various risk scenarios in terms of price stability, financial stability and macroeconomic stability.

The studies and other research projects are focused on the expansion of the database (mainly those of micro-economic character), through new surveys or the calculation of the economic and financial indicators at unit level (bank/

enterprise) and the research of the information that flows arrives from these data. The purpose is their use in the future, as indicators of the analysis and forecast, in function of the decision-making process.

These studies were topics of discussion in the activities and conferences organised by the Bank of Albania, and contributed in the strengthening of the analysis and forecasts for the purposes of decision-making process. In this framework, for the ninth regular year, Bank of Albania organised the Workshop of Economic Research in Southeastern Europe on "Rethinking Economic Policies and Central Banks' Methodologies". The purpose of this activity is to serve as a presentation and discussion means of the research work among researchers and policy-makers, to contribute for the deepening of economic research, and to expand the knowledge on definite features of economic developments and methodologies of scientific research. 20 research works, were presented in the workshop, from central banks of different countries, as Bank of Italy, Bank of Greece, Bank of Monte Negro, Bank of Turkey and academic institutions as Paris School of Business, Scientific Academy of Hungary.

A more complete and detailed information on the research works of the Bank of Albania is found at the web page of the Bank of Albania: "Publications/ Researches and Working papers". Other researches are published as articles in the "Economic Review" of the Bank of Albania. Semi-annual brochure on "Scientific novelties at the Bank of Albania" informs about the newly completed research materials or about those in process, materials presented in the "Friday Seminars", or in other activities organized by the Bank of Albania throughout the year.

II.10. EUROPEAN INTEGRATION AND INTERNATIONAL COOPERATION

- *European integration is a national objective. On 24 June 2014, Albania was granted the EU candidate status. Periodic EC reports assess the contribution of the Bank of Albania to maintaining macroeconomic stability, financial stability, improving supervisory practices and promoting markets and payment system development.*

EUROPEAN INTEGRATION AND ALBANIA

On 10 November 2015, the European Commission published its "Progress Report 2015" for Albania. The Report highlights the achievements and obligations that arise from the integration process. The overall conclusions of the Report, noted that Albania has made steady progress in addressing the key priorities for the opening of accession negotiations, pursuing a set of reforms necessary to advance in the EU integration path.

The most relevant achievements are related to public administration reform and the preparation of a comprehensive reform of the judicial system, whose

finalisation is amongst the most significant challenges. In the area of rule of law, further progress results are necessary, whilst the implementation of effective measures to reinforce the protection of human rights, and implementation of property rights is of utmost importance. The opening of the Albania-EU participation negotiations requires the fulfilment of five key priorities: (1) a professional and depoliticized public administration; (2) strengthening the independence of the judiciary; (3) fight against corruption; (4) fight against organized crime; and (5) protection of human rights.

EUROPEAN INTEGRATION AND THE BANK OF ALBANIA

The Bank of Albania has continued its contribution to the Progress Report and the National Plan for European Integration, leading chapter 4 "Free movement of capital" and Chapter 17 "Economic and monetary policies" and contributing to six other chapters of the Acquis.

The Report 2015 assesses Bank of Albania's actions as successful, regarding monetary policy and measures taken to support lending. According to the Report, the banking sector is stable but exposed to credit risk. For the reduction of non-performing loans, various regulatory and legislative changes have already been made to address the problem, but further efforts are needed to encourage the clean-up of bank balance sheets as well as to address the impediments related to judicial enforcement and collateral execution. The Report commends regulatory amendments by the Bank of Albania for bank supervision, and strengthening of supervisory capacities and processes within the Bank. The Report notes that, despite the progress achieved so far, Albania should do more for developing a functioning market economy, improving macroeconomic stability, fiscal consolidation, improving the business climate, as well as solving the problem of the informal economy and the high level of non-performing loans.

Regarding the protection of the currency against counterfeiting, Albania has signed, but not yet ratified, the 1929 International Convention for the Suppression of Counterfeiting Currency. Approximation in this area is partial. The Bank of Albania cooperates at national and international level with competent authorities, while it is still under a cooperation agreement with the European Central Bank regarding banknotes.

The Bank of Albania continues to regularly monitor the implementation of the SAA, and the National Plan for European Integration. It participated in the Stabilisation and Association Committee meeting, as well as the upcoming meetings of the respective subcommittees⁵⁷.

In the framework of assistance, the Bank of Albania has used the short-term assistance instrument, Technical Assistance and Information Exchange (TAIEX), by the EU to help candidate and potential candidate countries, in terms of

⁵⁷ Subcommittee on Internal Market and Competition and the Subcommittee on Economic and Financial Issues and Statistics.

recognition and enforcement of EU legislation. For 2015, short-term technical assistance issues, selected by the Bank of Albania and approved by TAIEX, focused on approximation with accounting standards of the European Central Bank, and the implementation of a document management system.

INTERNATIONAL COOPERATION

Relations with the International Monetary Fund

- *On 19-30 January 2015, the Technical Assistance Mission of the IMF discussed on the foreign exchange market issues and the impact they have on systemic liquidity and accounting issues of the central bank.*
- *Visit of the Technical Assistance Mission of the IMF on 20-31 July 2015, to assess the quality and effectiveness of Bank of Albania's supervisory functions and capacities.*
- *Visit of the Technical Assistance Mission of the IMF, on 21-22 September 2015, to evaluate the technical assistance that the Bank of Albania has received from the IMF in the framework of the implementation of targeted inflation regime.*
- *Visit of the Technical Assistance Mission of the IMF on 28 October - 10 November 2015, on the fifth and sixth review of Extended Fund Facility (EFF) for Albania.*
- *Visit of the Technical Assistance Mission of the International Monetary Fund, on 24 November - 7 December 2015 to assess the asset quality and non-performing loans (NPL).*

The Republic of Albania has been a member of the International Monetary Fund (IMF) since October 1991. At the moment, Albania owns 1,338 votes (or 0.05% of the total amount of all IMF members). It is in the same constituency with Italy, Greece, Portugal, Malta, and San Marino. Represented by Carlo Cottarelli, its chief executive for 2014-2016, this constituency has a total of 106,404 votes, or about 4.22% of the total votes of all members of the IMF.

During 2015, the quota of the Republic of Albania stood at SDR 60 million. Following the institutional reforms undertaken by the IMF, the Bank of Albania has communicated constantly with the Fund on the resolution for the 14th review of quotas, which aims the overall increase of quotas in value up to 100% for all IMF members. This review reflects the change of relative weight of countries in the world economy.

In May 2015, the Executive Board of the IMF completed the fourth review of Albania's economic performance under the Extended Fund Facility (EFF)⁵⁸, the outcome of which created an immediate disbursement of the SDR 28.8 million (about EUR 35.9 million), bringing the disbursement amount to a total of SDR 123.1 million (about EUR 153.1 million). The relevant report, among

⁵⁸ On 28 February 2014, the Executive Board of the IMF approved the three-year arrangement for SDR 295.42 million (about EUR 330.9 million) under the Extended-Fund Facility program for Albania.

others, states that the monetary policy easing is assessed as appropriate. The monetary policy of the Bank of Albania should continue to support economic recovery, in accordance to its objective.

Relations with the World Bank Group

- *Cooperation with the World Bank in the framework of Reserves Advisory Management Program (RAMP) continued in 2015. The World Bank has continued to provide training and specialized education programs, such as CFA, CIDA, ACCA and PRM.*
- *In cooperation with the World Bank, Bank of Albania have drafted and presented the draft law "On credit saving companies and their unions".*
- *Missions of the World Bank visited Albania on 26 February – 7 March and 2 August – 29 September, to continue the dialogue on the program of financial sector reform in Albania (DPL - Development Policy Loan).*

Albania is supported by the World Bank Group through the "Partnership Framework of the World Bank Group with Albania 2015-2019", which aims to support Albania's aspirations for economic prosperity and European integration. Since the membership of the Republic of Albania in the World Bank in 1991, the latter has funded USD 1.8 billion in various sectors. Currently, there are six projects with a total of USD 250 million, IDA's and IBRD's loans and also USD 15.4 million in trust funds.⁵⁹

Cooperation with the World Bank in the framework of Reserves Advisory Management Program (RAMP) continued in 2015. A long-term project, initiated by the World Bank to establish and improve the functionality of Portfolio Management System (PAT2), will continue with the release of an improved version of the system by the World Bank. The World Bank continued to provide specialised training programmes, such as CFA (Chartered Financial Analyst), CIDA (Certified Investments and Derivatives Auditor) and (Professional Risk Manager), in accordance with the needs of the Bank of Albania's staff.

Relations with other international institutions

The Bank of Albania continued to cooperate with the FSVC, mainly in terms of improving the internal audit structures and processes. Training offered by this institution addressed the issue of auditors' professional development, recommendations from ECB, IMF, WB, as well as the necessary changes in the supervisory structures and reporting lines.

The Bank of Albania continued to keep regular contacts with the European Bank for Reconstruction and development (EBRD), providing information and statistics on the development of the Albanian economy in general, and the financial sector in particular.

On 23 October 2015, the cooperation with the European Banking Authority was formalised with the signing of a Memorandum of Cooperation. This

⁵⁹ For more information, visit <http://www.worldbank.org/en/country/albania>

memorandum was concluded with the supervisory authorities of six countries of South Eastern Europe.

During the year, the Bank of Albania has cooperated with the central banks of Kosovo, France, Turkey, Germany, England, Austria, the Czech Republic, etc., which have provided for the exchange of experience for some departments of the Bank.

In particular, central bank of the Netherlands (DNB) visit aimed to assess the activity of internal audit of the Bank of Albania in compliance with international standards on internal auditing and assessment for the maturity level of this activity in the framework of the "External Quality Assessment" of the internal audit of the Bank of Albania. Also, under the bilateral agreement with the Bank of Sweden, a workshop was organized on "Increase of the now-cast system at the Bank of Albania". Its aim was to increase the now-cast system and to automate short-term forecasts of macroeconomic indicators.

At the same time, implementation of agreements with the Graduate Institute Geneva continued in the framework of cooperation with the State Secretariat for Economic Affairs (SECO).

Participation in international events, such as conferences, forums and regional seminars

During 2015, the senior officials Bank of Albania participated in international events, such as conferences, forums and various regional seminars. Here are some of them:

- *20th Forum of Central and Eastern Europe, organized in January 2015 in Vienna (Austria), by "Euromoney". This is an annual Forum and gathers prominent international personalities in the fields of politics and economy.*
- *34th meeting of the Central Bank Governors Club of Central Asia, the Black Sea Region and Balkan Countries, held in Tbilisi (Georgia), 25-27 September 2015. The high level of dollarization was one of the central topics of discussion during the meeting. The heads of monetary institutions shared the experiences and measures taken by central banks with regard to safeguarding financial stability.*
- *Advisory Group Meeting and Annual Meeting of the European Fund for South-east Europe (EFSE), in Berlin (Germany) on 18-19 November 2015. This year, the Annual Meetings coincided with the 10th anniversary of the establishment of European Fund for South-east Europe (EFSE), and on this occasion a conference on "Balancing the Future" was organized. Governor Sejko said that it is necessary to boost the absorbing power of EFSE funds through additional partner institutions in Albania.*
- *6th Conference of ECB for CESEE countries: "CESEE, old and new policies' challenges", held in Frankfurt (Germany) on 10 June 2015.*
- *Summit Ministers of Finance and central bank Governors, "The financial future of the region", 12 - 13 June 2015, in Becici (Montenegro).*

- *Annual Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG), held in Lima, Peru, on 9-11 October 2015, in which Albania was represented by a joint delegation of the Governor of the Bank of Albania, Mr Gent Sejko and the Minister of Finance, Mr Shkëlqim Cani. While attending the Governor held several important meetings with prominent personalities of the international financial field, showing the measures taken by the Bank of Albania in the field of monetary and financial stability in the country.*

II.11. COMMUNICATION WITH THE PUBLIC

- *Public communication is an important aspect in Bank of Albania's activity for fulfilling the responsibility to provide maximum transparency of decision-making and its effectiveness; as well as raising public confidence toward this central bank. In this framework, the Bank of Albania assesses the interactive communication with the public as a primary issue of strategic importance, to transmit its monetary policy directly and comprehensively to the public.*

An open and transparent central bank

Beyond legal obligations, the Bank of Albania informs the public on its role and activity, ranging from the decision-making of the Supervisory Council, to the daily operating activities. This transparent communication helps increase the effectiveness of policies implemented by the Bank of Albania, prompting the public to understand the decisions taken by it in time and clearly, and also to be able to fairly evaluate them.

In this context, the Bank of Albania uses a variety of communication channels, in order to explain the role and its main objective more clearly, to maintain price stability as well the way of its realisation.

The Monetary Policy strategy is based on a decision-making cycle consisting in 8 meetings of the Supervisory Council throughout the year. The Governor press conference is held after each meeting to explain the decisions taken by the Supervisory Council and the analyses used to corroborate this decision, to the public. Relevant press conferences were organized in response to this cycle, in 2015, during which the Governor has responded to the media interest on various issues related to the Bank of Albania. In 2015, press conferences were followed by the publication of the Governor speeches, and the related Q&A in Albanian and English.

Each meeting was followed by a publication of a brief summary of the main decisions taken by the Supervisory Council of the Bank of Albania. All public decisions of the Supervisory Council were fully published in the Official Bulletin of the Bank of Albania, on nine issues of this publication.

Besides the monetary policy decisions, the Bank of Albania publishes rich information on banking supervision and financial stability, notably the Supervision Annual Report and Financial Stability Report, which analyse important developments in the financial system over a six-month-period and identifies the factors that represent systematic risk.

Communication at Bank of Albania is further complemented with a number of surveys, analyses, data, evaluations and opinions of the Bank of Albania on the macroeconomic situation of Albania and its role in supporting financial stability. During 2015, the activity of the Bank of Albania is presented to the public primarily through 64 public announcements and press releases, 21 speeches, 23 interviews and participation in TV programmes.

Communication with the public is in accordance with the interest, academic level and professional development of targeted groups, among which, media has an important role. In this framework, the media is continuously informed and sensitized on issues related to the Bank of Albania and on economic and financial situation in Albania. In 2015, communication with the media was implemented through press conferences, speeches, presentations and press releases about activities organized by the Bank of Albania or other domestic and foreign institutions. It was also implemented through interviews or participation in dedicated TV programmes, and views on specific issues of interest to the Bank of Albania or other public activities of the Governor and other Bank of Albania representatives. Six presentations of its periodic reports are held "off the records" for the media during this year. These meetings aim to guide the media for a correct understanding of the decision-making of the Bank of Albania and are considered as effective means of communication with the public.

The forums and round tables held with representatives of the banking system, business and academia were part of the communication with the public. During 2015, a number of forums were organised, such as the forum "Promoting lending to the economy" (April 2015), III Financial Forum of Albania, organized in cooperation with the IMF (June 2015), the meeting on "Economy and Banks: present and future challenges", organized in cooperation with the Albanian government (September 2015), whose main focus was on the discussions on credit recovery, reduction of non-performing loans, and their treatment, as an important concern for the performance of the Albanian economy.

Communication with the public reflects the current developments and challenges. During 2015, in June-July, the treatment of the escalating Greek crisis and the explanation of its possible spillover effects mainly related to the banking system in Albania was an important part of discussions. The public was informed real time on the stability of the banking system in Albania through several dedicated appearances of the Governor and other representatives of the Bank of Albania.

ACTIVITIES IN ALBANIA

- Upon an initiative by the Bank of Albania and Ministry of Finance, on 8 April 2015 a meeting was organised on promoting credit growth, serving as a platform to exchange ideas and present positions in relation to various problems facing the banking and financial sector
- Under the auspices of the State Minister of Innovation and Public Administration and the Governor of the Bank of Albania, an event on "Innovation in the banking sector" was held in May 2015, to promote new technologies used by the banking sector to provide services and products to Albanian citizens.
- III Financial Forum was held on 25 June 2015, in Tirana, under the joint auspices of the Bank of Albania and the International Monetary Fund. The theme this year was to discuss the issue of non-performing loans in the banking sector. Discussions in the forum helped authorities develop a strategic approach to addressing this issue, and build an effective action plan.
- In the premises of the Bank of Albania, on 2 October 2015 the first meeting of the National Committee of the Payments System was held, chaired by the First Deputy Governor of the Bank of Albania, who is also the Chairperson of the Committee. The purpose of this Committee is to support and contribute to enhancing the security, stability and efficiency of the national payment system in Albania. Beyond the advisory role, the Committee aims to facilitate the implementation of measures of the relevant authorities by fostering cooperation.
- On 5 October 2015, the Bank of Albania and World Bank's Financial Sector Advisory Centre (FinSAC) organised a meeting on "Discussions on the implementation of Banking Recovery and Resolution Directive". The meeting took place in the framework of the review of the existing legal framework aiming at its improvement for the timely and adequate approximation to the standards of Bank Recovery and Resolution Directive 2014/59/EU.
- On 30 October 2015, Bank of Albania organised in cooperation with the South East European Studies at Oxford its Annual Conference on: "Do crises change economic fundamentals in SEE?" The Conference was organised in three sessions. Mr Edi Rama, Prime Minister of the Republic of Albania, Mr Gent Sejko, Governor of the Bank of Albania, and Mr Othon Anastasakis, Director of South East European Studies at University of Oxford welcomed conference participants.
- On 30 October 2015, the Bank of Albania organized the inauguration ceremony of its Renovated Building, which coincides with the first opening of the Museum of the Bank of Albania. Through a temporary exhibition, the Museum unveiled for the first time special items of cultural heritage, part of the treasury of the Bank of Albania, preserved over the years.
- Following the tradition of organizing the Regional Workshop Research in Eastern Europe, on 3-4 December 2015 the Bank of Albania organized, the 9th Workshop on "Rethinking of economic policies and methodologies of central banks". This event was attended by representatives of the central banks of Italy, Greece, Montenegro, Turkey, as well as academics and experts of the Bank of Albania who addressed issues related to the stability of the European banking system, non-performing loans, credit growth factors, etc.

A responsible and accountable central bank

Bank of Albania aims to inform citizens, and in particular the Parliament, on all its activities.

Institutional relations with the Parliament are held in several aspects. Governor's hearing sessions in the Parliamentary Committee of Economy and Finance are the most significant ones. In April 2015, as every year in this Committee, the Governor introduced the Annual Report of the Bank of Albania, responding to the deputies' interest on specific issues related to it. For the first time, in December 2015, in a dedicated hearing session the Governor shared the opinion of the Bank of Albania regarding key elements of the states' draft-budget for the upcoming year, 2016.

More comprehensive and up-to-date information on the financial and economic situation as well as on main macroeconomic developments, the role and the contribution of the Bank of Albania in this regard, could be found on the official website www.bankofalbania.org. During 2015, the website had about 475,000 visitors who clicked our page around 1.326.000 times and browsed in total about 3.265.000 topics.

Our website is constantly enriched with a broad statistics system for many sectors of the Albanian economy, such as: banking sector, fiscal sector, real sector and external sector. These statistics are published according to a defined schedule that is updated semi-annually. Bank of Albania's statistics are also found in the monthly statistical reports and in quarterly monetary policy reports.

Bank of Albania publications provide detailed and updated information on Albanian and global economy developments in the banking and financial system, currency and financial stability, amendments and enrichment of the banking legislation and its regulatory framework, as well as other relevant issues. Bank of Albania publications are consolidated sources of accurate and reliable information for the public. Periodic and non-periodic publications, in 2015, consisted of about 3000 pages of analyses, statistics and research in both Albanian and English. The set of periodic reports was the same as in the previous year: Annual Report, Quarterly Monetary Policy Report, Financial Stability Report (semi-annual) and Annual Supervision Report. In addition to periodic reports, the following were published: the monthly Official Bulletin, the semi-annual Bulletin of the Bank of Albania, the semi-annual magazine "Research newsletter".

During 2015, the Bank of Albania continued to free distribute of all its publications, taking into account the social responsibility regarding reducing paper publication. In order to inform the public, the Bank of Albania informs its citizens in writing or in electronic form, depending on how they want to receive this information.

II.12. PUBLIC EDUCATION

Although education is not a legal obligation, for nearly a decade now, the Bank of Albania has been committed to expand and deepen public financial literacy, focusing on the younger generation. Two are the main goals of the programs, activities and special educational publications prepared by the Bank of Albania: presenting the central bank, its functions and role to the public; as well as cultivating and strengthening the financial culture in society. Financial literacy is now a necessity, taking into consideration not only the pace of economic, banking and technological development, but also the importance and significance of information on today's global world.

Efforts in the framework of informing the public, in 2015 culminated in the inauguration of the Museum of the Bank of Albania, an interdisciplinary museum, with integrated numismatic, historic and educational functions.

Bank of Albania Museum

Located inside "the landmark building" of the capital's main square, the almost 80-year-old headquarters of the central bank, the Bank of Albania Museum was inaugurated on October 30, 2015, as a combination of museum and educational purposes.

The museum is organised in two independent floors. The main room, called "Treasury Room" or the "Rotunda", in the first floor of the museum displays a rich numismatic collection of the Bank of Albania. Here, visitors may find information about historical and numismatic values through the exposure of treasures, coins and banknotes collections, cheques, bonds, securities, medallions and other museum items, used across historical sites of Albania, since antiquity.

The second floor of the museum presents the history of the central Bank of Albania, its role in maintaining price stability and safeguarding the financial stability in Albania as well as its constitutional functions. With a particular focus on public education, this museum has dedicated areas, where pupils or students accompanied by teaching and faculty members may have classes, lectures and other educational activities regarding money and the economy.

Museum of the Bank of Albania represents a new tourist destination in the heart of Tirana, as well as a permanent information centre where the general public can learn more about all aspects of money and the economy, and better understand what the central bank does.

The museum design started in 2011, taking a quantitative and qualitative burst in 2015. The first step which led to the proceeding of the design and composition of showcases, which later would hold the numismatic collection, was the approval of museum fund in March 2015. In collaboration with external expert collaborators, the exhibits were given the historical context in which they were used, and were accompanied by information regarding money issue, printing and production technology.

The conception, design and implementation of various programs to educate the public continued simultaneously with the preparation of the permanent numismatic exhibition on the first floor of the museum. With the aim to make these programs interesting, the ways of presenting them are thought to be more "youthful" by including documentaries and animated films, apps, quizzes, and interactive guides.

The whole work for establishing the Museum was able to end successfully the day of the inauguration, which coincided with the historic date of October 30, 1938, the date of the inauguration of the building of the National Bank of Albania, today the Bank of Albania.

MUSEUM OF THE BANK OF ALBANIA

In order to fulfil its educational function, the Museum offers several educational corners:

- *Hologram Room*

In the interior architecture, the hologram, a new element and widely used, holds a special importance in the Museum of the Bank of Albania. Virtual 3D objects are projected in the dark room at 360 degrees. Through this modern technology, with an attractive and distinctive appearance, a story of antique coins appears to the visitors. The tale speaks for ancient civilization in Albanian-inhabited regions, thus showing us coins that our ancestors have minted and used.

- *Students Spot*

The Students Spot in the Museum of the Bank of Albania shows information dedicated mainly to youth but not only. Thanks to illustrated panels, visitors can learn about the way a commercial bank works and money circulation in the economy. Those interested visitors may obtain audio-visual information through guides and applications, watch short clips on economic and financial topics and European institutions, and take quizzes on the touch-screens.

- *Conference Room*

Inside the educational section, the Conference Room is a space dedicated to meetings and presentations on issues of interest to various focus groups. Educational films and documentaries will be shown here part of a fund enriched with products from experienced authors in the field of economy and finance, often awarded prestigious international prizes.

- *Europe Room*

The Europe Room presents the role, functions and historical journey of the European Union, European Central Bank and Euro zone, and the EU-Albania relations and Albania's European integration process. The treatment of various aspects of euro, as well as the review of banknotes and coins security features, holds a particular importance. This room offers various communication tools such as audio-visual films, maps, apps, games and quizzes, as well as text displayed with graphic illustrations.

- *Kids' corner*

Seriously engaged in the financial education of children, thanks to a variety of programs offered by the school system, when designing and building the Museum of the Bank of Albania, a corner was dedicated exclusively to the little ones. The

Kids' corner, conceived as a multifunctional area, makes it possible for them to read and play individually with an interactive application called "Çufo 18 Piglet, learns to save". This room gives them the opportunity to test their knowledge through the quiz: "Çufo's cake", and have fun while working on some papers, or participate in one of our activities.



(Metal: CuNi)



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(Metal: Au)

COMMEMORATIVE 5, 50 AND 100 LEKE COINS, ISSUED ON THE OCCASION OF THE 42ND ANNIVERSARY OF THE FIRST RAILWAY TRACK IN ALBANIA, 1946-1988.

Obverse: A train exiting a tunnel.

Reverse: A train entering a tunnel, Emblem of the People's Socialist Republic of Albania.

* The 50 Lekë coin, issue of 1988, won the international prize as the Most Innovative Coin of 1990.

III. DEVELOPMENT OF INSTITUTIONAL CAPACITIES

- *Human resources policies and institutional developments aim at enhancing the professional capacities and expertise of the Bank of Albania's staff, strengthening and maintaining a motivating accountable working environment for the employees, achieving stability and long-term continuation of management capacities, and improving regulatory framework and organisational structure of the Bank of Albania.*

HUMAN RESOURCES

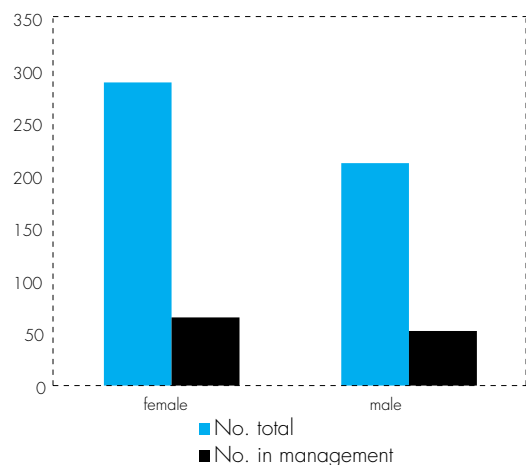
Human resource policies are mainly oriented towards professional growth and expertise of the staff. These policies are aimed at achieving the objectives of the medium-term strategy of the Bank of Albania, within the provisions of the regulatory framework. They aim at further strengthening and maintaining a motivating work environment, increasing cooperation between departments and staff, and achieve long-term stability and continuity of administrative capacities. Another purpose of these policies is the completion and improvement of the organizational structure of the Bank of Albania and the regulatory framework.

Human resources policies have always had on their focus the improvements and changes of the organizational structure of the institution. Their main goal is to increase the efficiency of the Bank of Albania's activity by strengthening coordination and communication between units, adaptation of these structures with new tasks deriving from the strategic objectives of the institution as well as meeting the standards of member banks of European System of Central Banks or the European Central Bank.

Some of the objectives for the human resources management during the year have been: adaptation of the regulatory infrastructure in order to provide the possibility of promotion into leadership positions for experienced and professional employees, and filling vacancies. Staff promotion aims to increase professional competition and serves as an instrument for identification and better management of human resources. Also, professional motivation policies intend to maintain the retention and continuance of staff, which is also one of the main challenges that all central banks face.

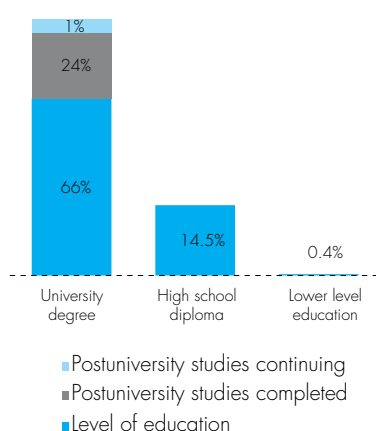
At the Bank of Albania, the ratio of male/female managers is: 12.9% females and 10% males.

Chart 37. Number of employees in management.



Source: Bank of Albania.

Chart 38. Staff distribution by level of qualification

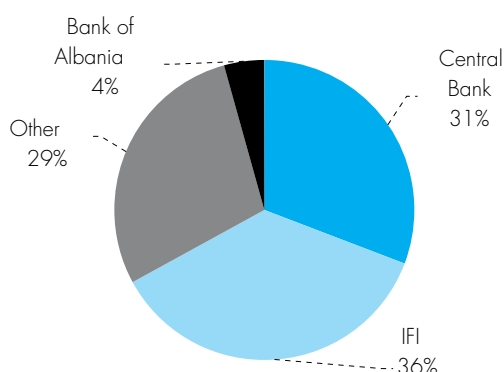


Source: Bank of Albania.

While appreciating human capital and the importance of their professional skills in executing tasks and achieving the strategic objectives of the Bank, the continuous improvement of incentive policies for achieving their professional qualification is also very important, receiving academic and scientific degrees and gaining international professional certificates. About 24% of employees have postgraduate qualifications while 1% are attending postgraduate studies. Also, nine employees hold CFA, ACCA or CIDA certifications, while 12 others are still in the process of getting them.

Bank of Albania staff has grown professionally due to the professional trainings they have attended in Albania and abroad. Besides earning professional knowledge, participation in these specialized training organized by other central banks, international financial institutions (IFIs) or other institutions are beneficial to the staff of the Bank of Albania because they exchange professional and managerial experiences with representatives of central banks from other countries.

Chart 39. Professional staff training, in Albania and abroad



Source: Bank of Albania.

Chart 39 shows that the highest participation in trainings (about 36%) is in international financial institutions (IFIs) including the International Monetary Fund, the Joint Vienna Institute, EBRD, ECB, FSI. About 31% of the trainings were conducted by European central banks such as: Bundesbank, Bank of France, Czech National Bank, Dutch National Bank, Central Bank of Turkey, and National Bank of Poland. Other trainings were conducted in cooperation with other organizers such as: AIDA, CEFTA, Central Banking

Publications, JP Morgan, and Balkan Economic Forum.

The majority of professional training is focused on building the institutional capacities of the central bank in order to fulfil its main functions. Compared with 2013 and 2014, in 2015 trainings abroad have decreased, aiming a controlled and targeted participation. Most of the professional trainings in 2015 were conducted on Banking Supervision, (13%), statistics (11%), monetary policy (10%), monetary operations (9%). The rest of training focused on: internal audit; money issue and management, legal affairs, information technology, human resources management, European integration, etc.

It should be noted that the largest number of professional trainings are focused on building the institutional capacities of the central bank to fulfil its main functions.

Agreements and collaborations

In the framework of the envisaged three-year collaboration agreement with SECO (State Secretariat for Economic Affairs), five workshops were conducted with lecturers from prestigious academic institutions and planned content. Some 97 employees from various departments of the bank participated in these activities. Also, unlike previous years, staff members participated in activities such as: Research Coaching, and Executive Training, as part of the variety of activities offered by the agreement. The presence of a bank expert at GLIDS (Graduate Institute of International Development Studies) was part of the activities, enabling the employees to study and continue research work under the supervision of experts.

SOCIAL POLICY AND SOCIAL RESPONSIBILITY

Bank of Albania's attention is addressed not only towards meeting its legal obligations, but also towards its social responsibility growth. Bank of Albania aims to maintain and further strengthen social values, increase the awareness of its employees in terms of support for vulnerable groups or various social causes, as well as to maintain and further develop cultural and academic heritage of Albania. Initiatives regarding the support of academic research, financial education, and the creation of a motivating and non-discriminatory environment for employees, are examples of these efforts. In recent years, the Bank of Albania has been engaged in volunteer activities, contributing to the improvement of the life quality for the communities in need and responding to environment protection awareness. Based on the law "On the Bank of Albania", the latter cannot allocate financial aids or donations. In 2015, in the framework of the social responsibility and sensitivity, employees voluntarily contributed to various humanitarian and environmental activities, as a moral reaction to the realization of common community goals.

On the occasion of the World Orphans Day, staff members of the Bank contributed monetarily and materially (gifts from employees) for the Orphanage of Vlora and for "Zyber Hallulli" in Tirana. The collected monetary contributions were used to buy clothing, medicines and other items according to the needs presented by the directors of these orphanages. Also, many packages were collected with toys, clothes, books, etc., and were sent to orphanages by the Bank of Albania.

In association with the Albanian Red Cross, in September 2015, Bank employees voluntarily donated blood. The process was administered by the employees of the Albanian Red Cross, according to the applicable standards.

By the end of the year, postcards prepared by children of the "SOS" village were sold at the Bank of Albania. The profit from selling these postcards, artworks of children themselves, were sent to the SOS village and used for the children's wellbeing. Also, employees have offered significant cash contribution for the purchase and planting of new seedlings. This contribution is added to the initiatives to increase green spaces in the city and increase the quality of the environment.

INFORMATION TECHNOLOGY

The rapid developments in technology applications, communications and equipment have led to significant changes in everyday life. Broad use of internet has brought changes in social, cultural and economic matters. Communication between social networking, on-line shopping, on-line payment services, on-line banking services, are on an upward trend. Considerable work is made to increase the number of digitalised services, especially regarding payment services. During 2015, the Bank of Albania has implemented a new service for securities' settlement and registration: the AFISaR system. The Bank of Albania has also invested in increasing the processing capacities of the services it provides, paying attention to the use of technology and digitalization for reporting and processing data through the ERRS system.

IMPLEMENTATION OF NEW INFORMATION SYSTEMS

Settlement and registration system of securities - AFISaR (New Financial Instrument Settlement and Registration) is the central settlement and registration system of securities issued by the Albanian state. The Bank of Albania organizes auctions for these securities pursuant to the agreement with the Ministry of Finance. Communication with this system is made via messages based on the SWIFT model. AFISaR is fully compliant with BIS principles for the settlement of securities transaction respecting the Delivery Versus Payment principle. AFISaR's participants fall into two categories: direct participants and indirect participants. Direct participants have securities accounts directly into the AFISaR. The indirect participants have their accounts opened and operated by direct participants.

ERRS is an "on-line" electronic system, which, pursuant to the legal and regulatory framework, enables regular reporting of the URS's and other statistics by reporting entities to the Bank of Albania. URS stands for Unified Reporting System that includes the entirety of the reporting forms and currently contains two main statistical blocks: Supervision statistics and Financial and Monetary statistics. Banks and foreign banks' branches, non-bank financial institutions, savings and credit unions, and potentially other entities licensed by the Bank of Albania are all reporting entities in the ERRS (Electronic Regular Reporting System)

The Bank of Albania attentively monitors the growing trend of electronic services in the banking sector. It also supports initiatives and improvements of financial instruments in new technologies. In this framework, the Bank of Albania held a conference on "Innovation in the banking sector", associated with innovative ideas regarding technology in the banking system. The conference discussed new services for electronic signatures, secured authentication in financial systems, enhancing the quality of data and the addition of various electronic services to 24/7 banking.

These rapid changes, with progressive pace on digitalization are closely monitored by the Bank of Albania, in order to evaluate the growth of new

cyber risks, integrity, availability of information and payments in the banking system. The Bank of Albania has improved its regulations and controls and has increased the transparency when addressing these risks.



(Metal: Ag)



(Metal: Ag)

COMMEMORATIVE COIN DEDICATED TO THE SUMMER OLYMPIC GAMES 1992. 10 LEKË, ISSUE OF 1991.

* The coin won the international prize as the Best Silver Coin of 1993, and the Most Innovative Coin of 1993, issue of 1991.

IV. INTERNAL AUDIT

- *Internal audit at the Bank of Albania is carried out by the Internal Audit Department. The main objective of the Internal Audit Department is to ensure compliance with the laws and by-laws in the activity of the Bank of Albania. Another objective of the Internal Audit Department is to act as an overall controller and consultant to the administrators and the Supervisory Council, by providing its contribution toward maintaining the integrity of information, efficiently using resources and internal audit systems at the Bank of Albania. Administrators and heads of departments are responsible for the preparation, implementation and monitoring of the adequate internal audit system. The audit function provides bank administrators, regularly and independently, with the verification and assessment of internal audit systems, by testing the determined control and procedures, without being a substitute for them.*

INTERNAL AUDIT HIGHLIGHTS

Approval of the Internal Audit Policy and Regulation of Audit Department

Year 2015 marked the approval of the first Internal Audit Policy and review of the regulation of the Audit Department functioning, through decisions of Supervisory Council no. 39 and No. 40, on 03.06.2015. The Policy determines the position of the activity of internal audit within the organizational structure of the Bank of Albania, which includes: mission, activity, scope, functional independence and establishing reporting lines of internal audit activities, right to access/use information, and evaluation of the quality of the internal audit activity.

The Policy and Regulation envisage and clarify:

- Recognition of the Professional Standards of the Internal Audit and Code of Ethics, announced by the Institute of Internal Auditors;
- Definition of competencies about the approval of the internal audit plan by the Supervisory Council, following the review by the Audit Committee;
- Reporting lines of the Inspector General with the Audit Committee, Supervisory Council, and inclusion of the Inspector General's reporting to the Parliament.
- Recognition of fraud risk management at the Bank of Albania and duties and responsibilities of internal audit in regarding this risk;
- Unlimited access to information, assets and people;
- Defining the characteristics and main stages of internal audit at the Bank of Albania;
- Determining the obligation to monitor the implementation status of recommendations and quality assurance for improving the internal audit;

- Clear definition of the tasks of the Audit Department and the increase of participation of inspectors in commissions / committees / working groups /as observers.

With the entry into force of the two main documents of the internal audit - "Policy of Internal Audit at the Bank of Albania" and regulation "On the organization and functioning of the Internal Audit Department" - adoption of some practices began and the awareness raising for stakeholders about the changes stemming from these new regulatory acts (the form and content of the audit report was restructured; the experts auditors were selected for the functions of the Bank, etc.).

Following the order of recommendations, units were informed and made aware of the changes stemming from the Policy and Regulation. Through including in the Policy and Department Regulation, as well as in the Audit Policy Committee, new lines of reporting created the need for adaptation, in time and in form, reporting to the Inspector General about the Audit Committee.

Upon establishing and full functioning of the Audit Committee, the Inspector General and the Internal Audit Department participated in three meetings of the Audit Committee (June 2015, September 2015 and December 2015).

Organisation of the internal audit strategy

In the framework of the drafting of medium-term strategy of the Bank of Albania, Audit Department drafted and communicated the strategic mission and objectives of the Internal Audit at the Bank of Albania:

- Internal Audit vision: Reliable advisers of administrators and the Audit Committee-This involves creating adequate expertise for understanding the needs of the administrators and the Audit Committee, properly addressing the strategic risks for the Bank of Albania, and raising their awareness on new risks and preventing measures that may be taken to ward off these risks.
- Strategic aim: Ensuring compliance with international standards of internal audit, based on three basic objectives:
 1. Preparing and implementing a plan of measures for recommendations resulting from the external assessment of the audit function, for full compliance with international internal audit standards.
 2. Increasing internal audit independence and quality by strengthening the reporting lines with the administrators and the Audit Committee, and restructuring of the Audit Department.
 3. Awareness of the Bank of Albania regarding the operation and division of Line I, II and III⁶⁰ of defence and coordination between line II and III.

⁶⁰ Stratification of internal audit according to the responsibilities for: (I) the implementation of controls (first line), (ii) the control and continuous monitoring of controls and risks from different units from those that implement controls (second line) and (iii) an independent valuation by an indoor unit (internal audit) or external (external audit entities) on the adequacy of the internal control system (third line).

- Supportive strategic objective: Creation of a unit for the management and prevention of Operational Risk as a part of the organizational structure of the Audit Department, preparation of a legal framework and the whole supportive infrastructure, which will help with the measurement, evaluation and risk management at bank level.

Organizational structure of the Audit Department

Based on the structural changes of the Bank of Albania, adopted by the Supervisory Council decision No. 87, on 12.02.2015, Office of Inspector General and the Audit Department underwent the following changes:

- Addition of a unit with two specialists for the evaluation and management of operational risks, in the Operational Risk Department, under the authority of the Inspector General, based on the practices of some of the Central Banks of the European Union for the implementation at bank level of ORM (Operational Risk Management);
- Addition of a new position for the deputy head of Department, which will cover a significant part of the Quality Assurance Program of Internal Audit in the supervision of audit, and will serve as a supporter and a substitute of the Inspector General, in compliance of the duties that she has as the head of Audit Department.

Realisation of duties of the Audit Department

In 2015, a number of planned audit and non-planned audit engagements were realized as well as a number of audit and non-audit engagements that were not planned in the 2015 but arose as a specific need during the year, upon the request of the Supervisory Council, Audit Committee, Administrators and/or Inspector General. A special feature of the plan for 2015 was that the period in the absence of the Inspector General (September 2014 - April 2015) prevented the start of the planned audits to be initiated during this period. The International Monetary Fund suggested the Bank of Albania and the Inspector General, to be proceeded with the initiation and implementation of audits of the last four months of 2014 (with some exceptions based on the limitation of time and human resources, and on developments specifics of the first month of 2015, of External Evaluation- External Quality Assessment).

Nine full-scope audits were planned to be realized during June - December, (including audits of statistics reported to IMF- three per year) of which, six full-scope audits are completed, three audits carried forward from 2014 were completed as well and three more audits are currently in process. During January - December 2015, a total of 101 recommendations were addressed, resulting from audit on granting security, including the suggestions resulting from advisory audits on special request from administrators. Findings and recommendations for each of the audits realized during this period, are addressed initially to the executives of units and then to the Bank of Albania administrators, the Audit committee, and the Supervisory Council, as part of the periodic reports of the Inspector General.

Table 15. Realized planned audits and addressed recommendations in 2015

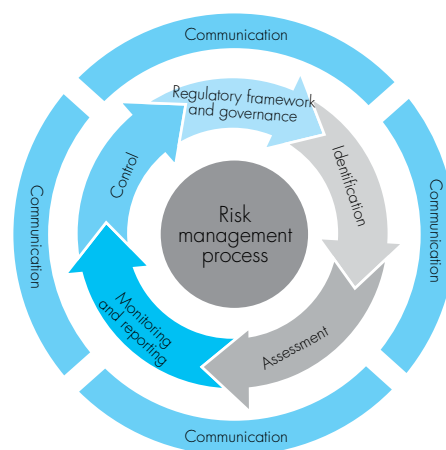
Total number of planned and unplanned audits / non-audits	20		
Total number of finished planned audits			6
Total number of planned audits in process			3
Total number of planned audits in 2014, carried forward in 2015.			3
Total number non - planned audits (with special request)			6
Total number of realized non-audits (PAT2 and ORM)			2
Total of recommendations addressed in audits of 2015	101 recommendations	Total in %	
Grouped by categories:			
Advisory audits (recommendations without category)	7	7%	
Category I	4	4%	
Category II	51	50%	
Category III	28	28%	
Category IV	11	11%	

Audits performed during 2015 are mainly focused on assessing the adequacy of internal controls established for the audited functions and supportive applications, based on the accomplishment of objectives such as: (i) Evaluation of implementation and compliance of audited function with the legal and regulatory framework; (ii) evaluation of the procedures followed in fulfilling the objectives of the audited processes; (iii) evaluation of the adequacy and accuracy of records and accounts related to the function; (iv) evaluation of the adequacy of information technology applications which support the function; (v) evaluation of risk function.

Implementation of the Operational Risk Management framework

The Supervisory Council of the Bank of Albania approved the unit dedicated to the management of operational risk in view of the institution's governance regarding the fulfilment of its mission and objectives set by law, and also pursuant to a medium-term strategy of the Bank of Albania. Based on the best practices and recommendations of international institutions (IMF, ECB, FSVC, BB); as well as on successful practices in the institution which identify, assess and follow operational risks during the process of reserve management, in 2015 the Bank of Albania launched a project "Preparing the framework for operational risk management at the bank." This project extends along 2016 and aims: (a) determining the policy and methodology for operational risk management at the bank, and (b) identification and assessment of operational risk at the bank, creating the basis on which the cycle of operational risk will be constantly pursued.

Chart 40. Development and implementation cycle of the operational risk management framework.



Source: Bank of Albania.

BOX 7 OPERATIONAL RISK DEFINITIONS

Like other organizations, the Bank of Albania is exposed to operational risks. These risks must be understood and managed so that the bank's whole activities and functions will be carried out effectively. Operational risk is the risk of creating financial losses and/or damage the reputation of the Bank as a result of a failure or inadequacy of internal processes, people, systems or due to external events. Operational Risk sources are:

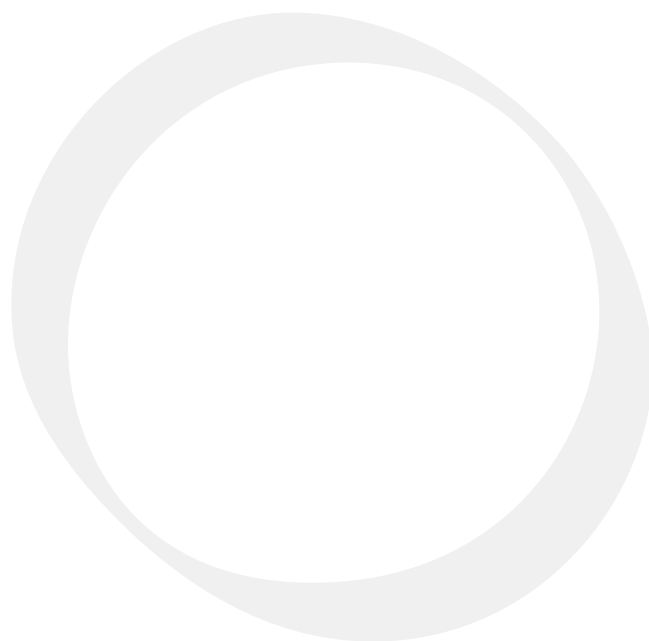
- 1. Processes - losses arising as a result of a deficiency in an existing procedure or due to lack of documentation of a procedure associated with the activities carried in the financial institution. This includes potential losses created during the execution and management of procedures. These losses are unintentional.*
- 2. People- losses arising as a result of the violation of internal policies of the institution's human resources. These losses can be caused intentionally. Exposures to losses from this factor may result from: given competences, fraud, employment practices, etc.*
- 3. Systems - losses arising as a result of a dysfunction of existing systems or information technology. These losses are unintentional. In case when these losses are intentional, they will be classified in "People" or "external events". Exposures to losses from this factor may result mainly from partly or fully dysfunction of the systems.*

External events - losses arising as a result of force of nature or as a direct result of a third party action. Losses in this category can be intentional or unintentional. Loss exposures from this factor may result mainly in blackouts, terrorist attacks, inconvenient weather, problematic issues associated with providers of products/ services, etc.

Due to its complexity and comprehensiveness, the project is associated with intensive work, and continuous interaction with all the departments. It has several phases, briefly described below.

- Phase I-Organizing, informing and preparing the units and coordinators. The way of collecting all existing materials and various references related to operational risk; preparation of an appropriate technical structure associated with this project, for a better management of all phases, the documentation, minutes at the disposal of meetings, information reported by the coordinators; presentation of the coordinators and heads of departments, regarding information and awareness on the object, the importance of this project and the stages through which it will pass. All this was realized in this phase.
- Phase II - Identification of processes and drafting of the processes scheme for each department, including: identification of core processes for each unit; compiling of preliminary versions of the schemes of the processes, and relevant files for each unit of the Bank of Albania (departments, committees, other units); their review by the working group; Meetings with each coordinator and the final validation of processes' schemes and the corresponding files from the units,

- Phase III - Compiling a matrix of processes at Bank level. All the basic functions of the bank by the unit they carry them and by the rank from administrators, committees and Supervisory Council, are reflected in the matrix. The creation of the data base for all applicable regulatory acts that regulate identified processes was initiated in this phase.
- Phase IV - Guidance on the identification of operational risks for each unit. Coordinators were instructed and assisted by the working group through models standardized with chosen methodology, on the process of the identification of the main risks associated with the processes already established in the previous phases which would have an impact on the department activity.
- Phase V - Determining the main risks of each unit (in progress). Information in the above phase, precedes the determining of risk from each department, a process which was deemed to be done in working group meetings with each coordinator in order for it to be more productive. During the work done with each coordinator, it was possible for the most important operational risks to be treated sequentially, (through the identification of the risk's source, its impact and likelihood of occurrence). The determination of key risks by the departments is in the process and the working group has led this task by suggesting a set of possible risks that are identified from the experience of other central banks.
- Phase VI - Risk Assessment at Bank level (in progress). Simultaneously with the activity associated with the Phase V, the working group has compiled an integrated matrix of the organizational structure, main functions / mega processes. The completion of the whole set of risks for the Bank is in the process after the conclusion of key risks and respective classifications with each department.
- Phase VII - Regulatory framework (in process). Preparation of the overall risk management policy consists in the drafting of the policy and the methodology of operational risk management. This task is spread throughout the activity of the working group, clarifying in each phase, certain elements that this framework should contain. The draft-policy and methodology that the working group is pursuing to in order to achieve the objective are defined. Except of a first assessment of risk the at bank level, according to the calendar of this project, the working group will propose the Supervisory Council of the Bank of Albania to approve the regulatory framework covering the process of operational risk management.





(Metal: Ag)

COMMEMORATIVE 50 LEKË COIN, THE PURPLE CODEX 043 Φ - BERATINUS 1, 2011.

- Obverse:** At the center of the coin, there are concentric circles and the nominal value "50 Lekë" is inscribed on them, with "uncials" taken from the Codex. Above number 5, is written the emblem of UNESCO "Memorie Du Monde".
- Reverse:** Text from the Codex embossed on a purple setting. The letters of the Codex are in silver and two letters in golden color.
- Artist:** **Brikena Berdo**

V. MEDIUM-TERM DEVELOPMENT STRATEGY OF THE BANK OF ALBANIA

The medium-term development strategy of the Bank of Albania for 2016-2018 continues the implementation of the former strategy 2013-2015, envisaging the key objectives of next three years.

For the first time, this document clearly states the mission, vision and values of the Bank of Albania, which serve as the starting point of the strategy.

Mission

The mission states concisely the reason of the central bank existence and the main purpose toward which its activities are oriented. The mission also describes how the Bank of Albania expects to fulfil its duties in the areas of monetary policy, financial stability, reserve, money circulation, banking supervision and payment system.

Vision

The vision clarifies Bank of Albania's objectives. These objectives aim at strengthening the governance of the institution, in order to increase public confidence. This will be realised through: (i) strengthening independence in accomplishing the mission and achieving the legal objectives, (ii) increasing accountability to the Assembly for the fulfilment of the primary objective and (iii) enhancing the transparency on the activity of the Bank of Albania, through an open and clear communication with the public.

Values

Besides the mission and vision statement, the strategy also expresses the values that are part of the culture of Bank of Albania and hold a great importance in guiding the conduct of the employees. Bank of Albania promotes: (I) the integrity and ethics; (II) competence and professionalism; (III) effectiveness and efficiency; and (IV) team work and innovation:

Main objectives

The main challenges that the institution will face during the 2016-2018, in compliance with its legal mandate are concisely ranked by the Medium-Term Strategy. Bank of Albania, 2016 main objectives are:

- a) **Maintaining monetary stability.** Bank of Albania's monetary policy continues to be oriented towards maintaining price stability. To keep the inflation around three per cent, inflation targeting regime will be pursued, a regime of free floating of exchange rate, and a much more transparent and comprehensive communication of the monetary policy.

Monetary policy decision-making will be supported by scientific activity in the field of economic research.

Bank of Albania's operations aim to ensure proper functioning of the money market, help banks to meet their liquidity needs, and enable rapid transmission of the monetary policy decisions on short term rates money market.

Credit and market risk management continues to constitute a prerequisite for the investment of foreign reserves, having a significant importance in fulfilling the duties of Bank of Albania in terms of exchange rate management.

- b) ***Ensuring a stable and efficient financial system.*** Bank of Albania will continue to contribute in preserving the stability of the financial system, through the drafting and implementation of macro-prudential policy, which aims at taking actions for the prevention and treatment of systemic risk.
- c) ***Ensuring a healthy banking activity.*** Having a healthy financial system is the focus of the Banking Supervision. A healthy financial system guarantees citizen's trust, creates opportunities for a sustainable economic growth, ensures financial stability and contributes positively to the economy as a whole.
- d) ***Increasing the quality of statistical data.*** Objectives of the Bank of Albania, in the statistical field, are oriented towards fulfilling quantitative standards of international methodologies and EU legislation, related to the content and reporting of statistics to European and international institutions.
- e) ***Improving the infrastructure of the payment system.*** Bank of Albania will intensify the efforts to further promote security and effectiveness in financial markets to safeguard their stability and guarantee the safe and quick money circulation, at minimum costs. Improvement of its infrastructure is intended in order to align with European best practices and increase safety and efficiency, aiming to increase the use of the system by the public.
- f) ***Improving money quality.*** A constant target of Bank of Albania is to maintain the quality of banknotes that are circulation, in order to increase public confidence about the money, and protect banknotes and coins from counterfeiting.
- g) ***Strengthening the governance of the institution.*** Strengthening the governance of the Bank of Albania aims, firstly to increase the independence of the institution, in accordance with European legislation standards and the European System of Central Banks. This will be accomplished through the drafting of a new organic law.

Good governance also means: (i) increase of accountability regarding performance, physical, human and financial resources of the institution - including adoption of International Financial Reporting Standards; (ii) strengthening of internal audit and operational risk management, and (iii) increasing transparency.

Preparing regulatory framework for operational risk management, at institutional level, is another strategic objective. In this context, the aim is to prepare the implementation of infrastructure and strengthening risk assessment and sufficiency of internal control systems.

- h) **Bank of Albania resources.** The Bank of Albania aims at adopting the best practices of the European System of Central Banks on human resources management, and the rationalization of the organization structure.

For the first time, in procurement, the introduction of electronic procurement procedures is projected, in order to facilitate business participation in procurements of Bank of Albania, the modernization of these procedures and increase transparency in procurement opportunities offered by the institution.

Information of technology policy will be oriented toward technology developments based on international standards and relying on the help / advice from international financial institutions.

The main objective of the Bank of Albania regarding accounting and finance is to enhance the efficiency of the use of financial resources, by improving processing, analysis and reporting.

Implementation and periodic monitoring of the implementation of the objectives of the medium-term strategy is a process that is tracked regularly by administrators and by the Supervisory Council of the Bank of Albania.



(Metal: Au)

COMMEMORATIVE 200 LEKË COIN, DEDICATED TO MOTHER TEREZA, 2012.

Obverse: Portrait of Mother Teresa, her name and years of birth and death.
Reverse: Stylized dove in flight, two branches of olive, symbol of peace that Mother Teresa conveyed among the people.

Artist: **Ardian Isufi**

BANK OF ALBANIA

FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015
(WITH INDEPENDENT AUDITORS' REPORT THEREON)



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

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

INDEPENDENT AUDITORS' REPORT

To the Supervisory Council of
Bank of Albania

Tirana, 30 March 2016

We have audited the accompanying financial statements of Bank of Albania ("the Bank"), which comprise the statement of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Tzvetelinka Koleva
Statutory Auditor
KPMG Albania Shpk



Maria Peneva
Director
KPMG Bulgaria OOD

STATEMENT OF FINANCIAL POSITION

In millions of Lek	Note	31 December 2015	31 December 2014	1 January 2014
ASSETS				
Cash and cash equivalents	8	93,477	30,229	21,700
Trading assets	12	15,870	14,383	12,601
Standardized gold	9	6,762	6,993	6,193
Accounts with the International Monetary Fund	10	34,403	21,792	20,220
Loans to banks	11	12,987	25,548	21,502
Available-for-sale investment securities	13	307,939	306,367	294,508
Property, equipment and intangible assets	14	20,855	21,160	15,889
Other assets	15	2,259	2,545	2,793
Total assets		494,552	429,017	395,406
LIABILITIES				
Currency in circulation	16	239,191	226,407	207,766
Trading liabilities	12	16	10	-
Due to banks	17	142,967	106,309	100,032
Deposits and borrowings from third parties	18	3,361	2,386	2,188
Due to the Albanian Government	19	27,451	17,552	23,756
Due to the International Monetary Fund	10	18,711	17,932	18,633
Other liabilities	20	567	961	643
Total liabilities		432,264	371,557	353,018
CAPITAL AND RESERVES				
Capital		2,500	2,500	2,500
Reserves	21	59,788	54,960	39,888
Total capital and reserves		62,288	57,460	42,388
Total liabilities, capital and reserves		494,552	429,017	395,406

The notes on pages 135 to 178 are an integral part of these financial statements.

The financial statements were authorized for issuance by the Supervisory Council and signed on 30 March 2016 on its behalf by:

Gent Sejko

Governor



Anjeza Beja (Harizaj)

Head of Payment Systems and Accounting
and Finance Department



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In millions of Lek	Note	2015	2014
Interest income	22	3,613	4,277
Interest expense	22	(644)	(889)
Net interest income		2,969	3,388
Fee and commission income		66	74
Fee and commission expense		(56)	(40)
Net income from fees and commissions		10	34
Net trading income	23	503	182
Other revenue	24	809	970
Net (loss)/gain from financial instruments at fair value through profit or loss	9	(231)	800
Net foreign exchange gains	21	4,569	8,949
Total revenue		8,629	14,323
Employee benefit expenses	25	(1,053)	(1,051)
Depreciation and amortization	14	(562)	(556)
Other general and administrative expenses		(781)	(907)
Other expenses	26	-	(713)
Net profit		6,233	11,096
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Fair value reserve (available-for-sale financial assets)	21	(310)	1,003
Other comprehensive income for the year		(310)	1,003
Total comprehensive income for the year		5,923	12,099

The notes on pages 135 to 178 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

In millions of Lek	Capital	Legal reserve	Revaluation reserve	Fair value reserve	Other reserves	Transition reserve	Retained earnings	Total
Balance at 1 January 2014	2,500	12,500	10,119	302	15,760	1,207	-	42,388
Total comprehensive income								
Net profit	-	-	-	-	-	-	11,096	11,096
Other comprehensive income								
Fair value reserve (available-for-sale financial assets)	-	-	-	1,003	-	-	-	1,003
Total other comprehensive income	-	-	-	1,003	-	-	-	1,003
Total comprehensive income	-	-	-	1,003	-	-	11,096	12,099
Contributions and distributions								
Distribution of profit to Government of Albania	-	-	-	-	-	-	(1,386)	(1,386)
Total contributions and distributions	-	-	-	-	-	-	(1,386)	(1,386)
Transfers to reserves	-	-	9,749	-	(12)	-	(9,710)	27
Balance at 31 December 2014	2,500	12,500	19,868	1,305	15,748	1,207	-	53,128
Effect of transition to IFRSs (note 31)	-	-	-	-	-	4,332	-	4,332
Balance at 31 December 2014	2,500	12,500	19,868	1,305	15,748	5,539	-	57,460
Total comprehensive income								
Net profit	-	-	-	-	-	-	6,233	6,233
Other comprehensive income								
Fair value reserve (available-for-sale financial assets)	-	-	-	(310)	-	-	-	(310)
Total other comprehensive income	-	-	-	(310)	-	-	-	(310)
Total comprehensive income	-	-	-	(310)	-	-	6,233	5,923
Contributions and distributions								
Distribution of profit to Government of Albania	-	-	-	-	-	-	(1,095)	(1,095)
Total contributions and distributions	-	-	-	-	-	-	(1,095)	(1,095)
Transfers to reserves	-	-	4,338	-	800	-	(5,138)	-
Balance at 31 December 2015	2,500	12,500	24,206	995	16,548	5,539	-	62,288

The notes on pages 135 to 178 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

In millions of Lek	Note	2015	2014
Cash flows from operating activities			
Net profit		6,233	11,096
Adjustments for:			
Depreciation and amortization	14	562	556
Net interest income	22	(2,969)	(3,388)
Net trading income	23	(503)	(182)
Profit from sale of available-for-sale investment securities	24	(751)	(834)
Net loss/(gain) from other financial instruments at fair value through profit or loss	9	231	(800)
Provisions	20	46	3
		2,849	6,451
Changes in:			
Held-for-trading assets		(978)	(1,590)
Accounts with the International Monetary Fund		(12,611)	(1,572)
Loans to banks		12,561	(4,046)
Other assets		286	248
Currency in circulation		12,787	18,639
Due to banks		36,656	6,279
Deposits and borrowings from third parties		975	205
Due to the Albanian Government		9,755	(5,804)
Due to the International Monetary Fund		779	(701)
Other liabilities		(441)	308
		62,618	18,417
Interest received		3,189	4,627
Interest paid		(646)	(932)
Net cash from operating activities		65,161	22,112
Cash flows from investing activities			
Acquisition of investment securities		(346,420)	(310,743)
Proceeds from sale of investment securities		345,715	300,373
Acquisition of property, equipment and intangible assets		(257)	(1,427)
Net cash used in investing activities		(962)	(11,797)
Cash flows from financing activities			
Profit distributed to Government		(951)	(1,786)
Net cash used in financing activities		(951)	(1,786)
Increase in cash and cash equivalents		63,248	8,529
Cash and cash equivalents at the beginning of the year		30,229	21,700
Cash and cash equivalents at the end of the year	8	93,477	30,229

The notes on pages 135 to 178 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015

(amounts in ALL millions, unless otherwise stated)

1. GENERAL

The Bank of Albania (the 'Bank') is the central bank of the Republic of Albania established pursuant to the Law No. 8269, dated 23 December 1997 'On the Bank of Albania', as amended.

Under the terms of its charter, the Bank's main responsibilities include:

- 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 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; and
- promoting an effective operation of payment systems.

The Bank is subject to the regulatory requirements of the Assembly of the Republic of Albania and the Law 'On the Bank of Albania'.

2. BASIS OF ACCOUNTING

These Financial Statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'). These are the Bank's first financial statements prepared in accordance with the IFRSs and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Bank is provided in note 31.

3. BASIS OF MEASUREMENT

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

Items	Basis of measurement
Derivative financial instruments	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value
Available-for-sale financial assets	Fair value

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Albanian Lek ('Lek'), which is the Bank's functional currency. All amounts have been rounded to the nearest million, unless otherwise indicated.

5. USE OF ESTIMATES AND JUDGMENTS

When preparing the financial statements in conformity with IFRSs, the Bank makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities for the following financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under certain circumstances.

These disclosures supplement the commentary on financial instruments (see note 7).

(a) Judgments

Information about critical judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 17 Currency in circulation: The Bank has classified cash in circulation as a financial liability; and
- Note 9 Gold: The Bank has classified standardized gold as financial asset at fair value through profit or loss.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year is set out below in relation to the impairment of financial instruments and determination of the fair value of financial instruments.

(i) Impairment of financial instruments

Assets accounted for at amortized cost and available-for-sale assets are evaluated for impairment on a basis described in the accounting policy 6.a.(vii).

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 judgments about the counterparty's financial situation and the net realizable value of any underlying collateral. Each impaired asset is assessed on its merits, and an estimate of cash flows considered recoverable is independently approved.

(ii) Determining fair values

The 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 other valuation techniques.

For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Measurement of fair values

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

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Bank recognises transfers between levels of the fair value hierarchy at end of the reporting period, during which the change has occurred.

For more information on the determination of the fair value of financial instruments see Note 7.e. Financial instruments: risk management and fair values.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2014 for the purposes of the transition to IFRSs, unless otherwise indicated.

(a) Financial assets and liabilities

(i) Recognition

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

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

*(ii) Classification**Financial assets*

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

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

See c., d., e., f., and g.

Financial liabilities

The Bank classifies its financial liabilities as measured at amortised cost. See b. and h.

*(iii) Derecognition**Financial assets*

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

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

Financial liabilities

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under the IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(v) Amortised cost measurement

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

(vi) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the

difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period, during which the change has occurred.

(vii) Identification and measurement of impairment

At each reporting date, the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired.

A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- indications that a borrower or issuer will enter bankruptcy;
- disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments. Interest on the impaired assets continues to be recognized through the unwinding of the discount. If an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the

difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognized through OCI.

The Bank writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when it determines that there is no realistic prospect of recovery.

(viii) 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 recognised in the Bank's statement of financial position. The Bank receives cash or securities collateral for such lending. Income arising from the securities lending agreements is reported as interest income.

(b) Currency in circulation

Currency in circulation includes banknotes and coins in circulation and is presented under liabilities by deducting the nominal value of the banknotes and coins on hand from the nominal value of all the banknotes and coins issued.

(c) Cash and cash equivalent

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

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

(d) 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 recognized and subsequently measured at fair value in the statement of financial position, with transaction costs recognized in 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.

General information on the derivative instruments, which comprise future and forward contracts, is disclosed in Note 7 (d).

(e) Available-for-sale investment securities

Investment securities are initially measured at fair value plus incremental direct transaction costs.

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise debt securities. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognized in profit or loss using the effective interest method. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in profit or loss. Impairment losses are recognized in profit or loss (see a.(vii)).

Other fair value changes, other than impairment losses (see a.(vii)), are recognized in OCI and presented in the revaluation (fair value) reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

(f) 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. Loans and receivables to banks and loans to employees are classified as loans and receivables.

Loans and receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

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 receivable, and the underlying asset is not recognized in the Bank's financial statements.

(g) Standardized gold

Standardized gold is valued at its fair value being the market value based on the official London Bullion Market price at the reporting date. Changes in the fair value are recognized in profit or loss and then transferred from retained earnings to the revaluation reserve in accordance to Article 64 (a) of the Law 'On the Bank of Albania'.

(h) Deposits and borrowings

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

(i) Printing and minting costs

Freshly printed banknotes and coins, which have not yet been put into circulation, are recognized as assets at acquisition cost. The costs of printing banknotes and minting coins are deferred and amortized over 2.5 years and 10 years, from the date of recognition, respectively.

(j) Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Bank and the cost of the asset can be measured reliably. Intangible assets are comprised of computer software.

Intangible assets acquired by the Bank are 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.

Amortization is recognized 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 a software is two years. Work in progress is not amortized.

*(k) Property and equipment**(i) Recognition and measurement*

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

(iii) Subsequent costs

The cost of replacing a part of an item of property or equipment is recognized 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, work in progress, and numismatic coins and objects are not depreciated.

The estimated useful lives are as follows:

• Buildings	40 - 70 years
• Installations	4 - 20 years
• Vehicles	5 - 10 years
• Furniture and equipment	3 - 20 years

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

(l) Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and other comprehensive income ('OCI') include:

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

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 (see accounting policy (o)).

(m) Fees and commissions

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

Other fees and commission income, including account servicing fees, fund transfer fees, placement fees and credit registry fees are recognised as the related services are performed.

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

(n) Transactions in foreign currency

Transactions in foreign currencies are translated into the functional currency at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date that the fair value determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

According to the Law No. 8269, dated 23 December 1997 'On the Bank of Albania' and the Decision No. 104 dated 27 December 2006 of the Supervisory Council, the net gains/(losses) from foreign exchange that are initially recognised in profit or loss in the period in which they arise, are then transferred from retained earnings to the 'Revaluation reserves' included in Capital and Reserves. According to Article 64 (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.

(o) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, and foreign exchange differences.

(p) Other revenue

Other revenue includes gains and losses arising from disposals and changes in the fair value of available-for-sale financial assets.

(q) Income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to financial assets designated at fair value through profit or loss. It includes all realised and unrealised fair value changes and foreign exchange differences.

(r) Taxation and Profit distribution policy of the Bank

Based on the law 'On the Bank of Albania' the Bank is not subject to income tax.

The Bank's policy of distribution of profit from banking operations is defined in the Law 'On the Bank of Albania'. According to Article 10 (2) of this Law, the Bank allocates all the realised profit to the State Budget after having fulfilled its requirement for the reserve fund pursuant to the Law and as determined by the Supervisory Council of the Bank.

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.

*(s) Employee benefits**(i) Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Defined contribution plans include voluntary and compulsory contribution plans.

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 recognized 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 recognized 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 recognized 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.

(t) Operating leases

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.

(u) 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 recognized if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the highest value between 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 recognized 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 amortization, if no impairment loss had been recognized.

(v) Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(w) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2015, and have not been early applied in preparing these financial statements. Those that may be relevant to the Bank are set out below:

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Bank has started the process of evaluating the potential impact on its financial statements resulting from the application of IFRS 9.

Amendments to IAS 1

The Amendments to IAS 1 include certain narrow-focus improvements to the disclosure requirements contained in the standard. It amends the guidance in IAS 1 on materiality and on the order of the notes, including the accounting policies. The Bank expects that the amendments, when initially applied, will have an impact on the presentation of the financial statements of the Bank and is in process of evaluating such impact.

The following new or amended standards are not expected to have a significant impact on the Bank's financial statements:

- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenues from contracts with customers
- IFRS 16 Leases
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IFRS 10, 12 and IAS 28: Investment entities-applying the consolidation exception

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
- Amendments to IAS 27: Equity method in separate financial statements;
- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

7. FINANCIAL INSTRUMENTS: RISK MANAGEMENT AND FAIR VALUES

(a) Risk management framework

The financial instruments of the Bank, are mainly used for the purposes of the foreign reserve management. The significance of risk is assessed within the context of the foreign reserve management. The Bank has exposure to the liquidity risk, credit risk, market risks and operational risks from financial instruments.

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.

Pursuant to the legal requirements, the Bank holds and manages the foreign reserves of the Republic of Albania. The Supervisory Council has the overall responsibility for the establishment of the risk management framework and the reserves management policies.

The Supervisory Council has approved the regulation 'On the functions of the management structure in the decision-making process of the management of the reserves'. This regulation defines the responsibilities of the management, Supervisory Council, the Investment Committee, and the Department of the Monetary Operations, in managing the foreign reserves. The Supervisory Council is responsible for approving the regulation 'On the policy and management of the foreign reserve management', whilst the Investment Committee is responsible for approving the 'Operational Procedures of Investment' document. The regulation 'On the policy and management of the foreign reserve management' defines the objectives of the portfolio management ranked by priority, and the principles and qualitative criteria used as the basis of the financial risk management. The Investment Committee approves the quantitative criteria based on the limits set forth by the Supervisory Council and monitors the foreign reserve investment portfolio performance and results.

In accordance with the decisions of the Supervisory Council on the eligible instruments, the reserve is invested in fixed or floating income securities, in deposits or certificates of deposit, and in derivative instruments. The remaining

foreign reserves are held in SDR and in standardized gold. Standardized Gold is managed in accordance with the regulation 'On the policy and the management of gold', approved by the Supervisory Council.

(b) Liquidity risk

Liquidity risk is the risk that: a) the Bank will encounter difficulty in meeting obligations associated with its financial liabilities in due time; and b) the Bank will not be able to sell a financial instrument within a specific time frame without causing significant loss compared to the market value. Liquidity is amongst the primary objectives of the foreign reserve management and is defined as the goal to insure the availability at all times of sufficient funds to meet the liquidity needs associated with:

- the implementation of the monetary policy and the exchange rate policy of the Bank; and
- meeting the needs of the country in times of crisis.

The implementation of these objectives is performed through the breakdown of the foreign reserve in certain tranches that, within the context of a prudent management of the liquidity risk, serve specific purposes and carry specific features.

The foreign currency fund represents investments in assets that are financed by the liabilities in foreign currency, which are mainly composed by the funds deposited by commercial banks as part of the reserve requirement and by the government.

The net reserve is composed of:

1. the working capital tranche: designed to meet the monthly liquidity needs arising within one month;
2. the liquidity tranche: designed to meet the liquidity needs arising within one year;
3. the investment tranche: designed to meet the liquidity needs arising beyond the timeframes described in the first two tranches.

The amount and currency composition of the tranches is determined based on the needs to use such tranches. The selection of the financial instruments where the majority of each tranche is invested, (the 'benchmark portfolios') and the duration of each benchmark portfolio are determined in line with the use of each tranche to meet the liquidity needs of the Bank. Although the overall reserve is invested in highly liquid instruments, the first and the second tranches described above, are invested in highly liquid short-term sovereign issues with high credit rating.

The tables below set out the remaining contractual maturities of the Bank's financial liabilities and financial assets. The Bank's expected cash flows on these instruments may vary from the contractual cash flows.

31 December 2015	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Undefined maturity	Total
Financial assets								
Non-derivative assets								
Cash and cash equivalents	76,320	17,157	-	-	-	-	-	93,477
Trading assets	252	392	189	1,662	13,245	-	-	15,740
Standardized gold	4,621	2,141	-	-	-	-	-	6,762
Account with the IMF	23,815	-	-	-	-	-	10,588	34,403
Loans to banks	12,987	-	-	-	-	-	-	12,987
Available-for-sale investment securities	19,976	28,508	43,520	60,743	144,091	11,101	-	307,939
Other assets (note 15)	-	-	-	-	-	1,646	-	1,646
	137,971	48,198	43,709	62,405	157,336	12,747	10,588	472,954
Derivative assets								
Foreign exchange forwards	-	130	-	-	-	-	-	130
Total financial assets	137,971	48,328	43,709	62,405	157,336	12,747	10,588	473,084
Financial liabilities								
Non-derivative liabilities								
Currency in circulation	-	-	-	-	-	-	239,191	239,191
Due to banks	142,967	-	-	-	-	-	-	142,967
Deposits and borrowings from third parties	2,147	-	5	-	1,209	-	-	3,361
Due to the Albanian Government	23,740	-	1,395	-	-	-	2,316	27,451
Due to the IMF	9,629	121	39	234	584	-	8,104	18,711
Other liabilities	72	-	-	-	-	-	-	72
	178,555	121	1,439	234	1,793	-	249,611	431,753
Derivative liabilities								
Interest rate futures	16	-	-	-	-	-	-	16
Total financial liabilities	178,571	121	1,439	234	1,793	-	249,611	431,769
Asset-liability maturity mismatch as of 31 December 2015	(40,600)	48,207	42,270	62,171	155,543	12,747	(239,023)	41,315

31 December 2014	Up to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Undefined maturity	Total
Financial assets								
Non-derivative assets								
Cash and cash equivalents	14,817	15,412	-	-	-	-	-	30,229
Trading assets	346	-	545	1,099	11,972	416	-	14,378
Standardized gold	6,993	-	-	-	-	-	-	6,993
Account with the IMF	12,306	-	-	-	-	-	9,486	21,792
Loans to banks	22,231	3,317	-	-	-	-	-	25,548
Available-for-sale investment securities	21,741	33,835	46,664	53,496	140,560	10,071	-	306,367
Other assets (note 15)	-	-	-	-	-	1,730	-	1,730
	78,434	52,564	47,209	54,595	152,532	12,217	9,486	407,037
Derivative assets								
Foreign exchange forwards	-	5	-	-	-	-	-	5
Total financial assets	78,434	52,569	47,209	54,595	152,532	12,217	9,486	407,042
Financial liabilities								
Non-derivative liabilities								
Currency in circulation	-	-	-	-	-	-	226,407	226,407
Due to banks	106,309	-	-	-	-	-	-	106,309
Deposits and borrowings from third parties	1,152	-	-	-	1,234	-	-	2,386
Due to the Albanian Government	16,101	-	951	-	-	-	500	17,552
Due to the IMF	8,521	266	21	328	1,043	-	7,753	17,932
Other liabilities	49	-	-	-	-	-	-	49
	132,132	266	972	328	2,277	-	234,660	370,635
Derivative liabilities								
Interest rate futures	10	-	-	-	-	-	-	10
Total financial liabilities	132,142	266	972	328	2,277	-	234,660	370,645
Asset-liability maturity mismatch as of 31 December 2014	(53,708)	52,303	46,237	54,267	150,255	12,217	(225,174)	36,397

(c) Credit risk

For the purpose of the foreign reserve management, the credit risk is the risk of financial loss to the Bank, if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk). The management of this risk is an important objective, in the process of the foreign exchange reserve management.

The market risk in respect of changes in value in trading assets arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk; for further details, see (d) below.

The Supervisory Council has established limits of concentration of exposure to counterparties, and by type of investment, issuer, credit rating band, market liquidity, with the governments and central banks issues prioritized. The evaluation and monitoring process of the credit rating of the eligible issuers is based on the analysis and the rating determined by the principal rating agencies, including Standard & Poor's, Moody's and Fitch, as well as in the reviewing processes, on a daily basis, of the performance of several market indicators of the quality of the credit rating of the issuer. In accordance with the limits imposed by the Supervisory Council, the Investment Committee is authorized to establish other qualitative and/or quantitative limits on the exposure level for the issuer/financial institution on an individual basis, category, or combined category and instrument basis. Depending on the market environment and conditions, the Bank may decide to adapt even more conservative limits for an issuer/financial institution.

The investment of the foreign exchange reserve is limited to sovereign (government/central bank) issues with minimum credit ratings of A- and BBB- for sovereign/central banks of the euro area); sovereign agencies, multilateral institutions, public entities with a minimum credit rating of AA-; and banks and other financial institutions with a minimum credit rating of AA-. The credit rating refers to the credit rating of an issuer/financial institution, and if such rating is not provided, the credit rating of the long-term debt of the financial institution is used.

For the purpose of the reserve management operations and for payments, the Bank may operate through current accounts opened with banks with a minimum credit rating of A.

The loans to the local banks are secured/collateralized by treasury bills issued by the Albanian Government.

The following table sets out the carrying amounts of the financial assets that are exposed to credit risk as at 31 December 2015 and 2014:

	2015	2014
Assets		
Cash and cash equivalents (note 8)	93,454	30,210
Standardized gold	6,762	6,993
Accounts with the IMF (see below)	15,713	4,555
Loans to banks	12,987	25,548
Trading assets	15,870	14,383
Available-for-sale investment securities	307,939	306,367
Other assets (note 15)	1,646	1,730
Total	454,371	389,786

An amount of ALL 8,104 million (2014: ALL 7,752 million) which is included in the SDR Holdings with the IMF (see note 10) does not represent credit risk for the Bank since it represents the counter-account of the amounts acquired through the SDR allocations. Only the amount of holdings above allocations of ALL 15,713 million (2014: ALL 4,555 million) is included in the assets, which represent credit risk.

A segregation of the financial assets by geography is set out below:

31 December 2015	Germany	France	Other EU countries	United States of America	Republic of Albania	Other	Total
Accounts and deposits with financial institutions (note 8)	7,261	10,664	71,922	3,607	-	-	93,454
Trading assets	1,909	718	2,003	10,985	130	125	15,870
Standardized gold	-	2,141	4,621	-	-	-	6,762
Accounts with the IMF	-	-	-	-	-	15,713	15,713
Loans to banks	-	-	-	-	12,987	-	12,987
Available-for-sale investment securities	40,026	35,108	134,099	44,643	53,227	836	307,939
Other assets (note 15)	-	-	-	-	-	1,646	1,646
Total	49,196	48,631	212,645	59,235	66,344	18,320	454,371

31 December 2014	Germany	France	Other EU countries	United States of America	Republic of Albania	Other	Total
Accounts and deposits with financial institutions (note 8)	2,358	2,847	19,423	5,582	-	-	30,210
Trading assets	1,646	231	3,278	9,223	5	-	14,383
Standardized gold	-	-	6,993	-	-	-	6,993
Accounts with the IMF	-	-	-	-	-	4,555	4,555
Loans to banks	-	-	-	-	25,548	-	25,548
Available-for-sale investment securities	48,476	39,168	104,637	43,378	63,948	6,760	306,367
Other assets (note 15)	-	-	-	-	-	1,730	1,730
Total	52,480	42,246	134,331	58,183	89,501	13,045	389,786

A segregation of the financial assets by counterparty type is set out below:

31 December 2015	Cash and cash equivalents	Trading assets	Standardized gold	Accounts with the IMF	Loans to banks	Available-for-sale investments securities	Other Assets	Total
Central Bank	22,800	-	6,762	15,713	-	-	-	45,275
BIS Basel	44,883	-	-	-	-	-	-	44,883
Foreign Governments and Agencies	-	15,740	-	-	-	248,459	-	264,199
Commercial Banks	25,771	-	-	-	12,987	6,255	-	45,013
Albanian Government	-	130	-	-	-	53,225	-	53,355
Other	-	-	-	-	-	-	1,646	1,646
Total	93,454	15,870	6,762	15,713	12,987	307,939	1,646	454,371

31 December 2015	Cash and cash equivalents	Trading assets	Standardized gold	Accounts with the IMF	Loans to banks	Available-for-sale investments securities	Other Assets	Total
Central Bank	8,553	-	6,993	4,555	-	-	-	20,101
BIS Basel	3,239	-	-	-	-	-	-	3,239
Foreign Government and Agencies	-	14,378	-	-	-	231,855	-	246,233
Commercial Banks	18,418	-	-	-	25,548	10,564	-	54,530
Albanian Government	-	5	-	-	-	63,948	-	63,953
Other	-	-	-	-	-	-	1,730	1,730
Total	30,210	14,383	6,993	4,555	25,548	306,367	1,730	389,786

An analysis of concentration of the credit risk by quality of credit rating is shown below:

Credit Risk 31 December 2015	Cash and cash equivalents	Standardized gold	Investment securities	Special Drawing Rights (SDR)**	Loans to banks and other assets	Total
AAA	13,927	4,621	55,638	-	-	74,186
AA	21,512	2,141	183,146	-	-	206,799
A	5,870	-	6,515	-	-	12,385
BBB	7,262	-	25,155	-	-	32,417
B+*	-	-	53,355	-	8,441	61,796
BIS Basel (Bank for International Settlements)	44,883	-	-	-	-	44,883
Unrated	-	-	-	15,713	6,192	21,905
Total	93,454	6,762	323,809	15,713	14,633	454,371

*) The Albanian Government is rated as B+, stable, based on the credit rating of Standard & Poor's and Ba2, stable, based on the credit rating of Moody's.

The credit ratings included above show the second best rating amongst Standard & Poor's, Moody's and Fitch.

Credit Risk 31 December 2014	Cash and cash equivalents	Standardized gold	Investment securities	Special Drawing Rights (SDR)	Loans to banks and other assets	Total
AAA	8,038	6,993	71,635	-	-	86,666
AA	13,625	-	160,766	-	-	174,391
A	2,949	-	3,061	-	-	6,010
BBB	2,359	-	21,335	-	-	23,694
B*	-	-	63,953	-	19,630	83,583
BIS Basel	3,239	-	-	-	-	3,239
Unrated	-	-	-	4,555	7,648	12,203
Total	30,210	6,993	320,750	4,555	27,278	389,786

*) The Albanian Government is rated B (with positive expectation) based on the credit rating of Standard & Poor's and B1 based on the credit rating of Moody's. The credit ratings included above show the second best rating amongst Standard & Poor's, Moody's and Fitch.

**) The currency value of the SDR is determined by summing the values in the US dollar, based on market exchange rates, of a basket of major currencies (the US dollar, euro, Japanese yen, and pound sterling). The SDR currency value is calculated daily and the valuation basket is reviewed and adjusted every five years.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank of Albania'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 optimizing 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; and
- Currency risk associated with fluctuations in the fair value of financial instruments due to changes in foreign exchange rates.

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 the relevant notes of the financial statements.

For the purpose of foreign reserve management, the Investment Committee defines a set of narrow ranges of the currency composition of some of the tranches of the foreign exchange reserve. The limits are monitored by the Monetary Operations Department, which carries out the necessary rebalancing operations in order to preserve the required weights of the currencies' composition.

i) 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 the 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 the relevant notes to the financial statements.

The interest rate risk management, for the purpose of foreign exchange reserve management, in its core process includes the selection of the portfolio/duration benchmark for each market (currency) in which the foreign reserves are held. The benchmark selection is reviewed annually or whenever changes in market conditions require a reassessment. Besides determining the benchmark portfolio, the Investment Committee, in accordance with the limits imposed by the Supervisory Council, determines limits at the tranche level for the additional risk factors that can be taken by the portfolio manager specialist during the

active administration. The portfolio level limits are established by the Head of the Monetary Operation Department.

The principal tools used to measure interest rate risk for individual portfolios within the foreign exchange reserve are Duration and VaR (Value at Risk).

- Duration measures the sensitivity of the price of a fixed-income security against the volatility of the interest rates in the market.
- The VaR is defined as the estimated maximum loss that will arise on a portfolio over a specified period of time from its exposure to the risk factors with a specified confidence interval.

The Bank uses parametric methods such as the covariance matrix, calculated based on the historical changes of the interest rates, weekly data from the last three years with a confidence interval of 95%, and weighted methods such as EWMA (Exponentially Weighted Moving Average) to calculate the estimated maximum loss from the portfolios for a one-year period. A VaR of 95% (VAR (95%)) can be interpreted as the maximum loss in 95% of the cases in a one-year period.

For the purposes of reserve management, the calculated VaR includes only the exposure to the risk of changes in interest rates for all positions, including benchmark instruments and non-benchmark instruments.

For benchmark instruments, the data used encompasses changes in interest rates for treasury issues for each currency and for non-benchmark instruments the data used encompasses issues rated as AA, given that this rating constitutes the major share of non-benchmark instruments of the reserve portfolios.

The following is a summary of the VaR (95%) position of the Bank's portfolios at 31 December 2015 and 2014:

	31 December 2015	31 December 2014
VaR (95%) in Lek	(1,954)	(1,631)

Furthermore, an important method to measure market risk is the sensitivity analysis of the value of the reserve to hypothetical changes in market factors. The data used in the sensitivity analysis calculations include the duration of portfolios and weight of each currency. The duration of the portfolio shows the degree of change in the market value of the portfolio, assuming a parallel shift of the yield curve based on interest rates for all the instruments within the portfolio.

Assuming an immediate parallel increase (decrease) in interest rates by 50 basis points and 100 basis points and a correlation equal to 1 between the curves, and based on the duration of the aggregate foreign exchange reserves, the estimated loss (gain) for each scenario is as follows:

Estimated Profit (loss) effect	2015		2014	
	100 bp	50 bp	100 bp	50 bp
Increase	(2,244)	(4,489)	(2,112)	(4,223)
Decrease	2,244	4,489	2,112	4,223

Assets and liabilities with variable interest rates carry the risk of changing the base that serves to determine interest rates.

The position of the Bank's sensitivity to interest rate by contractual repricing is presented in the following table, showing the carrying amounts of financial instruments classified by contractual repricing or maturity date.

31 December 2015	Total	Floating rate instruments	Fixed rate instruments			Non-interest bearing instruments
			Up to 1 month	From 1 to 3 months	Over 3 months	
Interest-earning assets						
Cash and cash equivalents	93,477	69,989	6,003	17,160	-	325
Trading assets	15,870	817	-	-	14,923	130
Standardized gold	6,762	-	-	2,141	-	4,621
Accounts with the IMF	34,403	23,817	-	-	-	10,586
Loans to banks	12,987	-	12,987	-	-	-
Available-for-sale investment securities	307,939	2,961	-	1,638	303,340	-
Other assets (note 15)	1,646	-	-	-	1,646	-
Total	473,084	97,584	18,990	20,939	319,909	15,662
Interest-bearing liabilities						
Currency in circulation	239,191	-	-	-	-	239,191
Trading liabilities	16	-	-	-	-	16
Due to banks	142,967	-	55,297	-	-	87,670
Deposits and borrowings from third parties	3,361	-	1,603	-	1,215	543
Due to the Albanian Government	27,451	500	-	-	-	26,951
Due to the IMF	18,711	8,698	-	-	-	10,013
Other liabilities	72	-	-	-	-	72
Total	431,769	9,198	56,900	-	1,215	364,456
Interest-bearing financial instruments gap	41,315	88,386	(37,910)	20,939	318,694	(348,794)

31 December 2014	Total	Floating rate instruments	Fixed rate instruments			Non-interest bearing instruments
			Up to 1 month	From 1 to 3 months	Over 3 months	
Interest-earning assets						
Cash and cash equivalents	30,229	12,194	2,339	15,412	-	284
Trading assets	14,383	1,339	-	-	13,039	5
Standardized gold	6,993	-	-	-	-	6,993
Accounts with the IMF	21,792	-	12,306	-	-	9,486
Loans to banks	25,548	-	25,548	-	-	-
Available-for-sale investment securities	306,367	1,038	-	-	305,329	-
Other assets (note 15)	1,730	-	-	-	1,730	-
Total	407,042	14,571	40,193	15,412	320,098	16,768
Interest-bearing liabilities						
Currency in circulation	226,407	-	-	-	-	226,407
Trading liabilities	10	-	-	-	-	10
Due to banks	106,309	-	45,978	-	-	60,331
Deposits and borrowings from third parties	2,386	-	52	-	1,234	1,100
Due to the Albanian Government	17,552	500	-	-	-	17,052
Due to the IMF	17,932	8,806	-	-	-	9,126
Other liabilities	49	-	-	-	-	49
Total	370,645	9,306	46,030	-	1,234	314,075
Interest-bearing financial instruments gap	36,397	5,265	(5,837)	15,412	318,864	(297,307)
Interest-earning assets						

*i) Interest rate risk**Future contracts*

A future contract is a Standardized 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 fair value of future contracts at 31 December 2015 is ALL 16 million (2014: ALL 10 million) (see Note 12).

The nominal value of these contracts as at 31 December 2015 is composed by the following:

- buy contracts in the amount of ALL 1,180 million (2014: ALL 856 million); and
- sell contracts in the amount of ALL 6,128 million (2014: ALL 6,440 million).

ii) Exchange rate risk

Exchange rate risk results from the difference between the currency structure of assets and liabilities. From an accounting point of view, the Bank is exposed to currency risk due to its principal central bank functions.

This risk can affect the size of its capital. In order to manage this type of exposure, over the years, action has been taken to increase capital, inflow funds and in exceptional cases, when the value of the revaluation of the foreign currencies was negative, issuance of debt instruments of the Republic of Albania, compliant to the provisions of the law 'On the Bank of Albania'.

Forward contracts

Trading derivatives include forward exchange contracts that are entered into by the Bank with the Albanian Government. These instruments are not usually closed out before contractual maturity.

The fair value of forward contracts at 31 December 2015 is ALL 130 million (2014: ALL 5 million) (see Note 12).

The Bank's exposure to foreign currency risk as at 31 December 2015 and 31 December 2014 is as follows:

31 December 2015	ALL	USD	EUR	GBP	Other	Total
Assets						
Cash and cash equivalents	-	3,848	78,252	3,103	8,274	93,477
Trading assets	-	15,740	-	-	130	15,870
Standardized gold	-	-	-	-	6,762	6,762
Accounts with the IMF	-	-	-	-	34,403	34,403
Loans to banks	-	-	-	-	12,987	12,987
Available-for-sale investment securities	53,226	57,448	186,417	10,012	836	307,939
Other assets	1,646	-	-	-	-	1,646
Total assets	54,872	77,036	264,669	13,115	63,392	473,084
Liabilities						
Currency in circulation	239,191	-	-	-	-	239,191
Trading liabilities	-	16	-	-	-	16
Due to banks	66,119	5,876	70,972	-	-	142,967
Deposits and borrowings from third parties	2,147	-	1,214	-	-	3,361
Due to the Albanian Government	14,252	170	12,215	1	813	27,451
Due to the IMF	-	-	-	-	18,711	18,711
Other liabilities	-	72	-	-	-	72
Total liabilities	321,709	6,134	84,401	1	19,524	431,769
Net currency position	(266,837)	70,902	180,268	13,114	43,868	41,315

31 December 2014	ALL	USD	EUR	GBP	Other	Total
Assets						
Cash and cash equivalents	-	4,851	19,914	3,606	1,858	30,229
Trading assets	-	14,378	-	-	5	14,383
Standardized gold	-	-	-	-	6,993	6,993
Accounts with the IMF	-	-	-	-	21,792	21,792
Loans to banks	25,548	-	-	-	-	25,548
Available-for-sale investment securities	63,948	53,848	172,882	8,929	6,760	306,367
Other assets	1,730	-	-	-	-	1,730
Total assets	91,226	73,077	192,796	12,535	37,408	407,042
Liabilities						
Currency in circulation	226,407	-	-	-	-	226,407
Trading liabilities	-	10	-	-	-	10
Due to banks	57,143	5,246	43,920	-	-	106,309
Deposits and borrowings from third parties	1,152	-	1,234	-	-	2,386
Due to the Albanian Government	13,919	91	3,278	1	263	17,552
Due to the IMF	-	-	-	-	17,932	17,932
Other liabilities	-	49	-	-	-	49
Total liabilities	298,621	5,396	48,432	1	18,195	370,645
Net currency position	(207,395)	67,681	144,364	12,534	19,213	36,397

(e) Fair value of financial instruments

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices,

foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining 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.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty where appropriate.

Model inputs and values are calibrated against historical data and published forecasts and, where possible, against current or recent observed transactions in different instruments and against broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgment is required to select the most appropriate point in the range.

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 in an orderly transaction between market participants at the measurement date.

The Bank uses widely recognized 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.

Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position.

31 December 2015	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Standardized gold	9	6,762	-	-	6,762
Non-derivative trading assets	12	15,740	-	-	15,740
Derivative trading assets	12	-	-	130	130
Investments in securities	13	303,132	4,807	-	307,939
Total		325,634	4,807	130	330,571
Trading liabilities					
Derivative trading liabilities	12	16	-	-	16
Total		16	-	-	16
31 December 2014	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Standardized gold	9	6,993	-	-	6,993
Non-derivative trading assets	12	14,378	-	-	14,378
Derivative trading assets	12	-	-	5	5
Investments in securities	13	296,004	10,363	-	306,367
Total		317,375	10,363	5	327,743
Trading liabilities					
Derivative trading liabilities	12	10	-	-	10
Total		10	-	-	10

Financial instruments not measured at fair value

The following table sets out the fair values of certain financial instruments not measured at fair value by the level in the fair value hierarchy into which each fair value measurement is categorised.

		31 December 2015		31 December 2014	
	Note	Fair value Level 2	Carrying amount	Fair value Level 2	Carrying amount
		2015	2015	2014	2014
Assets					
Cash and cash equivalents	8	93,477	93,477	30,229	30,229
Loans to banks	11	12,987	12,987	25,548	25,548
Special Drawing Rights ("SDR") held	10	34,403	34,403	21,792	21,792
Other financial assets	15	1,646	1,646	1,730	1,730
Liabilities					
Due to the IMF	10	18,711	18,711	17,932	17,932
Due to banks	17	142,967	142,967	106,309	106,309
Deposits and borrowings from third parties	18	3,361	3,361	2,386	2,386
Due to the Albanian Government	19	27,451	27,451	17,552	17,552

(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 internal control systems on several activities of the Bank of Albania and standards for the management of operational risk and a wide range of common policies, staff management regulations and obligatory requirements.

8. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014	1 January 2014
Cash	66	47	71
Current accounts	70,252	12,428	13,313
Short-term deposits	23,159	17,754	8,316
Total	93,477	30,229	21,700

The annual interest rates for short-term deposits are as follows:

In %	EUR	GBP	USD
At 31 December 2015	(0.30) - 0.00	n/a	0.36
At 31 December 2014	0.03 - 0.07	0.52	0.09

9. GOLD

	31 December 2015	31 December 2014	1 January 2014
Standardized gold	6,762	6,993	6,193
Total	6,762	6,993	6,193

The standardized gold is placed in time deposits and current accounts with foreign banks.

The decrease of ALL 231 million compared to the prior year (2014: increase of ALL 800 million comparing to 2013) is a result of valuing the gold at the market price at the reporting date, and is initially recognized in profit or loss, and subsequently transferred from retained earnings to the Revaluation reserve (see Note 21).

10. ACCOUNTS WITH/DUE TO THE INTERNATIONAL MONETARY FUND (IMF)

	31 December 2015	31 December 2014	1 January 2014
Accounts with the IMF			
Quotas with IMF	10,586	9,485	9,712
Special Drawing Rights ("SDR") held	23,817	12,307	10,508
Total assets	34,403	21,792	20,220

Due to the IMF	31 December 2015	31 December 2014	1 January 2014
SDR allocations	8,104	7,752	7,286
IMF securities account	7,422	6,823	7,286
IMF account No. 1	2,587	2,301	2,379
IMF account No. 2	1	1	1
Poverty Reduction and Growth Facility ('PRGF')	595	1,054	1,678
Accrued interest	2	1	3
Total liabilities	18,711	17,932	18,633

Quotas with the IMF of ALL 10,586 million or SDR 60 million (2014: ALL 9,485 million or SDR 60 million) originate from the membership of the Republic of Albania in the IMF, according to the Law No.8269, dated 23 December 1997 'On the Bank of Albania'.

The SDR holdings of ALL 23,817 million or SDR 137 million (2014: ALL 12,306 million or SDR 74 million) represent deposits with the IMF. The SDR holdings bear interest, which is determined on a weekly basis. The interest rate at 31 December 2015 is 0.05% p.a. (2014: 0.05% p.a.).

SDR Allocations of ALL 8,104 million or SDR 46 million (2014: ALL 7,752 million or SDR 46 million) represent amounts borrowed from IMF with two tranches in August and September 2009, whose purpose is to provide immediate response to the short-term and long-term liquidity needs of the member countries.

The IMF accounts represent liabilities towards Albania's participation in the IMF. The IMF accounts do not have a defined maturity. The IMF securities account includes borrowings that are part of the Extended Fund Facility (EFF) program. EFF borrowing of ALL 496 million or SDR 3 million (2014: ALL 670 million or SDR 4 million) were disbursed during the period from 2006 to 2009. The facility is repayable within 10 years, after a grace period of four and a half years. The interest on these borrowings is floating and is paid on quarterly basis. At 31 December 2015, the annual interest rate was 1.05 % (2014: 1.05%).

IMF pays remuneration to members with remunerated reserve tranche positions, at 0.044% p.a. (2014: 0.05% p.a.). The reserve tranche position of ALL 1,071 million or SDR 6 million (2014: ALL 1,031 million or SDR 6 million) is calculated as the difference between Quotas in the IMF and the currency holdings in the IMF accounts, excluding holdings acquired as a result of the use of the Fund credit and holdings in the IMF account No.2.

PRGF borrowings of ALL 595 million or SDR 3 million (2014: ALL 1,054 million or SDR 6 million) include PRGF No. 3 that was fully settled in 2015, and PRGF No. 4 that was granted in 2006 and bears an interest rate of 0.5% p.a. This facility had a grace period of five and a half years and is payable in 10 semi-annual equal instalments.

Direct budget support provided by the IMF in 2015 and 2014

Direct budget support provided by the IMF to the Government of Albania, where the Government assumes the Fund liability, is not recognised by the Bank even though the funds are initially deposited in the Government accounts at the Bank. In 2015 and 2014, the IMF disbursed tranches with a total balance of ALL 21,743 million (2014: ALL 7,398 million), as part of the EFF facility program approved by the IMF in favor of Albania. These tranches are used to provide direct budget financing to the Government of Albania represented by the Ministry of Finance. The borrowing is repayable within 3 years, by the Albanian Government through the accounts of the Bank with the IMF. The Albanian Government will repay all principal, interest and any other expense associated with the above tranches, and those expected to be disbursed in the future. In relation to this borrowing, the Ministry of Finance issued promissory notes in favor of the IMF.

11. LOANS TO BANKS

	31 December 2015	31 December 2014	1 January 2014
Reverse repurchase agreements	12,987	25,548	21,132
Other loans to banks	-	-	370
Total	12,987	25,548	21,502

At 31 December 2015, reverse repurchase agreements signed between the Bank and commercial banks have original maturities from one week to one month (2014: from one week to three months).

12. TRADING ASSETS

Trading assets	31 December 2015	31 December 2014	1 January 2014
Non-derivatives:			
Government Treasury Notes	11,996	10,556	7,685
Agencies and Corporate Securities	3,744	3,822	4,906
Derivatives:			
Interest rate futures	-	-	2
Foreign exchange forwards	130	5	8
Total	15,870	14,383	12,601

Trading assets are administered by the 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 denominated in USD.

Trading liabilities	31 December 2015	31 December 2014	1 January 2014
Derivatives:			
Interest rate futures	16	10	-
Total	16	10	-

The annual interest rates for non-derivative assets at 31 December 2015 and 2014 are as follows:

In %	USD
At 31 December 2015	0.38-2.75
At 31 December 2014	0.25-2.75

13. AVAILABLE-FOR-SALE INVESTMENT SECURITIES

	31 December 2015	31 December 2014	1 January 2014
Foreign Governments Treasury Notes	163,734	156,192	169,262
Foreign Governments Treasury Bills	2,905	6,678	3,502
Agencies and Corporate long term securities	81,408	67,584	55,723
Agencies and Corporate short term securities	6,667	11,965	2,101
Treasury Bills of the Albanian Government	53,225	63,948	63,920
Total	307,939	306,367	294,508

The annual yields for each currency at 31 December 2015 and 2014 are as follows:

In %	ALL	USD	GBP	JPY	EUR
At 31 December 2015	1.75-2.56	0.22-3.76	0.32-1.62	0.006	(0.39)-3.38
At 31 December 2014	3.08-3.83	0.07-3.93	0.31-1.55	(0.02)-0.03	(0.10)-3.62

Available for sale investments in ALL at 31 December 2015, represent Albanian Government treasury bills with a maturity period from 3 months to 12 months (2014: from 3 months to 12 months).

As a result of further relaxing monetary policies of certain central banks during 2015 and 2014, the return rates of some of the instruments in the EUR and JPY portfolios, are negative. These instruments represent mainly treasury securities issued by Eurozone Governments with high credit ratings, including those issued by the governments of Germany and France with maturities of 5 years and 3 years, respectively.

14. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Land, buildings and installations	Furniture and Equipment	Vehicles	Work in Progress	Numismatic coins and objects	Total Property and Equipment	Computer software	Work in progress	Total Intangible Assets	Total
Cost or deemed cost										
At 1 January 2014	6,684	2,099	275	2,248	6,302	17,608	468	-	468	18,076
Additions	-	389	-	968	-	1,357	28	43	71	1,428
Transfers	2,971	32	-	(3,003)	-	-	-	-	-	-
At 31 December 2014	9,655	2,520	275	213	6,302	18,965	496	43	539	19,504
Effect of transition to IFRSs (see note 31.b)	(253)	-	-	-	4,090	3,837	-	-	-	3,837
At 31 December 2014	9,402	2,520	275	213	10,392	22,802	496	43	539	23,341
Additions	-	87	5	75	60	227	31	-	31	258
Transfers	-	119	-	(119)	-	-	43	(43)	-	-
Disposals	(5)	(90)	-	-	-	(95)	(2)	-	(2)	(97)

At 31 December 2015	9,397	2,636	280	169	10,452	22,934	568	0	568	23,502
Depreciation/amortization and impairment losses										
At 1 January 2014	405	1,185	173	-	-	1,763	424	-	424	2,187
Charge for the year	157	347	15	-	-	519	37	-	37	556
At 31 December 2014	562	1,532	188	-	-	2,282	461	-	461	2,743
Effect of transition to IFRSs (see note 31.b)	(562)	-	-	-	-	(562)	-	-	-	(562)
At 31 December 2014	-	1,532	188	-	-	1,720	461	-	461	2,181
Charge for the year	145	338	15	-	-	498	64	-	64	562
Disposals	(5)	(89)	-	-	-	(94)	(2)	-	(2)	(96)
At 31 December 2015	140	1,781	203	-	-	2,124	523	-	523	2,647
Net carrying amount										
At 1 January 2014	6,279	914	102	2,248	6,302	15,845	44	-	44	15,889
At 31 December 2014	9,402	988	87	213	10,392	21,082	35	43	78	21,160
At 31 December 2015	9,257	855	77	169	10,452	20,810	45	-	45	20,855

15. OTHER ASSETS

	31 December 2015	31 December 2014	1 January 2014
Loans to employees	1,646	1,730	1,822
Numismatics (banknotes and coins)	304	264	264
Printing and minting costs	230	467	459
Inventory	43	54	58
Other	36	30	190
Total	2,259	2,545	2,793

Loans to employees at 31 December 2015 are net of allowance for impairment of ALL 8 million (2014: ALL 8 million).

16. CURRENCY IN CIRCULATION

The exclusive right of issuing Albanian currency is vested with the Bank. Currency in circulation comprises domestic banknotes and coins in circulation issued by the Bank.

The following banknotes and coins were in circulation as at 31 December 2015, 31 December 2014 and 1 January 2014:

	31 December 2015		31 December 2014		1 January 2014	
Nominal value Lek	Number in thousand	Total Lek (million)	Number in thousand	Total Lek (million)	Number in thousand	Total Lek (million)
Notes:						
100	3,409	341	3,410	341	15,843	1,584
200	10,525	2,105	11,064	2,213	10,210	2,042
500	19,046	9,523	22,486	11,243	24,663	12,331

1,000	40,817	40,817	47,168	47,168	52,643	52,643
2,000	24,994	49,988	23,565	47,130	20,285	40,570
5,000	26,524	132,618	22,960	114,801	19,289	96,445
Coins		3,799		3,511		2,151
		239,191		226,407		207,766

17. DUE TO BANKS

	31 December 2015	31 December 2014	1 January 2014
Compulsory reserve and current accounts	132,145	88,156	87,443
Compulsory reserve – cash in custody	10,822	11,153	12,589
Overnight deposits	-	7,000	-
Total	142,967	106,309	100,032

Based on the decision of the Supervisory Council, No. 39, dated 25 June 2014, the compulsory reserve in foreign currency in 2014 is not remunerated, whilst the compulsory reserve in lek is remunerated at 1.225% (2014: 1.575%).

Based on the Decision of the Supervisory Council, No. 29, date 16 May 2012, 'On the minimum compulsory reserve level held at Bank of Albania by commercial banks', the Bank allows the commercial banks to maintain the compulsory reserve in the form of cash in custody with the Bank.

18. DEPOSITS AND BORROWINGS FROM THIRD PARTIES

	31 December 2015	31 December 2014	1 January 2014
Borrowing from the Republic of Greece	1,215	1,234	1,240
Deposits from households for participation in Treasury Bills auctions	364	1,014	725
Deposits from the pension fund	31	14	15
Deposits from the Deposit Insurance Agency	1,751	124	208
Total	3,361	2,386	2,188

The borrowing from the Republic of Greece, amounting ALL 1,215 million or EUR 8.8 million (2014: ALL 1,234 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% p.a., payable semi-annually, whilst the principal is payable at maturity, in 2018.

The deposits from the pension fund relate to the pension plan scheme, which is based on employee contribution and employer contribution. Based on the Decision No. 17, dated 26 February 2014 of the Supervisory Council the pension fund reports its financial statements separately from the Bank.

19. DUE TO THE ALBANIAN GOVERNMENT

	31 December 2015	31 December 2014	1 January 2014
Profit to be distributed to the Government	1,095	951	1,351
Deposits from the Government	26,356	16,601	22,405
Total	27,451	17,552	23,756

The Bank does not pay interest for deposits from the Government, except for a guarantee deposit of ALL 500 million (2014: ALL 500 million), based on an agreement between the Bank and the Ministry of Finance, for which the remuneration rate is based on decisions of the Supervisory Council.

20. OTHER LIABILITIES

	31 December 2015	31 December 2014	1 January 2014
Due to international financial institutions	323	280	45
Accrued expenses	179	611	405
Provisions for claims and litigations	65	70	193
Total	567	961	643

Due to international financial institutions include amounts payable to IBRD of ALL 251 million (2014: ALL 231 million) for the purchase of securities that are managed by the IBRD, and other amounts payable to IBRD, International Development Agency ('IDA'), Multilateral Investment Guarantee

Agency ('MIGA'), and Islamic Development Bank ('IDB') totalling ALL 72 million (2014: ALL 49 million).

For the years ended 31 December 2015 and 31 December 2014, the movements in provisions for claims and litigations are presented below:

	2015	2014
Balance at 1 January	70	193
Charge for the year	46	3
Reversals for the year	(51)	(126)
Balance at 31 December	65	70

21. RESERVES

	31 December 2015	31 December 2014	1 January 2014
Legal reserve	12,500	12,500	12,500
Revaluation reserves	24,206	19,868	10,119
Fair value reserve (available-for-sale assets)	995	1,305	302
Other reserves	16,548	15,748	15,760
Transition reserve (see note 31)	5,539	5,539	1,207
Total	59,788	54,960	39,888

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. The Bank has complied with this requirement as at 31 December 2011 with its legal reserve amounting to ALL 12,500 million.

Net (loss)/gain from financial instruments at fair value through profit or loss (note 9) and net foreign exchange gains/(losses) are initially recognized in profit or loss and then transferred to the revaluation reserves.

Other reserves include the following:

	31 December 2015	31 December 2014	1 January 2014
Reserve for the Balance of Payments	7,209	7,209	7,209
Reserve of gold and precious metals	7,042	7,042	7,042
Other	2,297	1,497	1,509
Total	16,548	15,748	15,760

The reserve for the Balance of Payments represents financial assistance provided by the European Community during the years 1992 and 1993. There have been no movements in such reserve since 1995.

The reserve of gold and precious metals represents the reserve created based on Law No. 9862, dated 24 January 2008 'On the transfer of ownership of gold and other precious metals from the Albanian Council of Ministers to the ownership of the Bank of Albania'.

Other includes reserves of ALL 2,297 million (2014: ALL 1,497 million) created from the allocation of profits for the years 2004 - 2007 based on the Supervisory Council decisions in the respective following years. In addition, other reserves at 31 December 2015 include an amount of ALL 800 million, which was created based on the Decision No. 25, dated 2 March 2016, of the Supervisory Council.

22. NET INTEREST INCOME

	2015	2014
Interest income		
Available-for-sale investment securities	2,893	3,522
Loans to banks	631	691
Deposits with banks	12	26
Accounts with IMF	12	11
Other	65	27
Total interest income	3,613	4,277
Interest expense		
Compulsory reserves	530	784
Loan from the Republic of Greece	15	15
Due to the International Monetary Fund	10	15
Due to the Albanian Government	14	50
Deposits from third parties	19	22
Negative interest from deposits with financial institutions	56	3
Total interest expense	644	889
Net interest income	2,969	3,388

Negative interest from deposits with financial institutions of ALL 56 million (2014: ALL 3 million) represent charges arising from negative yielding deposits and accounts placed with foreign financial institutions.

Interest income from available-for-sale securities include income received from securities issued by the Albanian Government with a total value of ALL 2,016 million (2014: ALL 2,319 million).

23. NET TRADING INCOME

	2015	2014
Interest income from trading assets	143	112
Net (loss)/gains from the sale of trading assets	(26)	22
Unrealized fair value changes	(18)	(21)
Net profit from forward and future contracts	404	69
Total	503	182

24. OTHER REVENUE

	2015	2014
Net profit from sale of available-for-sale investments	751	834
Other	58	136
Total	809	970

25. EMPLOYEE BENEFIT EXPENSES

	2015	2014
Employee salaries and compensations	882	878
Contributions for health and social security	88	88
Contribution for pension fund (see note 18)	83	85
Total	1,053	1,051

As at 31 December 2015, the Bank had 502 employees (2014: 500 employees).

26. OTHER EXPENSES

Other expenses of ALL 713 million in 2014 represent losses resulting from the cash embezzlement that was discovered in July 2014. This amount was charged to losses based on the Decision No. 56, dated 1 October 2014 of the Supervisory Council. There were no such expenses in 2015.

27. CONTINGENCIES AND COMMITMENTS*(i) Reverse repurchase agreements*

Reverse repurchase agreements as at 31 December 2015, represented collateralized loans (see note 11). The nominal value of the securities used as collateral as at 31 December 2015, was ALL 14,380 million (2014: ALL 28,635 million).

(iii) Rent agreements

The Bank has entered into rent agreements for its premises. Rent agreements in force at 31 December 2015, expire on 31 December 2018. Rent commitments payable within one year are ALL 36 million, whilst rent commitment payable within one and five years are ALL 73 million (2014: payable within one year of ALL 17 million).

(iii) Capital commitments

As at 31 December 2015 and 2014, the Bank has not entered into capital commitments.

(iv) Credit commitments and collaterals received from employees

The total value of registered collateral for long-term loans extended to employees (see note 15) at 31 December 2015, is ALL 2,233 million (2014: ALL 2,247 million). At 31 December 2015, unused credit commitments for employees amount to ALL 58 million (2014: ALL 60 million).

28. MANAGED ASSETS

At 31 December 2015, the Bank acts as custodian for short-term treasury bills with maturities from 3 to 12 months, with total nominal value of ALL 227 billion (2014: ALL 263 billion) and EUR 24 million (2014: EUR 35 million) and for long-term securities with maturities varying between 2 and 10 years and with nominal value of ALL 286 billion (2014: ALL 269 billion) and EUR 81 million (2014: EUR 63 million). These securities are issued by the Albanian Government.

29. 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 related parties of Bank of Albania include the directors and the members of the Supervisory Council. As at 31 December 2015 and 2014, balances with related parties comprised:

	2015	2014
Loans to directors		
Directors	56	123
Total	56	123

Loans to directors have an interest rate of 0.5% p.a. and a grace period of two years, and are repayable within 30 years in equal monthly instalments. The mortgage loans are collateralized.

The decrease in loans to directors of ALL 67 million (2014: ALL 19 million) in 2015, represents repayments of ALL 3 million (2014: ALL 4 million) and reclassifications of the loans after changes in the hierarchy structure of the borrowers during 2015, of ALL 64 million (2014: ALL 15 million).

	2015	2014
Administrative expenses		
Telephone expenses		
Directors and Supervisory Council members	4	3
Salaries and bonuses		
Directors and Supervisory Council members	98	93
Contribution to pension plan scheme		
Directors	9	9
Total of administrative expenses	111	105

Balances with/(due to) the Albanian Government are disclosed in Notes 13 and 19, and related interest income from securities and interest expenses are included in Note 22. Promissory notes issued by the Albanian Government in favour of the IMF are detailed in Note 10, whilst securities issued by the Albanian Government and managed by the Bank are detailed in Note 28.

30. SUBSEQUENT EVENTS

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

31. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2, these are the Bank's first financial statements prepared in accordance with IFRSs.

The accounting policies set out in note 6 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening IFRS statement of financial position at 1 January 2014 (the Bank's date of transition).

In preparing its opening IFRS statement of financial position, the Bank has adjusted amounts reported previously in financial statements prepared in accordance with the accounting policies adopted in the Bank's Accounting Manual approved with the order No. 50 of the Council of Ministers, dated 26 January 2001 and other approved accounting policies and procedures (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Bank's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Under the previous GAAP, the Bank presented the statement of financial position showing assets and liabilities separated in the domestic and foreign currencies classifications. Under IFRSs the assets and liabilities are not separated and each asset and liability line item combines amounts in foreign and domestic currencies.

	1 January 2014			31 December 2014		
	Previous GAAP		Aggregated For IFRS purposes	Previous GAAP		Aggregated For IFRS purposes
	In foreign currencies	Domestic		In foreign currencies	Domestic	
ASSETS						
Trading assets	12,591	-	12,591	14,378	-	14,378
Gold and precious metals	8,474	4,021	12,495	9,569	4,483	14,052
Accounts with the International Monetary Fund	20,220	-	20,220	21,792	-	21,792
Loans and deposits with banks	21,661	21,502	43,163	30,003	25,548	55,551
Available-for-sale investment securities	230,588	63,920	294,508	242,419	63,948	306,367
Balances with the Albanian Government	-	-	-	-	7,398	7,398
Other assets	577	12,388	12,965	779	13,009	13,788
Total	294,111	101,831	395,942	318,940	114,386	433,326
LIABILITIES						
Currency in circulation	-	207,766	207,766	-	226,407	226,407
Due to banks and financial institutions	1,256	100,032	101,288	1,255	106,310	107,565
Due to the Albanian Government	-	23,779	23,779	-	17,578	17,578
Due to the International Monetary Fund	18,633	-	18,633	25,330	-	25,330
Other liabilities	-	1,545	1,545	230	1,827	2,057
Total	19,889	333,122	353,011	26,815	352,122	378,937

Reconciliation of equity		1 January 2014			31 December 2014		
	Notes	Previous GAAP	Effect of transition to IFRSs	IFRSs	Previous GAAP	Effect of transition to IFRSs	IFRSs
ASSETS							
Cash and cash equivalents	a	-	21,700	21,700	-	30,229	30,229
Trading assets	c	12,591	10	12,601	14,378	5	14,383
Standardized gold	b	12,495	(6,302)	6,193	14,052	(7,059)	6,993
Accounts with the International Monetary Fund		20,220	-	20,220	21,792	-	21,792
Loans to banks	a	43,163	(21,661)	21,502	55,551	(30,003)	25,548
Available-for-sale investment securities		294,508	-	294,508	306,367	-	306,367
Balances with the Albanian Government	d	-	-	-	7,398	(7,398)	-
Property, equipment and intangible assets	b	-	15,889	15,889	-	21,160	21,160
Other assets	a,b,c,e	12,965	(10,172)	2,793	13,788	(11,243)	2,545
Total assets		395,942	(536)	395,406	433,326	(4,309)	429,017
LIABILITIES							
Currency in circulation		207,766	-	207,766	226,407	-	226,407
Trading liabilities	c	-	-	-	-	10	10
Due to banks and financial institutions	f	101,288	(1,256)	100,032	107,565	(1,256)	106,309
Deposits and borrowings from third parties	f	-	2,188	2,188	-	2,386	2,386
Due to the Albanian Government	f	23,779	(23)	23,756	17,578	(26)	17,552
Due to the International Monetary Fund	d	18,633	-	18,633	25,330	(7,398)	17,932
Other liabilities	e,f	1,545	(902)	643	2,057	(1,096)	961
Total liabilities		353,011	7	353,018	378,937	(7,380)	371,557
CAPITAL AND RESERVES							
Capital		2,500	-	2,500	2,500	-	2,500
Legal reserve		12,500	-	12,500	12,500	-	12,500
Revaluation reserves	b,h	12,171	(1,750)	10,421	23,641	(2,468)	21,173
Transition reserve	b,e,h	-	1,207	1,207	-	5,539	5,539
Other reserves		15,760	-	15,760	15,748	-	15,748
Total capital and reserves		42,931	(543)	42,388	54,389	3,071	57,460
Total liabilities, capital and reserves		395,942	(536)	395,406	433,326	(4,309)	429,017

Reconciliation of profit or loss and other comprehensive income for the year ended 31 December 2014	Note	Previous GAAP	Effect of transition to IFRSs	IFRSs
Interest income		-	4,277	4,277
Interest expense	g	-	(889)	(889)
Net interest income	g	-	3,388	3,388
Operations with non-residents				
Interest and commission income	g	4,640	(4,640)	-
Interest and commission expense	g	(3,457)	3,457	-
Operations with non-residents, net		1,183	(1,183)	-
Operations with residents				
Interest and commission income	g	3,095	(3,095)	-
Interest and commission expense	g	(856)	856	-
Operations with residents, net		2,239	(2,239)	-
Fee and commission income	g	-	74	74
Fee and commission expense	g	-	(40)	(40)
Net income from fees and commissions		-	34	34
Net trading income		182	-	182
Other revenue		970	-	970
Net gain from financial instruments at fair value through profit or loss	h	-	800	800
Net foreign exchange gains	h	10,478	(1,529)	8,949
Total revenue		15,052	(729)	14,323
Personnel expenses		(1,051)	-	(1,051)
Depreciation and amortization	i	(788)	232	(556)
General and administrative expenses	i	(675)	(232)	(907)
Other expenses		(713)	-	(713)
Net profit		11,825	(729)	11,096
Other comprehensive income:				
Items that are or may be reclassified to profit or loss				
Fair value reserve (available-for-sale financial assets)		1,003	-	1,003
Other comprehensive income for the year		1,003	-	1,003
Total comprehensive income for the year	h	12,828	(729)	12,099

Material adjustments to cash flows

Under previous GAAP, local currency on hand was classified as cash and cash equivalents and certain accounts with international financial institutions as other assets. The nominal value of the banknotes and coins on hand in local currency is deducted from currency in circulation, and is not classified as cash and cash equivalents, whilst accounts with international financial institutions are classified as cash and cash equivalents under IFRSs. There are no other material differences between the statement of cash flows presented under IFRSs and the statement of cash flows presented under previous GAAP.

NOTES TO THE RECONCILIATIONS

- (a) Under previous GAAP, certain accounts with banks and international institutions were classified as loans to banks and cash in foreign currency was classified as other assets. Under IFRSs, those balances are classified as cash and cash equivalents.

The impact arising from the change is summarized as follows:

	1 January 2014	31 December 2014
Statement of Financial Position		
Assets		
Cash and cash equivalents	21,700	30,229
Loans to banks	(21,661)	(30,003)
Other assets	(39)	(226)
Total	-	-

- (b) Under previous GAAP, numismatic coins and objects were classified as gold and precious metals, whilst property, equipment and intangible assets were classified as other assets. Under IFRSs, those balances are classified as property, equipment and intangible assets, since these are not regularly used for the purposes of contributing to the financial capacity.

In addition and as a condition under IFRS 1, the Bank elected to apply the optional exemption to use an event-driven fair value as deemed cost at 31 December 2014. Because of the reconstruction in process of the main building of the Bank which was completed in 2014, the properties were fair valued at 31 December 2014. In 2015, the Bank fair valued land, buildings and numismatic coins based on the reports of the external appraisers.

The aggregate fair value of land and buildings at 31 December 2014, is ALL 9,402 million, and the aggregate adjustment to the carrying amounts reported under previous GAAP was ALL 309 million. The aggregate fair value of numismatic coins and objects at 31 December 2014 is ALL 10,392 million, and the aggregate adjustment to the carrying amounts reported under previous GAAP was ALL 3,333 million (see 31.h for further changes related to the numismatic coins valuation). The total effect was to increase property and equipment and the transition reserve at 31 December 2014, by ALL 3,642 million.

Under previous GAAP, the property revaluation reserve was ALL 1,750 million at 1 January 2014, and ALL 1,711 million at 31 December 2014. Under IFRSs, those balances are classified as transition reserve.

The impact arising from the changes is summarized as follows:

	1 January 2014	31 December 2014
Statement of Financial Position		
Assets		
Gold	(6,302)	(7,059)
Other assets	(9,587)	(10,459)
Property, equipment and intangible assets	15,889	21,160
Total	-	3,642
Capital and reserves		
Property revaluation reserve	(1,750)	(1,711)
Transition reserve	1,750	5,353
	-	3,642

- (c) Under previous GAAP, certain derivatives were classified as other assets. Under IFRSs, those balances are classified as trading assets and trading liabilities.

The impact arising from the change is summarized as follows:

	1 January 2014	31 December 2014
Statement of Financial Position		
Assets		
Trading assets	10	5
Other assets	(10)	5
Total	-	10
Liabilities		
Trading liabilities	-	10
Total	-	10

- (d) Under previous GAAP, promissory notes issued by the Government of Albania in favour of the IMF were recognized as assets and borrowings granted by the IMF to the Government of Albania during 2014, were recognized as liabilities (see note 10). Under IFRSs, those balances are not recognized as assets or liabilities of the Bank. As a result, balances with the Albanian Government and due to the IMF at 31 December 2014, were reduced by ALL 7,398 million.

- (e) The impact arising from the change is summarized as follows:

	1 January 2014	31 December 2014
Statement of Financial Position		
Assets		
Balances with the Albanian Government	-	(7,398)
Total	-	(7,398)
Liabilities		
Due to International Monetary Fund	-	(7,398)
Total	-	(7,398)

- (f) Under previous GAAP subscriptions of the Republic of Albania with international financial institutions were included in other assets. Under IFRSs and pursuant to an agreement with the Government of Albania, the Bank has written off the subscriptions and has recognized liabilities for subscriptions acquired and not yet settled.

- (g) The impact arising from the change is summarized as follows:

	1 January 2014	31 December 2014
Statement of Financial Position		
Assets		
Other assets	(537)	(564)
Total	(537)	(564)
Liabilities		
Other liabilities	6	7
Total	6	7
Capital and reserves		
Transition reserve	(543)	(571)
Total	(543)	(571)

- (h) Under previous GAAP, certain deposits and borrowings from third parties were classified as due to banks, due to Albanian Government and other liabilities. Under IFRSs, those balances are classified as deposits and borrowings from third parties.

The impact arising from the change is summarized as follows:

	1 January 2014	31 December 2014
Statement of Financial Position		
Liabilities		
Due to banks	(1,256)	(1,256)
Deposits and borrowings from third parties	2,188	2,386
Due to the Albanian Government	(23)	(26)
Other liabilities	(909)	(1,104)
Total	-	-

- (i) Under previous GAAP, interest income and interest expenses, and fees and commissions from resident and non-resident operations were shown separately in the statement of profit or loss and other comprehensive income. In addition, interest and fees and commissions were not separated. Under IFRSs interest amounts are presented separately from fees and commissions, and each income and expense line item combines amounts from resident and non-resident operations.

The impact arising from the change is summarized as follows:

	2014
Statement of profit or loss and other comprehensive income	
Net interest income	3,388
Net income from fees and commissions	34
Operations with non-residents, net	(1,183)
Operations with residents, net	(2,239)
Total	-

- (j) Under previous GAAP changes in the fair values of standardized gold and numismatic coins and objects were classified as net gains/(losses) from foreign exchange and were subsequently transferred from retained earnings to revaluation reserves. Under IFRSs, net (loss)/gain from financial instruments at fair value through profit or loss (standardized gold) are presented separately in the statement of profit or loss and other comprehensive income.

The impact arising from the change is summarised as follows:

	2014
Statement of profit or loss and other comprehensive income	
Net gain from financial instruments at fair value through profit or loss	800
Net foreign exchange gains	(1,529)
Net profit	(729)
Total comprehensive income	(729)
Capital and reserves	
Revaluation reserves	(757)
Transition reserve	757
Total	-

- (k) Under previous GAAP printing and minting costs recognized during the year were classified as depreciation and amortization expenses. Under IFRSs, these costs were classified as general and administrative expenses.

The impact arising from the change is summarized as follows:

	2014
Statement of profit or loss and other comprehensive income	
Depreciation and amortization	232
General and administrative expenses	(232)
Total	-



(Metal: CuNiZn)



(Metal: Ag)



(Metal: Au)

COMMEMORATIVE SERIES OF 50, 100 AND 200 LEK COINS,
ISSUED ON THE OCCASION OF THE 100TH ANNIVERSARY OF THE
DECLARATION OF INDEPENDENCE, 2012.

50 LEKË

Obverse:

The two-headed eagle of the flag raised in Vlorë on 28 November 1912.

Reverse:

The sculpture "Besëlidhja" (Eng: The Pledge), by Asim Lokaj, conveys the message of independence from other countries.

Artist:

Gentian Gjikopulli

100 LEKË

Obverse:

The two-headed eagle of the flag raised in Vlorë, on 28 November 1912.

Reverse:

The Document of the Declaration of Independence.

Artist:

Orgest Tafa

200 LEKË

Obverse:

The two-headed eagle of the flag raised in Vlorë, on 28 November 1912. Railings of the balcony, where the Flag of Independence was raised.

Reverse:

The portrait of Ismail Qemali, his name, and the years 1912 and 2012.

Artist:

Petraq Papa

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.

Në miliardë lekë, përveç rasteve kur shënohet ndryshe, fund periudhe

In billions ALL, unless otherwise indicated, end of period

	Agregatët monetarë / Monetary aggregates			Depozitat ¹ / Deposits ¹	Kredita ² / Credit ²	Normat e interesit / 12m / 12m interest rates (%)		Norma e marrëveshjes së riblejejes njëllore / 4 / Weekly repurchase agreement rate ⁴
	M1	M2	M3			Depozita ³ / Deposits ³	Kredita ³ / Loans ³	
2012	281.2	669.6	1,123.4	930.7	554.7	5.3 ⁶	10.2 ⁶	6.3 ⁷
2013	295.9	693.2	1,149.0	950.1	547.9	4.1 ⁷	9.5 ⁸	3.6 ⁶
2014	353.3	722.4	1,195.1	977.4	560.0	1.9 ²	7.6 ⁵	3.3 ³
2015*	384.1	723.7	1,217.9	987.3	546.5	1.3 ⁵	7.7 ⁷	2.40

Burimi: Banka e Shqipërisë.

* Të dhënat e vitit 2015 për treguesit 1-5 janë paraprake.

Source: Bank of Albania.
* The data of 2015 for items 1-5 are preliminary.

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 bejare Bruto / Gross National Income	Ndryshimet vjetore të indeksit të çmimeve të konsumit (%) / Yearly changes in CPI (%)	Ndryshimet Mesatare Vjetore të Indeksit të Çmimit të Prodimit (NVE Rev.2) / Average Annual Changes of Producer Price Index (NACE Rev.2)		Tregu i punës ⁶ / Labor market ⁶	
		1	2	3	4				Shkalla e punësimit / Employment rate (%)	Shkalla e papunësisë / Unemployment rate (%)
2012	1.4	1,332,811.0	12,441.5	-22,369.0	1,322,883.5	2.4	1.1	55.9	49.9	13.8
2013	1.1	1,350,534.8	1,793.9	1,165.6	1,353,514.3	1.9	-0.4	49.9	49.9	16.4
2014	2.0	1,400,549.4	1,224.9	-17,930.9	1,383,843.5	0.7	-0.5	50.5	50.5	17.9

Burimi: INSTAT.

Source: INSTAT.

3. BILANCI I PAGESAVE, REZERA DHE KURSI I KËMBIMIT

Në milionë euro, përveç rasteve kur shënohet ndryshe

BALANCE OF PAYMENTS, RESERVES AND EXCHANGE RATE 3.

In millions EUR, unless otherwise indicated

	Bilanci i llogaritës korrente / Current account	Nga të cilat: Bilanci tregtar / Of which: Trade balance (3.4)		Eksporti / Export		Importi / Import		Nga të cilat: Remitancat / Of which: Remittances		Investimet direkte neto / Direct investments, net		Rezervat valutoie (stock) / Reserves (stock)		Rezervat në muaj importe / Reserves in months of import		Kursi i këmbimit / Exchange rate Mesatare e periudhës / Period average ALL / EUR		ALL / USD	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2010 ⁷	-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	-1,225.2	-2,241.6	1,405.5	3,647.1	664.5	608.9	1,912.5	4.4	140.3	100.9									
2012	-978.0	-1,999.2	1,525.6	3,524.8	647.9	608.9	1,972.5	4.7	139.0	108.2									
2013	-1,049.1	-1,840.5	1,743.7	3,584.2	543.8	923.2	2,015.3	4.8	140.3	105.7									
2013 ⁸	-1,049.1	-1,979.3	1,050.6	3,029.9	543.8	-923.2	2,015.3	5.4	140.3	105.7									
2014	-1,287.2	-2,215.6	931.7	3,147.3	591.9	-811.5	2,191.7	5.6	140.0	105.5									

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

4. BILANCI FISKAL, STOKU I BORXHIT TË BRENDSHËM DHE BORXHI I JASHTËM

Në miliardë lekë

FISCAL BALANCE, DOMESTIC DEBT STOCK AND EXTERNAL DEBT 4.

In billions ALL

	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 huaj / Foreign financing		Stoku i borxhit të Gjerësisë Gjendore / Central government debt stock		Stoku i borxhit të brendshëm / Domestic debt stock		Stoku i borxhit të jashtëm / External debt stock	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
2012	330.4	300.9	376.2	61.7	-45.9	26.5	19.4	470.4	357.6											
2013	327.2	299.9	394.1	65.5	-66.9	56.1	10.8	520.8	363.9											
2014	366.7	335.9	438.8	60.7	-72.1	42.2	29.9	564.7	412.4											
2015	381.1	345.6	436.4	61.6	-55.3	-8.9	64.2	551.4	490.8											

Burimi: Ministria e Financave, sipas publikimeve "Statistikat fiskale mujore, viti 2016" dhe Treguesit e Borxhit, viti 2015".

Publikimi: Statistika fiskale Janar-Janar 2016 tabelat:

Treguesit fiskalë sipas buxheut të konsoliduar (Vjetor).

Shënime:

1) Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parash së gjërë.

2) Përfqesohen kreditë për ekonominë.

3) Norma mesatare e pondeurave vjetore e depozitave dhe kredive të reja 12 mujore në lekë për sistemin bankar.

4) Të dhënat sipas INSTAT: Llogaritë Kombëtare Vjetore; Llogaritë Kombëtare Vjetore (Metoda e prodhimit), sipas NIVE Rev 2 (tabela 1);

Llogaritë Kombëtare Vjetore (Metoda e Shpenzimeve) (tabela ab1); 2013 gjysëmfinale, 2014 paraprake.

5) Të dhënat sipas informacionit në faqen e internetit të INSTAT datë 11.03.2016.

6) Të dhënat sipas informacionit në faqen e internetit të INSTAT datë 11.03.2016.

temal/ Tregu i punës/ Anketa e Forcave të Punës/ Vjetore/ Shkalla e punësimit 2007-2014 (grupmosha 15-64 vjeç); Shkalla e

punësimit 2007-2014 (grupmosha 15-64 vjeç).

7) Të dhënat 2010-2013 janë hartuar sipas manualit të pesë të pagesave.

8) Të dhënat janë hartuar sipas manualit të gjashtë të bilancit të pagesave.

Source: Ministry of Finance, according to "Fiscal statistics monthly, year 2016 and "Debt Indicators, as of Dec 31, 2015"

Publications: "Fiscal statistics January-January 2016" table: "Consolidated general budget (Annual)"

Footnote:

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) The data as of INSTAT: Annual National Accounts, Annual National Accounts (Production Method), by NACE Rev 2 (table 1); Annual National Accounts (Expenditure Method) (table 1);

6) Data as of INSTAT web page tables, date 11.03.2016;

7) Preliminary.

8) The data 2010-2013 are compiled according to BPM5 IMF Manual.

9) The data 2010-2013 are compiled according to BPM5 IMF Manual.

10) Data presented are compiled according to BPM6 IMF Manual.

1. SEKTORI FINANCIAR

1-1 BILANCI SEKTORIAL I BANKËS SË SHQIPËRISË

Në milionë lekë, fund periudhë

FINANCIAL SECTOR 1.

SECTORIAL BALANCE SHEET OF BANK OF ALBANIA 1-1

In millions ALL, end of period

	Totali i mjeteve/ Total assets (2+3+ 4+5+8+12+ 13+14)	Arit monetar dhe mbajtjet e SDR*/ Monetary gold and SDR holdings*	Arit në valutë/ For- eign currency	Depozita/ Deposits	Leirat me vlerë të ndryshme nga aksionet/ Securities other than shares (6+7)	Jezidentët/ Non residents	Qeveria Qën- dore/ Central Government	Huajtë/ Loans (9+10+11)	Qeveria Qën- dore/ Central Government	Korporata të tjera depozituese/ Other depository corporations	Sektore të tjerë rezidentë/ Other resident sectors	Derivatet finan- ciare/ Financial derivatives	Llogarit të arkëstimesh/ Receivable accounts	Mjetet finansiare/ Nonfinancial assets
2013/12	398,813.6	16,701.5	57.3	23,892.8	308,387.0	243,178.6	65,208.4	23,333.2	9	10	11	12	13	14
2014/12	433,878.0	19,299.7	56.2	32,524.0	320,744.6	256,796.7	63,947.9	27,286.3	-	25,547.8	1,738.5	17.4	18,197.8	15,752.1
2015/12**	512,722.3	30,578.8	84.9	95,637.2	323,679.0	270,453.6	53,225.5	14,641.1	-	12,987.1	1,654.0	27.7	32,775.5	15,298.1
2015/01	450,092.4	20,589.3	21.4	40,574.3	324,261.4	260,518.7	63,742.8	29,842.7	-	28,110.7	1,732.0	20.8	18,584.3	16,198.1
02	469,195.2	28,613.8	138.9	40,466.6	329,748.8	266,085.3	63,663.5	27,328.6	-	25,602.4	1,726.2	35.1	26,811.9	16,051.5
03	473,891.3	29,254.8	30.7	40,284.8	332,379.1	269,169.1	63,210.0	30,334.6	-	28,615.3	1,719.3	34.5	25,478.7	16,094.2
04	465,272.1	28,371.3	134.7	39,204.1	322,845.7	259,689.7	63,156.0	33,608.5	-	31,897.3	1,711.2	51.8	25,003.1	16,052.9
05	474,884.3	33,915.0	15.4	40,137.8	324,267.5	261,156.8	63,110.7	27,268.3	-	25,564.1	1,704.2	61.4	23,151.0	16,067.9
06	482,604.9	33,301.4	13.5	42,937.7	324,076.9	260,360.8	63,716.1	33,362.4	-	31,664.9	1,697.5	40.2	33,039.7	15,833.2
07	520,926.2	32,917.3	33.9	77,067.3	323,242.9	259,547.8	63,695.2	38,941.8	-	37,251.0	1,690.8	31.5	33,202.7	15,488.8
08	519,948.7	32,466.6	27.6	56,492.3	342,746.3	278,983.8	63,762.6	39,202.8	-	37,518.4	1,684.4	27.8	33,506.2	15,479.1
09	527,073.2	32,287.8	28.4	66,987.6	341,281.9	277,413.0	63,868.9	37,926.4	-	36,249.0	1,677.4	30.0	33,133.5	15,397.7
10	528,965.8	32,768.3	7.8	78,850.9	330,704.5	266,732.3	63,972.2	37,337.8	-	35,666.6	1,671.1	33.2	33,748.7	15,514.6
11	532,248.7	31,404.6	17.4	90,410.0	329,853.1	268,121.3	61,731.8	31,955.8	-	30,294.6	1,661.2	34.3	33,365.3	15,208.3
12**	512,722.3	30,578.8	84.9	95,637.2	323,679.0	270,453.6	53,225.5	14,641.1	-	12,987.1	1,654.0	27.7	32,775.5	15,298.1

	Detyrimet totale / Total liabilities (2+3 +4+10+14 +15+16)	Paraia në qarkullim / Currency in circulation	Depozita të përfshira në parantë e gjerë / Deposits included in broad money	Depozita të përfshira në parantë e gjerë / Deposits excluded from broad money (5+6+7+8+9)	Jezidentët/ Non residents	Qeveria Qëndrore/ Central Government	Korporata të tjera depoz- ituese / Other depository corporations	Korporata të tjera finan- ciare / Other non-financial corporations	Sektore të tjera lezi- denitë / Other resident sec- tors	Huajtë/ Loans (11+ 12+13)	Jezidentët/ Non residents	Qeveria Qëndrore/ Central Government	Korporata të tjera depoz- ituese / Other depository corporations	Llogarit të pagueshme/ Other accounts payable	Allokimi i SDR/ SDR allocation	Aksione dhe instrumente të tjera të kapitallit/ Shares and other equity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2013/12	398,813.6	207,792.7	249.7	132,764.9	9,706.5	22,239.2	100,031.3	62.5	725.4	2,919.3	2,919.3	-	-	1,828.3	7,287.5	45,971.3
2014/12	433,878.0	226,434.1	154.2	140,569.3	16,564.1	16,600.5	106,310.9	85.0	1,008.8	2,294.2	2,294.2	-	-	889.8	7,753.2	55,783.2
2015/12**	512,722.3	239,218.1	1,787.9	201,585.6	31,826.2	26,340.8	142,966.8	87.4	364.4	1,809.6	1,809.6	-	-	461.4	8,104.4	59,755.4
2015/01	450,092.4	224,009.7	130.5	150,650.8	16,539.3	25,807.3	107,347.1	86.3	870.8	2,293.6	2,293.6	-	-	1,096.3	8,073.6	59,755.4
02	469,195.2	226,134.3	161.4	165,262.1	23,890.0	24,437.0	115,895.8	94.5	944.8	2,152.6	2,152.6	-	-	1,759.9	8,209.0	65,515.9
03	473,891.3	225,389.5	1,028.5	166,574.6	23,874.1	29,714.7	112,030.3	94.4	861.1	2,102.8	2,102.8	-	-	1,648.8	8,395.2	68,752.0
04	465,272.1	225,811.0	3,078.5	160,706.5	23,853.4	28,773.8	107,114.2	94.5	870.5	2,059.7	2,059.7	-	-	289.1	8,152.1	65,175.3
05	474,884.3	231,282.0	1,621.0	163,455.8	31,938.2	25,411.2	105,242.6	93.3	770.4	2,078.1	2,078.1	-	-	524.8	8,293.6	67,629.1
06	482,604.9	236,301.2	939.4	170,373.5	31,924.9	23,766.6	113,825.0	93.4	763.6	2,062.9	2,062.9	-	-	409.6	8,185.7	64,332.8
07	520,926.2	239,515.6	567.6	205,676.9	31,887.2	64,573.4	108,548.9	94.1	664.4	2,022.5	2,022.5	-	-	350.4	8,258.5	64,443.8
08	519,948.7	239,098.6	466.8	207,473.2	31,849.9	65,204.1	109,860.2	93.9	465.1	1,850.8	1,850.8	-	-	585.0	8,151.9	62,322.3
09	527,073.2	235,535.1	262.7	219,120.2	31,837.6	68,682.6	118,117.4	91.9	390.7	1,846.1	1,846.1	-	-	281.0	8,107.6	61,920.5
10	528,965.8	234,678.1	802.3	218,023.8	31,807.7	71,812.2	113,923.3	91.8	388.8	1,830.1	1,830.1	-	-	1,172.9	8,182.8	64,275.7
11	532,248.7	234,461.3	1,701.7	219,847.8	31,834.7	80,757.2	106,781.3	87.6	387.0	1,831.2	1,831.2	-	-	464.2	8,316.8	65,625.8
12**	512,722.3	239,218.1	1,787.9	201,585.6	31,826.2	26,340.8	142,966.8	87.4	364.4	1,809.6	1,809.6	-	-	461.4	8,104.4	59,755.4

Burimi: Banka e Shqipërisë

*Për periudhën dhjetor 2002-prill 2014 është bërë riklasifikimi i arit monetar nga zëri "Depozita" në zërin "Arit monetar dhe mbajtjet e SDR".

**Të dhënat e muajit dhjetor 2015 janë paraprake.

Source: Bank of Albania,

*The data of December 2002 – April 2014 reflect the classification of monetary gold from "Deposits" to "Monetary gold and SDR holdings".

**December 2015 data are preliminary.

1-2.A BILANCI SEKTORIAL I BANKAVE PARA DEPOZITUESE / MIJETET

Në milionë lekë, fund periudhe

SECTORAL BALANCE SHEET OF DEPOSIT MONEY BANKS / ASSETS 1-2.A

In millions ALL, end of period

	Totali i mjeteve / Total assets (2+ 3+ 4+ 8+ 11+ 21+ 24+25)			Akta në lekë / National currency	Akta në valutë / Foreign currency	Depozita / Deposits (5+6+7)	Jezidentët / Non residents	Banka Qëndrore / Central Bank	Bankat para depozitues / Deposit money banks	Leira në vlerë të ndryshme nga aksione / Securities others than shares (9+10)			Qeveria Qendrore / Central Government
	1	2	3							8	9	10	
2013/12	1,300,471.2	8,890.4	11,328.9		249,448.4	4	139,446.8	103,932.0	6,069.6	390,569.2	66,157.5	324,411.7	
2014/12	1,354,708.0	8,765.4	11,055.4		245,965.9	4	130,183.8	106,632.0	9,150.1	424,283.6	87,349.5	336,934.2	
2015/12	1,365,674.2	8,610.0	10,650.1		301,970.7	4	147,563.3	144,218.9	10,188.5	378,180.1	64,759.9	313,420.3	
2015/01	1,358,935.2	8,963.1	11,380.8		239,576.2	4	125,112.0	109,538.4	4,905.8	433,486.5	94,713.0	338,773.5	
02	1,366,961.6	8,840.7	10,239.5		246,415.3	4	122,236.0	118,721.6	5,457.7	430,796.3	92,663.5	338,132.9	
03	1,375,092.9	8,970.5	10,690.7		253,415.8	4	135,768.4	112,311.8	5,335.6	423,861.4	83,212.8	340,648.6	
04	1,373,791.8	8,540.5	10,145.5		262,662.4	4	150,005.9	107,228.6	5,427.9	420,050.4	77,641.8	342,408.6	
05	1,376,148.7	8,632.2	11,114.8		265,739.4	4	150,011.4	110,194.3	5,533.8	414,724.9	75,501.6	339,223.3	
06	1,372,493.7	9,810.8	11,211.8		272,356.0	4	152,593.3	114,416.6	5,346.2	411,597.5	74,073.0	337,524.5	
07	1,367,996.5	9,117.2	13,664.1		261,630.9	4	148,586.0	108,979.3	4,065.6	415,135.0	72,563.5	342,571.5	
08	1,381,011.6	10,485.8	13,020.3		272,690.8	4	156,155.2	111,443.5	5,092.1	412,160.8	73,270.0	338,890.7	
09	1,380,674.6	9,749.3	12,333.7		285,672.0	4	161,022.9	118,109.1	6,540.1	412,023.4	70,318.3	341,705.1	
10	1,383,413.2	9,643.3	11,853.5		288,153.7	4	167,762.9	115,588.6	4,802.3	406,148.7	64,105.7	342,042.9	
11	1,377,573.9	10,661.7	11,764.1		273,172.8	4	156,577.4	110,546.3	6,049.2	408,357.0	65,960.8	342,396.1	
12	1,365,674.2	8,610.0	10,650.1		301,970.7	4	147,563.3	144,218.9	10,188.5	378,180.1	64,759.9	313,420.3	

	Huatë / Loans (12+ 13+ 14+ 15+ 16+ 17+ 18+ 19+ 20)	Jezidentët / Non residents	Banka Qëndrore / Central Bank	Bankat para depozitues / Deposit money banks	Korporata të financiare / Other financial corporations	Qeveria Qendrore / Government	Qeveria lokale / Local government	Korporata jo financiare publike / Public non-financial corporations	Korporata të financiare / Other non-financial corporations	Sektoria të tjerë / Other resident sectors	Aksione dhe instrumente të tjerë të kapitalit / Shares and other equity (22 +23)			Derivatet financiare / Financial derivatives	Llogaritë të Akvësimeve / Other ac- counts receiv- able	Mjetet jofinanciare / Nonfinancial assets
											Jezidentët / Non residents	Residentët / Residents	23			
2013/12	593,625.3	43,698.9	-	6,787.2	9,578.2	1,404.4	256.0	24,961.0	363,541.1	143,398.5	5,123.1	4,733.0	370.1	-	8,138.8	33,347.1
2014/12	614,230.0	53,447.7	-	6,011.6	8,270.3	1,263.2	777.7	27,328.2	372,166.6	144,964.8	5,858.9	5,020.0	838.9	-	7,551.9	36,997.0
2015/12	613,432.4	68,177.5	-	3,700.1	9,537.7	1,099.5	887.7	27,419.7	355,725.2	146,885.0	7,309.7	6,606.0	703.7	-	8,102.2	37,418.9
2015/01	613,633.8	56,381.4	-	4,817.8	8,237.3	1,260.8	769.0	28,250.8	368,219.1	145,717.7	6,377.8	5,539.4	838.4	-	8,326.3	37,170.8
02	618,873.4	61,998.9	-	5,378.6	8,041.7	1,263.5	767.3	27,330.5	367,939.3	146,153.6	6,477.9	5,638.7	839.2	-	8,243.5	37,075.0
03	626,657.2	68,214.2	-	6,406.5	7,950.5	1,264.8	862.6	28,188.8	365,598.1	148,171.7	6,743.9	5,904.7	839.1	-	7,794.8	36,958.8
04	620,654.1	65,896.6	-	3,635.3	8,185.3	1,127.0	855.4	26,958.6	366,626.0	147,370.0	6,646.0	5,786.0	860.0	-	8,346.4	36,746.6
05	624,123.3	64,492.7	-	5,207.5	8,131.7	1,128.1	875.4	26,931.2	369,380.5	147,976.4	6,675.9	6,039.4	636.5	-	8,454.1	36,684.0
06	615,522.8	63,917.5	-	4,596.4	8,514.0	1,123.5	878.6	27,241.3	361,444.6	147,807.0	6,737.3	6,101.6	635.7	-	7,884.0	37,373.5
07	616,387.7	67,281.4	-	3,126.2	8,117.8	1,119.3	866.6	26,669.3	361,160.0	148,047.0	6,710.1	6,075.2	634.9	-	8,079.4	37,272.0
08	620,742.6	72,526.6	-	3,631.6	8,195.9	1,118.1	870.5	26,858.2	359,237.8	148,304.0	6,833.8	6,198.8	635.0	-	8,063.4	37,014.2
09	609,032.5	64,942.4	-	3,160.7	8,207.0	1,116.5	888.9	26,370.2	356,553.7	147,793.1	6,955.2	6,255.3	699.8	-	8,072.6	36,836.0
10	615,404.4	69,739.0	-	2,889.3	8,092.2	1,116.0	883.9	25,780.2	360,357.3	146,546.4	7,010.0	6,310.4	699.6	-	8,191.0	37,008.7
11	621,221.6	74,970.0	-	2,494.5	8,504.2	1,105.4	887.1	27,132.7	359,164.4	146,963.3	7,095.7	6,397.4	698.3	-	8,009.5	37,291.6
12	613,432.4	68,177.5	-	3,700.1	9,537.7	1,099.5	887.7	27,419.7	355,725.2	146,885.0	7,309.7	6,606.0	703.7	-	8,102.2	37,418.9

Source: Bank of Albania.

Burimi: Banka e Shqipërisë

1-2.B BILANCI SEKTORIAL I BANKAVE PARA DEPOZITUESE / DETYRIMET

Në milionë lekë, fund periudhe

SECTORAL BALANCE SHEET OF DEPOSIT MONEY BANKS / LIABILITIES 1-2.B

In millions ALL, end of period

	Detyrime totale / Total liabilities (2+ 8+ 17+ 18+ 26+ 27)	Depozita të parashitura në parantë / Deposits included in broad money (9+ 10+ 11+ 12+ 13+14+ 15+16)			Sektore të tjera reziden- te / Other resident sectors			Depozita të parashitura në parantë e gjerë / Deposits not included in broad money (9+ 10+ 11+ 12+ 13+14+ 15+16)								Banka Qendrore / Central Bank			Korporata të tjera depozit- uese / Other depository corporations			Qeveria Qendrore / Central Government			Korporata të tjera finan- ciare / Other financial corporations			Korporata jo financiare pub- like / Public nonfinancial corporations			Sektore të tjera reziden- te / 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	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	1251	1252	1253	1254	1255	1256	1257	1258	1259	1260	1261	1262	1263	1264	1265	1266	1267	1268	1269	1270	1271	1272	1273	1274	1275	1276	1277	1278	1279	1280	1281	1282	1283	1284	1285	1286	1287	1288	1289	1290	1291	1292	1293	1294	1295	1296	1297	1298	1299	1300	1301	1302	1303	1304	1305	1306	1307	1308	1309	1310	1311	1312	1313	1314	1315	1316	1317	1318	1319	1320	1321	1322	1323	1324	1325	1326	1327	1328	1329	1330	1331	1332	1333	1334	1335	1336	1337	1338	1339	1340	1341	1342	1343	1344	1345	1346	1347	1348	1349	1350	1351	1352	1353	1354	1355	1356	1357	1358	1359	1360	1361	1362	1363	1364	1365	1366	1367	1368	1369	1370	1371	1372	1373	1374	1375	1376	1377	1378	1379	1380	1381	1382	1383	1384	1385	1386	1387	1388	1389	1390	1391	1392	1393	1394	1395	1396	1397	1398	1399	1400	1401	1402	1403	1404	1405	1406	1407	1408	1409	1410	1411	1412	1413	1414	1415	1416	1417	1418	1419	1420	1421	1422	1423	1424	1425	1426	1427	1428	1429	1430	1431	1432	1433	1434	1435	1436	1437	1438	1439	1440	1441	1442	1443	1444	1445	1446	1447	1448	1449	1450	1451

	Lejit me vlerë përveç aksioneve / Securities other than shares	Huatë / Loans (19+ 20+ 21+ 22+ 23+ 24+ 25)	Jezidentët / Non residents	Banka qendrore / Central Bank	Korporata të tjera depozituese / Other non-financial corporations	Korporata të tjera financiare / Other financial corporations	Korporata të tjera depozituese / Other non-financial corporations	Korporata të tjera financiare / Other financial corporations	Sektore të tjerë rezidentë / Other resident sectors	Derivatet financiare / Financial derivatives	Llogaritëaguesime / Other accounts payable	Aksione dhe instrumente të tjerë të kapitalit / Shares and other equity
2013/12	17	54,824.2	25,535.2	21,503.6	5,480.0	1.1	670.5	670.5	1,633.9	26	104,946.1	111,330.0
2014/12	-	59,855.4	25,672.3	25,549.4	4,114.3	661.9	730.6	730.6	3,126.9	-	106,273.4	117,653.2
2015/12	-	45,533.6	21,589.7	12,987.7	4,096.5	1,797.3	750.0	750.0	4,312.4	-	93,084.5	134,812.6
2015/01	-	61,800.4	26,040.8	28,114.2	3,064.8	664.0	728.7	728.7	3,187.9	-	107,498.2	124,059.7
02	-	59,457.2	26,419.5	25,605.3	2,791.1	698.7	732.4	732.4	3,210.2	-	105,698.8	126,941.6
03	-	64,069.5	26,235.6	28,616.9	3,508.5	694.9	696.2	696.2	4,317.5	-	111,378.3	126,871.7
04	-	66,188.9	26,305.4	31,899.1	3,508.5	697.1	732.5	732.5	4,313.5	-	109,809.4	126,638.1
05	-	63,356.4	27,637.6	25,568.4	4,383.3	703.6	718.4	718.4	4,344.9	-	107,428.3	128,079.9
06	-	71,633.5	29,649.7	31,666.7	4,658.5	701.6	732.5	732.5	4,283.8	-	103,216.5	127,651.6
07	-	73,215.8	29,051.8	37,253.2	1,170.1	695.7	739.2	739.2	4,305.9	-	104,398.2	126,399.9
08	-	71,775.3	26,862.3	37,520.4	1,638.1	697.3	740.3	740.3	4,316.8	-	105,729.0	126,567.9
09	-	71,075.8	26,555.0	36,250.9	2,566.3	699.0	705.3	705.3	4,299.2	-	102,387.6	129,321.0
10	-	70,470.8	25,066.9	35,670.6	2,390.8	2,277.8	729.4	729.4	4,335.2	-	102,371.5	131,254.3
11	-	60,230.2	20,306.2	30,300.7	2,734.1	1,812.1	724.2	724.2	4,353.0	-	104,460.3	133,100.7
12	-	45,533.6	21,589.7	12,987.7	4,096.5	1,797.3	750.0	750.0	4,312.4	-	93,084.5	134,812.6

Burimi: Banka e Shqipërisë

Source: Bank of Albania

1-3 AGREGATËT MONETARË DHE PËRBËRËSIT E TYRE

MONETARY AGGREGATES AND THEIR COMPONENTS 1-3

	M3 (2+7)		M2 (3+6)		M1 (4+5)		Paraqia jashtë korporatave depozituese / Currency outside depository corporations		Llogarit rrethëse 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		Depozitimet në valutë / Deposits in foreign currency	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2013/12	1,148,980.9	693,172.2	295,876.5	198,892.7	96,983.9	397,295.6								
2014/12	1,195,086.3	722,356.7	353,321.7	217,665.6	135,656.1	369,035.0								
2015/12	1,217,870.1	723,744.6	384,108.2	230,602.7	133,505.4	339,636.5								
2015/01	1,188,009.1	714,347.9	346,305.1	215,043.4	131,261.6	368,042.8								
02	1,192,174.7	717,983.0	349,688.4	217,290.4	132,398.0	368,294.7								
03	1,190,772.3	715,949.6	347,957.9	216,414.7	131,543.2	367,991.8								
04	1,193,011.4	717,583.8	350,671.9	217,266.1	133,405.8	366,912.0								
05	1,198,833.1	724,470.3	358,825.4	222,645.4	136,180.0	365,644.9								
06	1,197,817.6	725,252.9	363,298.8	226,484.2	136,814.6	361,954.1								
07	1,198,904.8	725,413.4	368,185.4	230,392.2	137,793.2	357,228.1								
08	1,203,371.8	721,747.9	369,339.7	228,606.6	140,733.2	352,408.2								
09	1,198,897.8	716,995.6	368,225.2	225,779.5	142,445.7	348,770.4								
10	1,197,015.1	713,395.0	367,286.3	225,028.5	142,257.8	346,108.7								
11	1,197,935.5	710,899.4	367,178.7	223,793.3	143,385.5	343,720.7								
12*	1,217,870.1	723,744.6	384,108.2	230,602.7	133,505.4	339,636.5								
2013/12	2.3	3.5	5.2	3.2	9.5	2.3								
2014/12	4.0	4.2	19.4	9.4	39.9	-7.1								
2015/12	1.9	0.2	8.7	5.9	13.2	-8.0								
2015/01	3.8	3.9	18.6	10.3	35.5	-7.0								
02	4.5	4.4	19.7	11.9	35.2	-6.8								
03	4.1	4.6	18.4	11.8	31.3	-5.8								
04	4.5	4.6	18.4	12.3	29.9	-5.8								
05	4.8	5.4	19.4	14.5	28.6	-5.5								
06	3.9	4.8	18.2	14.7	24.6	-5.9								
07	3.4	4.0	17.0	14.0	22.4	-6.7								
08	3.0	3.8	15.7	11.1	24.2	-6.3								
09	2.8	3.2	15.4	9.5	26.2	-7.2								
10	2.9	2.6	15.2	10.3	23.8	-8.1								
11	2.8	1.5	13.0	8.3	21.1	-8.4								
12*	1.9	0.2	8.7	5.9	13.2	-8.0								
Ndryshimi vjetor në përqindje / Annual percentage changes														

Burimi: Banka e Shqipërisë.

*Të dhënat e muajit dhjetor 2015 janë paraprake.

Source: Bank of Albania.
*December 2015 data are preliminary.

1-4 KUNDËRPARTITË E AGREGATËVE MONETARË

COUNTERPARTS OF MONETARY AGGREGATES 1-4

	Mjetet valutore neto / Net Foreign Assets	Mjetet e brendshme / Domestic assets (3+4)		Pretendimet ndaj Qeverisë Qendrore neto / Net claims on Central Government		Pretendime ndaj sektorëve të tjerë* / Claims on other sectors*		Të tjera neto / Other items net	
	1	2	3	3	3	4	4	5	5
		Gjendja në fund të periudhës (milionë lekë) / Stock at end of period (in millions ALL)							
2013/12	478,861.7	913,493.8	364,862.8			548,630.9		40,283.9	
2014/12	524,997.0	948,442.2	386,037.3			562,404.9		42,353.5	
2015/12	616,970.6	902,632.9	354,033.1			548,599.9		24,679.8	
2015/01	543,427.7	939,267.5	379,178.8			560,088.7		39,767.6	
02	548,092.1	943,906.6	384,784.0			559,122.6		38,998.6	
03	563,706.5	936,249.4	376,468.8			559,780.6		41,924.9	
04	557,839.8	940,488.1	381,512.8			558,975.3		40,907.3	
05	556,998.1	950,639.6	388,582.2			562,057.4		40,237.8	
06	557,053.8	943,148.2	388,746.8			554,401.4		36,153.3	
07	593,222.7	906,862.8	353,494.7			553,368.0		37,690.2	
08	606,453.6	902,086.0	350,118.0			551,968.0		38,484.3	
09	608,614.6	898,895.2	350,448.0			548,447.2		34,639.9	
10	615,353.2	898,863.4	348,575.6			550,287.8		34,346.3	
11	628,617.0	889,130.1	337,863.9			551,266.2		35,284.9	
12**	616,970.6	902,632.9	354,033.1			548,599.9		24,679.8	

	Ndryshimi vjetor Në përqindje/Annual percentage changes					
	Mjetet 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	3	4	4
2013/12	6.1	0.5	3.1			-1.2
2014/12	9.6	3.8	5.8			2.5
2015/12	17.5	-4.8	-8.3			-2.5
2015/01	11.9	3.2	3.9			2.7
02	12.8	4.2	5.5			3.3
03	15.5	3.3	4.4			2.6
04	16.6	3.4	4.3			2.8
05	15.7	4.2	6.2			2.9
06	13.4	2.8	5.5			1.0
07	20.8	-2.4	-6.5			0.4
08	17.2	-1.1	-1.2			-1.0
09	15.8	-1.4	-0.9			-1.8
10	18.6	-1.7	-1.6			-1.7
11	21.1	-3.7	-6.0			-2.2
12**	17.5	-4.8	-8.3			-2.5

Burimi: Banka e Shqipërisë

*Përfshin kreditë për ekonominë dhe pretendime të tjera ndaj sektorëve mbajtës së parës së gjërë.

**Të dhënat e muajit dhjetor 2015 janë paraprake.

Source: Bank of Albania.
*Include credit to economy and other claims on broad money holding sectors.
**December 2015 data are preliminary.

1-5 LLOGARITË RRIEDHËSE DHE DEPOZITAT PA AFAT NË LEKË SIPAS SEKTORIT*

Në milionë lekë, fund periudhe

LEK DENOMINATED CURRENT ACCOUNT AND SIGHT DEPOSITS BY SECTOR* 1-5
In millions ALL, end of period

	Llogaritë rriedhëse dhe depozita pa afat/ Current account and sight deposits (2+3+4+5+6)		Qeveria lokale/ Local government	Korporatat jo financiare publike/nonfinancial corporations	Korporata të tjera financiare/Other financial corporations		Sektore të tjerë rezidentë/Other resident sectors
	1	2			3	4	
2013/12	96,983.9	1,305.0		6,108.2	937.0	24,244.0	64,389.7
2014/12	135,656.1	2,047.5		9,799.5	1,919.8	38,198.6	83,690.6
2015/12	153,505.4	1,473.8		8,736.2	1,258.9	40,993.6	101,043.0
2015/01	131,261.6	1,391.4		8,354.8	1,274.1	35,599.7	84,641.7
02	132,398.0	1,392.3		9,270.5	856.7	34,977.6	85,900.9
03	131,543.2	1,466.1		7,544.2	1,156.4	34,321.7	87,054.9
04	133,405.8	1,191.6		7,280.4	988.8	33,825.8	90,119.1
05	136,180.0	1,363.9		7,182.4	1,526.2	35,438.5	90,669.1
06	136,814.6	1,294.3		7,060.6	1,158.7	34,761.0	92,540.0
07	137,793.2	1,418.0		7,307.3	898.1	34,061.2	94,108.7
08	140,733.2	1,496.7		8,049.8	1,151.7	35,748.5	94,286.6
09	142,445.7	1,584.8		8,412.3	1,348.6	35,575.8	95,524.2
10	142,257.8	1,473.0		8,953.9	1,399.5	34,192.4	96,239.1
11	143,385.5	1,490.1		9,097.3	1,540.0	33,036.0	98,202.1
12**	153,505.4	1,473.8		8,736.2	1,258.9	40,993.6	101,043.0

Burimi: Banka e Shqipërisë

*Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parës së gjerë.

**Të dhënat e muajt dhjetor 2015 janë paraprake.

Source: Bank of Albania.

*Deposits included in broad money.

**December 2015 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 (2+3+4+5+6)		Qeveria lokale/ Local government	Korporatat jo financiare publike/nonfinancial corporations	Korporata të tjera financiare/Other financial corporations		Sektore të tjerë rezidentë/Other resident sectors
	1	2			3	4	
2013/12	397,295.6	57.1		1,257.8	2,556.5	14,523.4	378,900.8
2014/12	369,035.0	7.8		1,167.9	1,730.1	11,772.0	354,357.3
2015/12	339,636.5	29.9		815.0	3,573.4	11,292.1	323,926.0
2015/01	368,042.8	18.8		1,083.2	1,893.8	11,497.7	353,549.3
02	368,294.7	15.8		585.6	1,762.4	13,457.9	352,473.0
03	367,991.8	15.9		590.1	2,555.6	14,509.0	350,321.1
04	366,912.0	17.2		606.0	4,584.9	13,366.9	348,337.1
05	365,644.9	27.3		931.0	3,169.5	13,459.5	348,057.5
06	361,954.1	27.9		1,030.0	2,750.7	12,474.7	345,670.8
07	357,228.1	28.2		1,104.2	2,450.3	11,611.9	342,033.4
08	352,408.2	28.6		1,210.9	2,245.3	11,882.6	337,040.8
09	348,770.4	29.0		1,112.9	2,127.9	11,326.1	334,044.6
10	346,108.7	29.4		1,466.8	2,519.8	11,666.9	330,425.9
11	343,720.7	29.7		1,043.8	3,432.3	11,288.0	327,926.9
12**	339,636.5	29.9		815.0	3,573.4	11,292.1	323,926.0

Burimi: Banka e Shqipërisë

*Përfshihen vetëm llogaritë dhe depozitat që janë pjesë e parës së gjerë.

**Të dhënat e muajt dhjetor 2015 janë paraprake.

Source: Bank of Albania.

*Deposits included in broad money.

**December 2015 data are preliminary.

1-7 ILOGARI RRJEDHËSE DHE DEPOZITA PA AFAT NË VALUTË SIPAS SEKTORIT*

Në milionë lekë, fund periudhë

	Llogarit rrjedhëse dhe depozita pa afat/ Current account and sight deposits (2+ 3+ 4+ 5+ 6)		Qeveria lokale / Local government		Korporatat jo financiare publike/ Public non-financial corporations		Korporatat të tjera financiare /Other financial corporations		Korporatat të tjera jo financiare /Other non-financial corporations		Sektorë të tjerë rezidentë /Other resident sectors	
	1	2	3	4	5	6						
2013/12	109,627.6	372.6	1,972.2	982.3	35,865.9	70,434.6						
2014/12	147,856.9	231.3	4,104.4	1,733.2	44,806.0	96,982.0						
2015/12	193,918.4	209.5	3,645.4	2,641.2	53,618.9	133,803.4						
2015/01	149,647.3	102.8	4,670.3	897.3	45,938.0	98,038.9						
02	152,194.7	120.5	4,871.2	1,013.3	45,391.4	100,798.3						
03	153,458.4	63.7	4,771.5	1,085.4	44,278.4	103,259.4						
04	157,632.2	88.9	4,388.1	1,294.6	47,684.6	104,176.0						
05	156,171.5	93.9	3,608.7	852.3	46,747.3	104,869.2						
06	159,362.6	81.3	4,830.8	1,004.2	46,903.8	106,542.6						
07	164,261.2	111.8	3,505.4	1,196.3	48,653.2	110,794.6						
08	174,077.1	164.2	3,506.7	1,529.8	49,890.7	118,985.7						
09	175,732.6	256.6	3,396.6	1,244.0	48,903.7	121,931.7						
10	179,288.5	103.3	3,241.6	1,195.4	50,279.2	124,469.1						
11	183,901.2	170.9	3,255.0	842.7	51,855.3	127,777.4						
12**	193,918.4	209.5	3,645.4	2,641.2	53,618.9	133,803.4						

Burimi: Banka e Shqipërisë

*Përfshihen vetëm iloganitë dhe depozitat që janë pjesë e parash së gjërë.

**Të dhënat e muajit dhjetor 2015 janë paraprake.

Source: Bank of Albania.

*Deposits included in broad money.

**December 2015 data are preliminary.

1-8 DEPOZITAT NË VALUTË SIPAS SEKTORIT*

Në milionë lekë, fund periudhë

FOREIGN CURRENCY DENOMINATED DEPOSITS BY SECTOR* 1-8

In millions ALL, end of period

	Depozitat me afat/ Time deposits (2+3+4+5+6)	Geveria lokale/ Local government	Korporatat jo financiare publike/ Public non-financial corporations		Korporatat të tjera financiare/ Other financial corporations		Korporatat të tjera jo financiare/ Other non-financial corporations		Sektorë të tjerë rezidentë/ Other resident sectors	
			1	2	3	4	5	6		
2013/12	346,181.2	-	2,514.0	5,690.8	13,516.4	324,460.1				
2014/12	324,872.7	-	2,995.2	3,139.7	11,028.2	307,709.6				
2015/12	300,207.1	-	1,989.0	3,494.3	12,764.5	281,959.4				
2015/01	324,013.9	-	2,942.2	3,531.2	10,933.4	306,607.2				
02	321,997.0	-	3,139.3	3,589.8	10,643.5	304,624.4				
03	321,364.3	-	2,747.4	3,556.3	11,032.3	304,028.3				
04	317,795.4	-	2,745.9	3,529.6	10,830.3	300,689.6				
05	318,191.4	-	2,342.5	3,593.7	11,105.5	301,149.6				
06	313,202.1	-	2,194.1	3,546.0	11,329.0	296,133.0				
07	309,230.2	-	2,119.3	3,780.2	11,987.9	291,342.8				
08	307,546.8	-	2,118.6	3,457.4	11,608.4	290,362.5				
09	306,169.6	-	2,068.2	3,636.9	12,022.2	288,442.3				
10	304,331.6	-	2,135.0	3,517.6	11,991.8	286,687.3				
11	303,134.8	-	2,097.8	3,462.9	12,348.9	285,225.3				
12**	300,207.1	-	1,989.0	3,494.3	12,764.5	281,959.4				

Burimi: Banka e Shqipërisë

*Përfshihen vetëm iloganitë dhe depozitat që janë pjesë e parash së gjërë.

**Të dhënat e muajit dhjetor 2015 janë paraprake.

Source: Bank of Albania.

*Deposits included in broad money.

**December 2015 data are preliminary.

1-9 KREDIA SIPAS AKTIVITETIT EKONOMIK 1 Në milionë lekë, fund periudhe

LOANS BY ECONOMIC ACTIVITY 11-9

In millions ALL, end of period

	Të cilët i kredia për biznes/ Total loans to business (2+3+4+5+6+7+8+9+10+11+12+13+14+15+16+17)	Bujqësia, gjuetia dhe shtikultura/ Agriculture, hunting and forestry	Peshkimi/ Fishing	Industria nxjerrëse/ Mining and quarrying	Industria përpunuese/ Manufacturing	Prodhimi, shpërndarja e energjisë elektrike, e gazit dhe e ujit/ Electric ity, gas and water supply	Ndërtimi/ Construction	Tregtia, riparimi dhe aniktheve/ Trade, repair of motor vehicles and personal and household goods	Hotelet dhe restorantet/ Hotels and restaurants	Transporti, magazinimi dhe telekomunikacioni/ Transport, storage and telecommunications	Ndërmjetësimi financiar/ Financial intermediation	Pasuritë e patundshme, dhëna me qira etj./ Real estate, renting, etc.	Administrimi publik/ Public administration	Asimi/ Education	Shërbimet dhe veprimtaritë sociale/ Health and social work	Shërbime kolektive, sociale dhe individuale/ Other community, social and personal service activities	Të tjera/ Other
2013/12	394,660.3	6,201.7	825.4	7,515.5	57,112.9	49,943.6	53,784.0	133,676.5	16,069.8	12,486.9	13,555.7	2,545.3	989.1	5,177.0	5,219.5	20,369.6	9,187.7
2014/12	404,513.6	6,738.0	348.1	7,982.7	59,466.9	53,882.8	53,372.1	140,009.3	15,229.1	12,181.9	12,279.7	2,417.0	887.9	4,969.6	4,138.0	21,576.8	9,033.5
2015/12	388,783.3	7,080.4	546.3	9,861.9	55,309.9	49,806.6	49,281.8	132,349.1	14,581.3	11,101.7	12,539.9	4,690.0	592.0	5,630.9	3,554.8	21,659.2	10,197.6
2015/01	401,124.8	6,587.9	344.6	9,059.4	59,419.0	53,926.7	52,121.9	138,540.6	14,615.7	12,039.3	12,413.9	2,246.9	878.7	4,935.9	3,985.8	21,015.2	8,993.5
02	399,432.6	6,525.4	331.9	9,165.2	59,477.8	52,817.2	50,614.2	138,457.5	14,615.6	12,402.6	12,267.9	2,201.9	877.9	4,909.8	4,052.4	21,326.6	8,888.8
03	398,382.7	6,537.3	343.0	9,715.7	59,807.6	53,228.5	50,976.2	135,278.5	14,713.1	12,468.8	12,178.7	2,690.7	920.2	4,973.4	4,025.6	21,555.0	8,970.6
04	398,287.0	6,707.4	374.3	11,125.3	58,563.0	51,948.8	51,268.7	134,721.0	14,557.7	12,601.9	12,358.6	2,703.3	981.0	4,954.9	4,127.4	21,571.2	9,722.4
05	400,772.3	6,711.4	393.3	11,776.0	58,884.7	51,786.8	51,083.7	136,975.0	14,783.3	12,235.2	12,305.4	2,833.7	989.6	5,137.3	4,117.5	21,630.4	9,129.0
06	394,089.1	6,358.7	387.6	10,215.5	56,582.1	52,572.2	50,349.9	133,759.8	14,775.0	12,287.4	12,643.8	2,806.7	845.9	5,073.6	4,070.3	21,978.2	9,382.4
07	392,628.4	6,285.7	634.1	10,859.0	56,805.6	51,373.2	50,573.9	132,527.8	14,702.3	12,399.5	12,212.4	2,905.9	709.7	5,049.1	4,017.4	22,082.3	9,490.6
08	390,662.5	6,318.2	623.3	9,648.8	56,511.7	48,771.1	51,224.7	134,598.6	14,338.9	12,594.3	12,277.7	2,362.9	672.3	5,203.8	3,976.4	22,303.2	9,236.6
09	388,086.0	6,336.7	574.6	11,028.0	56,428.0	48,310.7	49,613.7	134,727.1	14,332.1	12,210.9	12,298.0	2,154.5	749.6	5,156.5	3,893.4	21,924.3	8,347.8
10	390,869.0	6,951.2	547.0	9,926.9	57,378.8	48,036.6	50,319.2	135,238.8	15,001.9	11,740.5	12,241.2	2,212.7	1,058.6	5,110.6	4,014.6	22,694.9	8,395.7
11	391,193.4	7,258.5	544.7	10,800.4	55,665.7	48,028.5	49,598.0	136,173.1	14,955.8	11,815.1	12,611.7	2,446.2	920.6	5,411.7	3,686.5	21,369.7	9,907.2
12	388,783.3	7,080.4	546.3	9,861.9	55,309.9	49,806.6	49,281.8	132,349.1	14,581.3	11,101.7	12,539.9	4,690.0	592.0	5,630.9	3,554.8	21,659.2	10,197.6

Burimi: Banka e Shqipërisë
 1)Të dhënat e kredisë nuk përfshijnë interesat në pëllëgatorit.
 Source: Bank of Albania.
 1)Data on loans do not include accrued interests.

1-10 KREDIA SIPAS QËLLIMIT TË PËRDORIMIT DHE MONEDHËS PËR BIZNESET¹

Në milionë lekë, fund periudhë

BUSINESS LOANS BY PURPOSE AND CURRENCY 1-10

In millions ALL, end of period

	Kredia për bizneset / Business loans (2+ 7+12+17)					
	1	2	3	4	5	6
2013/12	394,660.3	145,978.4	49,815.8	39,508.7	23,935.2	32,718.7
2014/12	404,513.6	154,107.3	55,385.4	33,778.2	26,185.9	38,757.8
2015/12	388,783.3	154,441.3	54,735.1	34,860.4	28,402.6	36,443.2
2015/01	401,124.8	152,005.7	55,061.9	32,262.0	26,564.4	38,117.3
02	399,432.6	151,546.1	54,698.9	32,765.2	26,276.2	37,805.8
03	398,382.7	153,949.8	56,810.9	33,431.3	26,251.3	37,456.4
04	398,287.0	153,811.7	55,464.3	33,858.9	26,525.2	37,963.2
05	400,772.3	155,704.5	55,416.3	35,011.3	26,968.0	38,308.9
06	394,089.1	156,182.0	55,572.0	35,421.3	26,730.9	38,437.9
07	392,628.4	155,055.6	54,284.1	35,291.6	27,059.0	38,420.9
08	390,662.5	155,590.0	53,981.7	35,010.0	28,009.6	38,588.7
09	388,086.0	155,203.8	54,026.0	35,478.8	27,381.6	38,317.5
10	390,869.0	153,286.9	52,746.7	35,007.1	27,361.1	38,172.1
11	391,193.4	153,628.0	53,657.6	34,839.6	27,982.4	37,148.4
12	388,783.3	154,441.3	54,735.1	34,860.4	28,402.6	36,443.2

	Në dollarë amerikanë / In USD (8+9+10+11)					
	7	8	9	10	11	11
2013/12	31,784.4	15,449.0	4,107.5	8,337.9	3,890.1	3,890.1
2014/12	39,588.8	16,633.2	10,665.7	8,757.0	3,533.0	3,533.0
2015/12	38,423.3	19,164.9	8,387.3	7,454.3	3,416.9	3,416.9
2015/01	42,911.2	18,657.6	11,358.3	9,199.9	3,695.3	3,695.3
02	42,070.4	17,706.1	11,556.2	9,129.6	3,678.5	3,678.5
03	39,706.5	17,433.8	9,293.7	9,367.9	3,611.1	3,611.1
04	40,309.2	19,236.9	8,758.6	8,890.4	3,423.3	3,423.3
05	41,543.8	20,040.9	8,843.0	9,036.7	3,623.3	3,623.3
06	39,325.3	18,280.5	8,781.8	8,727.4	3,535.7	3,535.7
07	40,290.0	19,045.5	8,228.7	9,159.1	3,856.7	3,856.7
08	37,214.3	17,472.8	8,196.6	7,758.8	3,786.1	3,786.1
09	40,212.0	20,761.3	8,218.2	7,557.1	3,675.4	3,675.4
10	39,678.3	20,482.2	8,451.3	7,317.4	3,427.4	3,427.4
11	39,463.4	19,522.5	8,914.7	7,577.3	3,448.9	3,448.9
12	38,423.3	19,164.9	8,387.3	7,454.3	3,416.9	3,416.9

	Në euro / In EUR (13+14+15+16)					
	12	13	14	15	16	17
2013/12	216,839.5	60,019.9	29,554.8	59,328.0	67,936.8	58.0
2014/12	210,779.8	54,675.9	30,564.8	59,067.2	66,471.8	37.7
2015/12	195,887.6	49,283.8	27,854.2	59,187.1	59,562.5	31.1
2015/01	206,165.6	52,898.8	29,863.6	58,013.6	65,389.7	42.4
02	205,775.2	53,584.8	29,813.6	56,586.1	65,790.8	41.0
03	204,696.7	52,677.2	29,352.3	58,297.3	64,370.0	29.7
04	204,126.5	50,839.8	30,400.5	57,728.7	65,157.5	39.6
05	203,484.5	50,613.6	30,403.7	57,056.0	65,411.3	39.5
06	198,543.7	50,133.3	29,430.6	55,884.3	63,095.5	38.1
07	197,246.5	47,515.9	29,384.4	57,516.3	62,829.8	36.4
08	197,823.6	47,987.5	29,652.8	56,345.1	63,838.3	34.6
09	192,636.8	46,561.2	28,983.0	54,127.1	62,965.6	33.4
10	197,871.0	47,285.2	29,040.3	57,121.6	64,423.9	32.8
11	198,070.1	48,505.0	28,751.3	58,418.0	62,395.9	31.8
12	195,887.6	49,283.8	27,854.2	59,187.1	59,562.5	31.1

Burimi: Banka e Shqipërisë

1)Të dhënat e kredisë nuk përfshijnë interesat të përllogaritur.

Source: Bank of Albania.
1)Data on loans do not include accrued interests.

1-11 KREDIA SIPAS QËLLIMIT TË PËRDORIMIT DHE MONEDHËS PËR INDIVIDËT¹

Në milionë lekë, fund periudhë

HOUSEHOLD LOANS BY PURPOSE AND CURRENCY 11-11

In millions ALL, end of period

	Kreda për individët / Household loans (2+8+14+20)		Në lekë / In ALL (3+4+5+6+7)		Ovëdrat / Overdraft		Mallra jo të qëndrueshëm / Non durable goods		Mallra të qëndrueshëm / Durable goods		Pasuri të paluajtshme / Real estate		Ushirim aktiviteti / Business activity	
	1		2		3		4		5		6		7	
2013/12	142,716.7		65,588.1		5,571.9		14,345.7		6,052.7		36,148.8		3,469.1	
2014/12	144,594.3		70,607.4		5,943.6		15,406.2		7,413.6		38,556.4		3,287.5	
2015/12	146,099.4		76,297.5		6,271.4		16,665.9		8,339.8		41,711.3		3,309.1	
2015/01	145,302.7		70,885.4		5,942.5		15,304.7		7,422.9		38,567.2		3,648.1	
02	145,765.7		70,927.8		5,941.4		15,335.8		7,347.6		38,631.1		3,671.9	
03	147,814.2		72,708.6		6,135.3		15,407.8		7,438.9		39,016.8		4,709.8	
04	146,835.0		72,377.6		6,092.1		15,601.3		7,572.8		39,275.8		3,835.7	
05	147,145.1		72,682.0		5,889.8		15,632.7		7,773.6		39,504.8		3,881.1	
06	147,061.2		73,828.4		5,976.0		15,721.9		7,846.8		40,391.4		3,892.3	
07	147,250.3		74,371.4		5,917.2		15,951.9		7,985.0		40,680.2		3,837.1	
08	147,492.7		74,762.1		6,054.5		15,999.5		8,044.1		40,747.2		3,916.8	
09	147,039.3		75,214.0		6,369.2		16,139.8		8,112.8		40,696.9		3,895.3	
10	145,767.5		75,161.9		6,310.5		16,219.2		8,248.3		41,003.3		3,380.7	
11	146,141.7		75,632.3		6,248.2		16,415.0		8,300.8		41,318.1		3,350.2	
12	146,099.4		76,297.5		6,271.4		16,665.9		8,339.8		41,711.3		3,309.1	

	Në dollarë amerikanë / In USD (9+10+11+12+13)		Ovëdrat / Overdraft		Mallra jo të qëndrueshëm / Non durable goods		Mallra të qëndrueshëm / Durable goods		Pasuri të paluajtshme / Real estate		Ushirim aktiviteti / Business activity	
	8		9		10		11		12		13	
2013/12	1,325.5		60.2		59.8		41.1		965.4		199.0	
2014/12	1,293.0		77.9		89.2		45.4		893.4		187.1	
2015/12	1,408.3		88.1		133.8		111.1		806.5		268.9	
2015/01	1,725.8		119.2		113.5		42.7		1,255.8		194.7	
02	1,400.1		130.1		119.2		24.8		936.9		189.2	
03	1,461.8		134.1		126.3		25.0		970.7		205.6	
04	1,380.7		133.9		121.7		23.2		918.7		183.2	
05	1,415.5		133.2		131.2		27.3		939.3		184.6	
06	1,334.8		131.5		125.4		24.9		872.9		180.1	
07	1,392.2		127.3		138.7		25.3		870.2		230.8	
08	1,348.7		116.3		132.2		24.2		853.2		222.9	
09	1,328.3		119.4		134.3		26.4		825.2		223.0	
10	1,342.6		126.7		131.6		24.7		816.8		242.8	
11	1,481.9		124.8		138.1		112.7		824.5		281.8	
12	1,408.3		88.1		133.8		111.1		806.5		268.9	

	Në euro / In EUR (15+16+17+18+19)		Ovëdrat / Overdraft		Mallra jo të qëndrueshëm / Non durable goods		Mallra të qëndrueshëm / Durable goods		Pasuri të paluajtshme / Real estate		Ushirim aktiviteti / Business activity		Kreda në monedha të tjera / In other currencies	
	14		15		16		17		18		19		20	
2013/12	75,433.5		2,595.6		1,991.7		2,936.1		65,436.0		2,454.2		369.6	
2014/12	72,354.3		2,225.7		1,799.1		2,891.2		63,039.0		2,399.3		339.7	
2015/12	68,074.8		2,051.7		1,865.7		3,251.5		58,838.5		2,067.5		318.9	
2015/01	72,304.6		2,169.2		1,588.3		2,629.8		62,855.9		3,061.3		386.9	
02	73,059.1		2,126.7		1,595.9		2,716.5		63,577.5		3,042.4		378.7	
03	73,252.5		2,107.2		1,736.3		2,776.8		63,256.0		3,376.2		391.3	
04	72,700.0		2,091.8		1,742.9		2,772.6		63,093.5		2,999.1		376.8	
05	72,664.7		2,361.7		1,793.0		2,853.2		62,910.5		2,746.3		383.0	
06	71,527.9		2,415.8		1,773.6		2,866.7		61,686.9		2,784.9		370.1	
07	71,128.7		2,722.6		1,839.8		2,908.6		60,815.1		2,842.7		358.1	
08	71,035.7		2,665.7		1,785.2		2,963.1		60,768.8		2,853.0		346.3	
09	70,158.0		2,127.9		1,744.6		2,989.7		60,479.0		2,816.8		339.1	
10	68,924.9		2,135.1		1,827.6		2,552.1		60,434.3		1,975.9		338.1	
11	68,706.2		2,041.9		1,851.5		2,485.4		60,305.6		2,021.8		321.3	
12	68,074.8		2,051.7		1,865.7		3,251.5		58,838.5		2,067.5		318.9	

Burimi: Banka e Shqipërisë

1) Në dhënat e kredisë nuk përfshihen interesat e përfitlogarit.

Source: Bank of Albania.
1) Data on loans do not include accrued interests.

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)						Tiranë/Tirana	Durrës/Durrës	Elbasan/Elbasan	Shkodër/Shkodra	Korçë/Korça	Vlorë/Vlora	Fier/Fier	Lezhë/Lezha	Të tjera /Other
	1	2	3	4	5	6									
2013/IV	537,377.0	385,356.1	42,538.0	15,964.8	12,664.2	9,003.5	15,731.6	12,859.3	9,263.8	33,995.7	10				
2014/IV	549,107.9	399,050.2	41,520.8	16,504.0	12,630.8	9,145.3	13,691.4	13,831.6	9,025.1	33,708.9					
2015/IV	534,882.7	394,242.6	38,395.0	15,859.8	12,152.0	8,185.0	12,607.4	13,379.8	7,811.7	32,249.5					
2015/I	546,196.9	397,862.0	41,000.5	16,097.2	12,590.1	8,780.9	13,739.2	14,077.1	8,855.7	33,194.4					
2015/II	541,150.2	397,594.2	38,887.9	15,344.5	12,388.5	8,231.0	13,245.7	14,056.1	8,641.2	32,761.2					
2015/III	535,125.3	392,314.4	39,016.7	15,340.0	12,265.1	8,307.9	12,927.3	13,896.1	8,458.0	32,599.8					
2015/IV	534,882.7	394,242.6	38,395.0	15,859.8	12,152.0	8,185.0	12,607.4	13,379.8	7,811.7	32,249.5					

Burimi: Banka e Shqipërisë

* Të dhënat e kredisë nuk përfshijnë interesat e përfituarit.

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

Në përqindje

In percentage

	Depozita njëditore / Overnight deposit				Marrëveshje riblejete njëjavore/Weekly repurchase agreement				Kredita njëditore/ Overnight credit				Kredita për mbështetje me likuiditet / liquidity supporting loan			
	Vlera/ Level		Ndryshimi/ Change		Vlera/ Level		Ndryshimi/ Change		Vlera/ Level		Ndryshimi/ Change		Vlera/ Level		Ndryshimi/ C change	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2004	29/04	3.25		6.25	8.75	12.25	12.25	8	7	6	5	4	3	2	1	0
	12/05	3.00	-0.25	6.00	8.50	12.00	12.00	-	-	-	-	-	-	-	-	-
	24/06	2.75	-0.25	5.75	8.25	11.75	11.75	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	28/07	2.50	-0.25	5.50	8.00	11.50	11.50	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	04/11	2.25	-0.25	5.25	7.75	11.25	11.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
2005	31/03	2.00	-0.25	5.00	7.50	11.00	11.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	27/07	3.25	1.25	5.00	6.75	11.00	11.00	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
2006	12/07	3.50	0.25	5.25	7.00	11.25	11.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	30/11	3.75	0.25	5.50	7.25	11.50	11.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2007	28/06	4.00	0.25	5.75	7.50	11.75	11.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	27/09	4.25	0.25	6.00	7.75	12.00	12.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	30/11	4.50	0.25	6.25	8.00	12.25	12.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2008	24/12	4.50		6.25	7.00	12.25	12.25	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
2009	28/01	4.50	-	6.25	7.00	12.25	12.25	-	-	-	-	-	-	-	-	-
	29/01	4.00	-0.50	5.75	6.50	11.75	11.75	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
	28/10	3.50	-0.50	5.25	6.00	11.25	11.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
2010	29/07	3.25	-0.25	5.00	5.75	11.00	11.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
2011	03/01	3.25		5.00	6.75	11.00	11.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	24/03	3.50	0.25	5.25	7.00	11.25	11.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
	30/09	3.25	-0.25	5.00	6.75	11.00	11.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	01/12	3.00	-0.25	4.75	6.50	10.75	10.75	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
2012	26/01	2.75	-0.25	4.50	6.25	10.50	10.50	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	29/03	2.50	-0.25	4.25	6.00	10.25	10.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	10/05	2.50		4.25	6.00	10.25	10.25									
	25/07	2.25	-0.25	4.00	5.75	10.00	10.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
2013	31/01	2.00	-0.25	3.75	5.50	9.75	9.75	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	01/08	1.75	-0.25	3.50	5.25	9.50	9.50	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	02/12	1.50	-0.25	3.25	5.00	9.25	9.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	16/12	1.25	-0.25	3.00	4.75	9.00	9.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
2014	27/02	1.00	-0.25	2.75	4.50	8.75	8.75	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	02/06	0.75	-0.25	2.50	4.25	8.50	8.50	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	27/11	0.50	-0.25	2.25	4.00	8.25	8.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
2015	29/01	0.25	-0.25	2.00	3.75	8.00	8.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
	05/11	0.00	-0.25	1.75	3.50	7.75	7.75	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-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 rregullorës "Për kreditin për mbështetje me likuiditet", instrumenti "Kredita Lombard" do të pasohet nga "Kredita 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 13March 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
In percentage

	Logarit rritëdhëse / Current accounts	Në lekë / In ALL				
		1 muajore / 1 months	3 muajore / 3 months	6 muajore / 6 months	12 muajore / 12 months	24 muajore / 24 months
2013	0.05	2.79	2.72	3.40	4.17	5.67
2014	0.05	2.04	1.11	1.53	1.92	3.27
2015	0.05	1.44	0.74	1.12	1.35	2.38
2015/01	0.05	1.52	0.77	1.22	1.42	2.75
02	0.05	1.51	0.90	1.25	1.57	2.67
03	0.04	1.42	0.72	1.08	1.46	2.22
04	0.05	1.59	0.79	1.05	1.45	2.20
05	0.05	1.59	0.89	1.13	1.59	2.19
06	0.05	1.62	0.71	1.09	1.45	2.27
07	0.05	1.38	0.70	1.06	1.42	2.24
08	0.05	1.35	0.72	1.14	1.04	2.33
09	0.05	1.32	0.69	1.01	1.27	2.43
10	0.05	1.38	0.67	1.05	1.34	2.27
11	0.05	1.00	0.61	1.09	1.44	2.31
12	0.03	0.88	0.54	1.17	1.27	2.51
Në dollarë amerikanë / In USD						
2013	0.04	1.38	1.06	1.25	1.84	2.03
2014	0.04	0.63	0.47	0.71	0.96	1.18
2015	0.04	0.24	0.20	0.33	0.46	1.06
2015/01	0.04	0.38	0.28	0.57	0.46	0.88
02	0.04	0.20	0.20	0.24	0.51	1.06
03	0.04	0.23	0.20	0.24	0.52	1.27
04	0.04	0.30	0.17	0.34	0.37	0.61
05	0.04	0.28	0.21	0.19	0.38	0.86
06	0.04	0.30	0.16	0.18	0.52	1.07
07	0.04	0.20	0.23	0.59	0.46	1.10
08	0.04	0.22	0.20	0.29	0.43	0.84
09	0.04	0.21	0.20	0.33	0.41	1.19
10	0.03	0.20	0.11	0.34	0.54	1.05
11	0.04	0.20	0.17	0.33	0.34	1.21
12	0.03	0.19	0.17	0.23	0.49	0.93
Në euro / In EUR						
2013	0.04	1.27	1.30	1.58	2.12	2.97
2014	0.05	0.60	0.44	0.65	0.86	1.63
2015	0.05	0.16	0.13	0.22	0.35	0.77
2015/01	0.05	0.23	0.22	0.26	0.49	0.96
02	0.05	0.13	0.19	0.27	0.44	1.17
03	0.05	0.13	0.13	0.21	0.41	0.67
04	0.05	0.17	0.14	0.30	0.43	0.57
05	0.05	0.13	0.13	0.22	0.39	0.71
06	0.05	0.16	0.12	0.18	0.39	0.74
07	0.05	0.16	0.11	0.15	0.37	0.67
08	0.05	0.17	0.09	0.21	0.26	0.82
09	0.05	0.16	0.14	0.18	0.27	0.76
10	0.05	0.15	0.08	0.18	0.33	0.67
11	0.05	0.17	0.08	0.31	0.33	0.58
12	0.04	0.14	0.10	0.20	0.40	0.69

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 * INTEREST RATES ON NEW LOANS BY CURRENCY * 3-2

Në përqindje

In percentage

	Në lekë / In ALL					
	Deri në 6 muaj/Up to 6 months	6 muaj-1 vit/ 6 months-1 year	1-3 vjet/1-3 years	3-5 vjet/3-5 years	Mbi 5 vjet/Over 5 years	
2013	9.59	9.52	13.99	11.65	9.65	
2014	8.55	7.66	11.86	10.35	8.09	
2015	8.91	7.77	9.24	8.83	6.92	
2015/01	8.21	7.76	11.45	9.68	7.37	
02	8.17	7.36	11.15	10.09	7.54	
03	9.30	8.74	9.39	8.85	6.73	
04	10.18	8.14	8.11	8.76	7.38	
05	8.86	7.98	9.27	9.23	7.05	
06	9.28	8.95	8.93	9.17	6.60	
07	7.49	7.62	9.14	9.73	7.29	
08	8.28	7.60	9.15	7.00	7.07	
09	8.11	8.50	9.83	9.27	6.93	
10	9.81	7.11	9.08	9.49	7.19	
11	8.38	7.30	8.91	9.01	5.53	
12	8.35	7.47	9.33	8.11	6.98	
	Në dollarë amerikanë / In USD					
	Deri në 6 muaj/Up to 6 months	6 muaj-1 vit/ 6 months-1 year	1-3 vjet/1-3 years	3-5 vjet/3-5 years	Mbi 5 vjet/Over 5 years	
2013	6.62	6.33	6.60	6.33	7.45	
2014	6.50	6.14	5.47	6.89	6.94	
2015	4.84	5.18	5.66	6.07	4.58	
2015/01	6.52	5.44	8.47	11.62	5.54	
02	5.17	5.13	8.29	8.15	4.89	
03	4.08	5.90	8.96	7.05	3.70	
04	5.10	5.16	8.69	—	8.27	
05	5.17	6.31	6.32	11.75	6.88	
06	4.68	4.76	7.20	11.77	6.76	
07	4.03	6.63	7.34	6.07	5.78	
08	4.21	2.28	4.98	—	4.66	
09	4.29	4.37	11.90	5.57	5.16	
10	5.06	5.26	10.29	6.02	5.79	
11	4.23	6.48	3.94	4.41	3.95	
12	4.38	6.68	14.38	7.86	6.86	
	Në euro / In EUR					
	Deri në 6 muaj/Up to 6 months	6 muaj-1 vit/ 6 months-1 year	1-3 vjet/1-3 years	3-5 vjet/3-5 years	Mbi 5 vjet/Over 5 years	
2013	6.67	6.82	7.32	7.03	6.95	
2014	7.11	6.61	7.17	6.88	6.25	
2015	6.64	5.71	6.52	5.79	5.21	
2015/01	6.98	5.66	5.88	7.65	5.96	
02	7.73	5.81	6.17	7.10	5.74	
03	7.15	6.11	5.99	6.40	6.24	
04	7.94	5.98	5.21	5.61	5.36	
05	6.18	5.97	6.17	5.92	6.00	
06	6.58	5.63	5.88	6.29	5.68	
07	6.75	6.01	6.40	4.68	5.45	
08	6.19	6.39	10.53	5.99	5.49	
09	7.28	5.74	5.76	6.08	5.48	
10	6.26	5.41	5.96	4.07	4.01	
11	5.89	5.00	5.88	6.30	3.57	
12	5.20	5.66	6.16	7.03	5.63	

Burimi: Banka e Shqipërisë

*Përfaqësojnë normat mesatare të ponderuara të periudhës. Normat vjetore përfaqësojnë normat mesatare të ponderuara vjetore, ndërsa normat mujore përfaqësojnë normat mesatare të ponderuara mujore.

Source: Bank of Albania.

*Weighted average interest rates. Yearly data presents the annual weighted average rate, while the monthly data presents the monthly weighted average rate.

3-3 NORMAT E INTERESIT PËR BONOT E THESARIT SIPAS AFATIT*
Në përqindjeMATURITY BREAKDOWN OF TREASURY BILLS YIELDS *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
2009/12	6.30	7.52	9.14
2010/12	5.29	6.41	7.09
2011/12	5.31	6.23	6.95
2012/12	5.03	5.65	6.37
2013/01	5.08	6.08	6.56
02	5.05	6.00	6.38
03	5.04	5.99	6.18
04	–	5.94	6.11
05	4.80	5.80	5.87
06	4.63	5.51	5.55
07	–	5.30	5.35
08	3.85	4.52	4.85
09	3.44	3.99	4.18
10	3.43	3.68	3.81
11	–	3.49	3.73
12	3.40	3.54	3.66
2014/01	3.36	3.71	3.82
02	3.24	3.52	3.79
03	3.14	3.40	3.66
04	–	3.32	3.56
05	3.05	3.27	3.40
06	3.02	3.14	3.26
07	2.95	3.16	3.23
08	3.05	3.14	3.20
09	3.08	3.13	3.20
10	3.08	3.13	3.25
11	3.11	3.15	3.29
12	3.15	3.16	3.33
2015/01	3.23	3.23	3.50
02	3.19	3.23	3.58
03	3.11	3.25	3.59
04	3.00	3.14	3.50
05	2.90	3.11	3.42
06	2.79	3.04	3.29
07	2.71	2.97	3.24
08	2.66	2.90	3.22
09	2.61	2.87	3.21
10	2.57	2.82	3.18
11	–	2.82	2.97
12	–	2.46	2.40

Burimi: Banka e Shqipërisë

*Përfaqësojnë normat mesatare të ponderuara të periudhës.

Source: Bank of Albania.

*Weighted average interest rates.

4. KURSI I KËMBIMIT

4-1 KURSI I KËMBIMIT TË LËKUT KUNDREJT MONEDHAVE KYRESORE

Lejë për njësi të monedhës së huaj

EXCHANGE RATE 4.
EXCHANGE RATE 4-1
ALL per unit of foreign currencies

Monedhat kryesore / Main foreign currencies	Mesatarja e periudhës / Average of period									
	Dollari amerikan / US dollar (USD)	Monedha evropiane / European currency (EUR)	Poundi britanik / British pound sterling (GBP)	Franga zvicerane / Swiss franc (CHF)	Jeni japonez / Japanese yen (per 100 JPY)	Dollari Kanadez / Canadian dollar (CAD)	Dollari amerikan / US Dollar (USD)	Monedha evropiane / European currency (EUR)	Poundi britanik / British pound sterling (GBP)	Franga zvicerane / Swiss franc (CHF)
	1	2	3	4	5	6	7	8	9	10
2013	105.67	140.26	165.19	114.00	108.50	102.65	101.86	140.20	168.39	114.41
2014	105.48	139.97	173.62	115.26	99.78	95.49	115.23	140.14	179.48	116.52
2015	125.96	139.74	192.54	131.09	104.12	98.72	125.79	137.28	186.59	126.74
2015/01	120.73	140.04	182.69	129.49	102.15	99.74	123.35	139.72	186.02	133.77
02	123.46	140.23	189.19	132.05	104.07	98.74	124.96	140.36	192.52	131.73
03	129.66	140.41	194.27	132.40	107.73	102.87	130.63	140.34	192.89	133.98
04	129.97	140.26	194.25	135.18	108.75	105.31	125.61	140.53	193.95	133.77
05	126.19	140.82	195.20	135.61	104.48	103.71	128.48	140.98	196.49	136.51
06	125.61	140.82	195.39	134.83	101.57	101.66	125.57	140.29	197.50	135.21
07	126.99	139.85	197.55	133.32	102.97	99.02	127.49	139.59	198.35	132.38
08	125.39	139.59	195.53	129.53	101.80	95.39	124.63	139.73	191.93	129.38
09	124.19	139.52	190.69	127.78	103.40	93.73	124.24	139.39	188.65	127.69
10	124.21	139.53	190.43	128.23	103.50	95.03	126.43	139.18	194.03	128.09
11	128.50	138.18	195.46	127.56	104.89	96.93	130.35	138.15	196.08	126.49
12	126.64	137.65	189.85	127.15	104.08	92.47	125.79	137.28	186.59	126.74

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

2 SEKTORI I JASHTËM

5-1 BILANCI I PAGESAVE *

Në milionë Euro

EXTERNAL SECTOR 2
BALANCE OF PAYMENTS *5-1
In millions EUR

	Llogaritja e llogaritjeve / Current account									
	Llogaritja e llogaritjeve / Current account	Mallat / Goods (3-4)	Shërbimet / Services (5-7)	Debit / Credit	Debit / Credit	Debit / Credit	Të ardhura parësore / Primary income (9-10)	Kredit / Credit	Debit / Debit	Të ardhura dytësore / Secondary income (12-13)
	1	2	3	4	5	6	7	8	9	10
2013	-1049.1	-1979.3	1050.6	3029.9	225.7	1714.9	1489.1	24.5	137.8	113.3
2014	-1287.2	-2215.6	931.7	3147.3	323.2	1881.4	1558.2	-119.4	125.6	810.4
2014/IV	-382.5	-660.9	220.7	881.6	120.2	499.4	379.2	-47.1	30.5	77.6
2015/I	-239.9	-489.1	171.9	660.9	112.3	417.7	305.4	-43.8	27.2	71.1
2015/II	-170.5	-488.2	250.3	738.5	127.9	455.4	327.5	-20.5	24.7	45.2
2015/III	-325.6	-608.4	175.0	783.4	133.8	601.1	467.2	-23.1	30.3	53.4
	Llogaritja financiare / Financial account									
	Llogaritja financiare / Financial account	Investimet direkte / Direct investment (17-18)	Investimet portofoliale / Portfolio investment (20-21)	Detyrime / Liabilities	Mjete / Assets	Detyrime / Liabilities	Mjete / Assets	Detyrime / Liabilities	Mjete / Assets	Detyrime / Liabilities
	19	16	17	18	19	20	21	22	23	24
2013	-911.8	-923.2	21.6	944.8	115.4	127.4	12.0	-111.9	210.5	322.4
2014	-1031.7	-811.5	57.7	869.2	122.1	130.2	8.1	-295.8	260.5	260.5
2014/IV	-253.5	-222.8	22.8	245.5	105.1	108.4	3.2	-136.1	-141.5	-5.3
2015/I	-299.2	-273.9	6.5	280.4	79.1	66.8	12.3	-109.7	118.9	9.3
2015/II	-201.0	-200.5	8.7	209.1	71.3	55.4	15.9	106.9	99.2	-7.8
2015/III	-423.7	-231.0	1.1	232.1	-12.7	-16.5	-3.7	-181.7	74.8	256.5
Burimi: Banka e Shqipërisë.										
*Të dhënat janë hartuar sipas manualit të gjatshëm të bilancit të pagesave.										
**Nuk përfshihen zërat që janë klasifikuar në kategorinë e llogaritjeve 20.										
***Në kategorinë 22 përfshihen edhe derivatit financiarë.										
****Nuk përfshihen zërat 28.										
Për detaje referohuni tek "Shpjegues për ndryshimet në statistikat e sektorit të jashtëm sipas BPM 6 (Qershor 2014)".										

*Data presented in the table are compiled according to BPM 6 IMF Manual.
**Excludes components that have been classified in the categories of group 20.
***Other investment [22] include financial derivatives.
****Excluding Credit and loans from the IMF 28.

Source: Bank of Albania.
*Data presented in the table are compiled according to BPM 6 IMF Manual.
**Excludes components that have been classified in the categories of group 20.
***Other investment [22] include financial derivatives.
****Excluding Credit and loans from the IMF 28.

For details refer to: "Commentary for changes in the publication of external sector statistics according to BPM 6 (June 2014)".

5-2 EKSPORTI SIPAS GRUPMALLRAVE *

Në milionë lekë

EXPORT BY COMMODITY GROUPS * 5-2
In millions ALL

Gjithsej / Total (2+3+4+5+6+7+8+9+10)	Ushqim, pije duhan/Food, beverages, tobacco	Mineralë, lëndë djegëse, ener. elek./Minerals, fuels, electricity	Produkte kimike dhe plastike/Chemical and plastic products	Lëkurë dhe artikuj prej lëkure/Leather and leather manufactures	Prodime druri dhe lera/Wood manufactures and articles of paper	Tekstile dhe këpucë/Textile and footwear	Materiale ndërtimi dhe metale/Construction materials and metals	Makinëri, pajisje dhe pjesë këmbimi/Machinery, equipments and spare parts	Të tjera /Others
2013	246,397.4	14,651.4	99,417.5	2,887.3	7,999.9	69,373.9	36,190.6	8,245.9	4,436.0
2014	255,759.0	16,746.6	85,884.5	3,393.6	9,180.9	85,935.9	37,102.5	9,235.0	5,203.7
2015	243,183.0	21,066.3	64,505.1	3,961.3	8,336.4	90,091.0	35,279.5	10,789.0	6,256.9
2015/01	17,762.7	1,114.8	3,646.8	244.2	655.7	7,373.2	3,156.2	1,042.7	360.6
02	18,392.2	1,146.3	4,709.5	320.3	777.3	7,146.2	2,606.9	1,238.6	361.9
03	22,179.4	1,324.5	5,948.1	332.0	861.7	7,349.5	4,276.7	1,324.2	454.3
04	20,783.2	1,426.8	6,779.1	343.5	605.6	6,462.8	3,165.8	1,090.4	671.0
05	24,098.3	2,137.4	8,243.0	431.3	226.4	7,318.7	3,675.8	875.7	567.4
06	24,158.1	2,142.1	7,915.9	383.3	319.3	8,083.0	3,253.2	797.6	635.1
07	22,540.4	1,835.3	5,690.2	321.4	311.8	9,170.0	3,029.9	832.7	632.8
08	15,375.8	1,397.3	4,321.9	281.9	542.1	5,625.3	2,114.0	534.2	481.5
09	20,403.1	1,430.1	5,065.6	399.7	715.8	8,365.7	2,832.1	841.5	468.0
10	20,204.4	2,641.6	4,285.0	362.4	822.9	7,843.9	2,744.9	758.3	555.6
11	19,468.3	2,490.9	4,002.9	262.4	864.0	7,945.8	2,413.3	692.7	516.6
12	17,817.1	1,979.4	3,897.1	279.0	636.1	7,407.0	2,010.7	740.4	552.1

Burimi: INSTAT.

* Eksportet janë në vlerën F.O.B.

Të dhënat vjetore sipas tabelës "Tregtia e jashtme sipas produkteve (1993-2015)" në faqen e internetit të INSTAT.

Të dhënat mujore sipas "Databaza Statistike" tabela "Eksporti sipas grupmallrave 2005-01 - 2015-12" dhe "Tregtia e jashtme sipas grupmallrave" në faqen e internetit të INSTAT, datë 12.03.2016.

Annual data as of table "Foreign trade according to the products (1993-2015)" INSTAT webpage.
Monthly data as of "Statistical Database", table "Export by group of commodities 2005-01 - 2015-12" and "Foreign Trade by group commodities", INSTAT webpage on 12.03.2016.

Source: INSTAT.

* Exports are valued in F.O.B.

Annual data as of table "Foreign trade according to the products (1993-2015)" INSTAT webpage.
Monthly data as of "Statistical Database", table "Export by group of commodities 2005-01 - 2015-12" and "Foreign Trade by group commodities", INSTAT webpage on 12.03.2016.

5-3 IMPORTI SIPAS GRUPMALLRAVE *

Në milionë lekë

IMPORT BY COMMODITY GROUPS * 5-3
In millions ALL

Gjithsej / Total (2+3+4+5+6+7+8+9+10)	Ushqim, pije duhan/Food, beverages, tobacco	Mineralë, lëndë djegëse, ener. elek./Minerals, fuels, electricity	Produkte kimike dhe plastike/Chemical and plastic products	Lëkurë dhe artikuj prej lëkure/Leather and leather manufactures	Prodime druri dhe lera/Wood manufactures and articles of paper	Tekstile dhe këpucë/Textile and footwear	Materiale ndërtimi dhe metale/Construction materials and metals	Makinëri, pajisje dhe pjesë këmbimi/Machinery, equipments and spare parts	Të tjera /Others
2013	517,377.9	93,424.3	92,656.8	68,257.7	11,394.7	54,130.3	63,323.3	98,517.1	15,373.8
2014	552,278.9	93,970.7	90,225.1	72,919.1	14,319.8	63,003.8	70,805.1	105,692.4	18,421.2
2015	544,560.0	96,883.6	60,164.5	74,923.9	15,915.7	69,299.6	67,521.3	117,268.5	20,845.7
2015/01	35,245.2	6,435.7	4,318.1	5,017.8	865.5	4,388.8	4,961.0	6,988.5	1,055.1
02	38,889.1	6,987.5	4,861.0	5,360.0	985.9	4,834.4	4,662.0	8,159.1	1,283.4
03	44,436.7	7,972.5	4,233.6	6,244.0	1,184.8	5,522.1	5,412.9	10,328.4	1,961.8
04	43,695.8	7,738.7	4,957.5	6,768.2	1,379.5	5,468.2	5,442.5	8,670.0	1,648.4
05	44,381.9	7,777.5	4,993.0	5,903.3	1,782.6	6,063.1	5,739.1	8,753.0	1,755.7
06	48,952.1	8,796.4	4,529.0	7,932.2	1,775.2	6,143.1	6,102.9	9,491.4	1,868.7
07	52,408.7	9,124.4	5,487.7	7,225.9	1,654.8	6,304.6	7,457.7	11,264.1	1,902.3
08	40,126.4	8,918.6	5,876.2	5,496.4	666.4	3,942.0	4,596.2	7,347.0	1,413.0
09	44,022.2	8,139.8	5,196.7	5,848.9	1,098.5	5,817.7	5,655.7	8,854.7	1,597.4
10	50,249.1	8,152.5	5,009.6	6,768.9	1,566.4	6,932.2	5,889.5	12,321.8	1,587.5
11	49,017.4	7,832.9	5,588.4	5,572.3	1,629.2	6,966.1	5,623.0	11,701.4	1,919.5
12	53,129.2	9,006.9	5,113.7	6,785.8	1,326.9	6,917.5	5,979.0	13,389.0	2,852.8

Burimi: INSTAT.

* Importet janë në vlerën C.I.F.

Të dhënat vjetore sipas tabelës "Tregtia e jashtme sipas produkteve (1993-2015)" në faqen e internetit të INSTAT.

Të dhënat mujore sipas "Databaza Statistike" tabela "Importi sipas grupmallrave 2005-01 - 2015-12" dhe "Tregtia e jashtme sipas grupmallrave" në faqen e internetit të INSTAT, datë 12.03.2016.

Annual data as of table "Foreign trade according to the products (1993-2015)" INSTAT web page.
Monthly data as of "Statistical Database", table "Import by group of commodities 2005-01 - 2015-12" and "Foreign Trade by group commodities", INSTAT web page on 12.03.2016.

Source: INSTAT.

* Imports are valued in C.I.F.

Annual data as of table "Foreign trade according to the products (1993-2015)" INSTAT web page.
Monthly data as of "Statistical Database", table "Import by group of commodities 2005-01 - 2015-12" and "Foreign Trade by group commodities", INSTAT web page on 12.03.2016.

5-4 POZICIONI I INVESTIMEVE NDËRKOMBËTARE *

Në milionë Euro

INTERNATIONAL INVESTMENT POSITION * 5-4

In millions EUR

	Pozicioni i investimeve ndërkombëtare/ International investment position (2-16)		Investime direkte jashtë/Direct investment abroad			Investime portofoli /Portfolio investment		Derivata financiare /Financial derivatives	Investime të tjera /Other investments				Mjetet e rezervës / Reserve assets		
	Mjetet / Assets (3+ 6+ 9+10 +15)	(4+5)	Kapitali i vet dhe fitimi i rinvestuar /Equity capital and reinvested earnings		Kapitale të tjera /Other capital	(7+8)	Leta me vlerë të kapitalit /Equity securities		Leta me vlerë të borxhit / Debt securities						
			(11+ 12+ 13+ 14)	Kredi tregtar /Trade credits			Hua/Loans			Monedha dhe depozita / Currency and deposits	Mjetet e tjera / Other assets				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
2010	-2,979.47	2,919.57	115.19	109.63	5.56	180.99	0.46	180.53	-	718.64	-	149.19	543.26	26.19	1,904.75
2011	-4,240.32	3,323.73	133.15	112.18	20.97	254.82	9.10	245.72	-	1,023.27	-	272.68	725.17	25.42	1,912.49
2012	-4,031.14	3,835.42	147.17	123.31	23.86	389.17	23.06	366.10	-	1,326.63	-	330.06	974.11	22.47	1,972.45
2013	-3,425.03	4,249.43	173.99	147.82	26.17	496.18	24.30	471.88	-	1,563.98	129.90	320.06	1,094.91	19.12	2,015.27

	Detyrimet / Liabilities (17+ 20+ 23+ 24)	Investime direkte në Shqipëri / Direct investment in the reporting economy			Investime portofoli / Portfolio investment			Derivata financiare / Financial derivatives	Investime të tjera / Other investments				Detyrime të tjera / Other liabilities
		Kapitali i vet dhe fitimi i rinvestuar / Equity capital and reinvested earnings		Kapitale të tjera / Other capital	Leta me vlerë të kapitalit / Equity securities		Leta me vlerë të borxhit / Debt securities		(25+ 26+ 27+ 28)	Kredi tregtar / Trade credits	Hua/Loans	Monedha dhe depozita / Currency and deposits	
		(18+ 19)	(21+ 22)	19	20	21	22						
	16	17	18	19	20	21	22	23	24	25	26	27	28
2010	5,899.0	2,436.0	2,290.3	145.6	441.1	73.7	367.3	-	3,022.0	108.6	2,425.2	420.6	67.7
2011	7,564.1	3,399.9	3,149.7	250.2	595.8	87.1	508.7	-	3,568.4	122.0	2,680.6	693.9	71.9
2012	7,866.6	3,261.5	2,844.6	416.9	650.2	101.4	548.8	2.4	3,952.4	115.7	2,812.5	949.6	74.7
2013	7,674.5	2,850.2	2,466.9	383.3	657.2	102.6	554.6	-	4,167.1	314.0	2,802.4	981.5	69.2

Burimi: Banka e Shqipërisë.

*Të dhënat janë hartuar sipas manualit BPM 5 të bilancit të pagesave.

Source: Bank of Albania, *Data presented in the table are compiled according to BPM5/IMF Manual.

5-4 POZICIONI I INVESTIMEVE NDËRKOMBËTARE *

Në milionë Euro

INTERNATIONAL INVESTMENT POSITION * 5-4

In millions EUR

	Pozicioni i investimeve ndërkombëtare/ International investment position (2-16)	Mjetet / Assets (3+ 6+ 9+ 10+ 15)		Investime direkte jashtë /Direct investment abroad		Investime portofoli /Portfolio investment		Derivata financiare / Financial derivatives	Investime të tjera / Other investments				Mjetet e rezervës / Reserve assets			
		(4+5)	Kapitali dhe aksionet në fondet e investimeve/ Equity and investment fund shares	Instrumentet e borxhit /Debt instruments	Kapitali dhe aksionet në fondet e investimeve/ Equity and investment fund shares	Tituj borxhi /Debt securities	(11+ 12+13+ 14)		Kredi tregtare dhe parashënimet / Trade credit and advances	Hua/Loans	Monedha dhe depozita/ Currency and deposits	Mjetet e tjera /Other assets				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2012	-4031.14		4,466.8	778.5	160.1	618.4	389.2	23.1	366.1	-	1,326.6	-	330.1	974.1	22.5	1,972.5
2013	-3,425.0		5,512.7	1,437.3	147.8	1,289.4	496.2	24.3	471.9	-	1,564.0	129.9	320.1	1,094.9	19.1	2,015.3
2014	-4,456.1		5,630.1	1,229.7	172.7	1,057.0	646.7	23.4	623.3	-	1,562.0	112.8	395.8	1,031.0	22.4	2,191.7

Detyrimet / Liabilities (17+ 20+ 23+ 24)	Investime direkte në Shqipëri / Direct investment in the reporting economy		Investime portofoli / Portfolio investment			Derivata financiare / Financial derivatives	Investime të tjera / Other investments				Detyrime të tjera / Other liabilities				
	Kapitali dhe aksionet në fondet e investimeve/ Equity and investment fund shares	Instrumentet e borxhit / Debt instruments	Kapitali dhe aksionet në fondet e investimeve/ Equity and investment fund shares	Tij borxhi securities	(25+ 26+ 27+ 28)		Kredi tregtar dhe parashënimet / Trade credit and advances	Hua/ Loans	Monedha dhe depozita / Currency and deposits						
										(18+ 19)		(21+22)	21	22	24
	16	17	18	19	20		23								
2012	8,497.9	3,892.9	2,881.4	1,011.5	650.2		2.4			3,952.4	115.7	2,812.5	949.6		74.7
2013	8,937.7	4,113.4	2,466.9	1,646.6	657.2		0.0			4,167.1	314.0	2,802.4	981.5		69.2
2014	10,086.2	4,553.4	2,926.4	1,627.0	801.2		0.0			4,731.6	304.8	3,299.8	1,017.3		109.6

Burimi: Banka e Shqipërisë.

*Të dhënat janë hartuar sipas manualit BPM 6 të bilancit të pagesave.

Source: Bank of Albania, *Data presented in the table are compiled according to BPM 6 IMF Manual.

5-5 BORXHI I JASHTËM

Në milionë Euro

EXTERNAL DEBT 5-5

In millions EUR

	Borxhi i jashtëm Euro/Gross external debt (2+ 5+ 8+ 11+ 14)	Qeveria e përgjithshme / General Govern- ment (3+4)	Ataishkurët/ Shortterm	Ataishgjatë/ Longterm	Autoriteti monetar /Monetary au- thorities (6+7)	Ataishkurët/ Shortterm	Ataishgjatë/ Longterm	Bankat / Banks (9+ 10)	Ataishkurët/ Shortterm	Ataishgjatë/ Longterm	Sektori tjetër / Other sec- tors (12+ 13)	Ataishkurët/ Shortterm	Ataishgjatë/ Longterm	Investime direkte: hua ndërmjet kompanive / Direct investment: intercompany lending
2012	5,512.7	2,223.6	-	2,223.6	90.0	-	90.0	1,088.6	966.5	122.1	1,099.1	148.1	951.0	1,011.5
2013	6,368.2	2,289.5	-	2,289.5	79.1	-	79.1	1,075.4	1,001.8	73.6	1,277.6	342.8	934.7	1,646.6
2014/IV	6,927.5	2,647.6	-	2,647.6	76.7	-	76.7	1,250.7	1,101.5	149.2	1,325.4	335.8	989.6	1,627.0
2014	6,927.5	2,647.6	-	2,647.6	76.7	-	76.7	1,250.7	1,101.5	149.2	1,325.4	335.8	989.6	1,627.0
2015/I	7,269.4	2,854.3	-	2,854.3	79.5	-	79.5	1,264.6	1,119.6	145.0	1,397.3	341.9	1,055.4	1,673.7
2015/II	7,259.2	2,810.0	-	2,810.0	77.5	-	77.5	1,296.6	1,136.5	160.1	1,391.5	340.4	1,051.1	1,683.7
2015/III	7,475.8	3,062.0	-	3,062.0	75.1	-	75.1	1,296.5	1,141.4	155.1	1,363.6	325.7	1,038.0	1,678.7

Burimi: Banka e Shqipërisë.

Source: Bank of Albania.

6. FINANCAT E QEVERISË

GOVERNMENT FINANCE 6.

6-1 TË ARDHURAT E BUXHETIT TË QEVERISË¹

(Të dhëna progresive, në milionë lekë, fundi i periudhës)

GOVERNMENT BUDGET REVENUE¹ 6-1

(Progressive data in millions ALL, end of period)

	Totalit 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 pushteti vendor/ Revenue from local government	Të ardhura nga fondet speciale/ Social inst. Contributions	Të ardhura jomatimore / NonTax revenue
2013	327,178	5,737	299,888	229,031	10,825	60,033	21,553
2014	366,721	10,186	335,868	253,413	12,447	70,008	20,667
2015	381,144	10,001	345,569	260,461	11,700	73,407	25,574
2015/01	25,703	256	22,778	15,669	549	6,560	2,669
02	51,337	915	46,273	33,322	1,386	11,565	4,149
03	86,742	1,703	75,905	56,377	2,513	17,015	9,134
04	121,119	2,587	105,522	76,893	4,972	23,657	13,010
05	151,463	3,450	133,076	98,178	5,783	29,115	14,937
06	182,326	3,793	161,396	120,206	6,732	34,458	17,137
07	215,495	5,057	191,952	143,514	7,289	41,149	18,486
08	247,882	5,545	222,825	167,547	8,567	46,711	19,512
09	280,911	6,294	253,572	191,359	9,440	52,772	21,045
10	313,303	7,298	283,525	213,512	10,115	59,898	22,480
11	344,920	8,496	312,415	235,934	10,890	65,591	24,009
12*	381,144	10,001	345,569	260,461	11,700	73,407	25,574

Burimi: Ministria e Financave.

Source: Ministry of Finance.

1 Të dhëna janë sipas publikimeve në faqen e internetit të Ministrisë së Financave në datën 13.03.2015;

1 Data as of Ministry of Finance web page publications on 13.03.2015;

Raportime / Programimi ekonomik/fiskal, Raporte dhe statistika / Raporte dhe statistika fiskale mujore;

Reports / Fiscal and economic programming, reports and statistics / Fiscal and statistical reports;

Publikimi / Statistika fiskale Janar-Janar 2016* tabelat;

Publication / Fiscal indicators January-January 2016* tables;

Treguesit fiskale sipas buxhetit të konsoliduar 2015 (progresiv për çdo muaj)

Consolidated general budget 2015 (cumulative data)

Treguesit fiskale sipas buxhetit të konsoliduar (Vjetor) në miliardë lekë.

*Consolidated general budget (Annual) in billion lek.

* 2015 Të dhëna paraprake.

*2015 Preliminary data.

6-2 SHPENZIMET E BUXHETIT TË QEVERISË¹

Të dhëna progresive, në milionë lekë, fundi i periudhës

	Totali i shpenzimeve / Total expenditure (2+ 10+ 11)		Shpenzimet korentë/ Current expenditure (3+ 4+ 5+ 6+ 7+ 8+ 9)		Shpenzime për personelin/Person- nel expenditure		Interesat/Interest		Shpenzime operative mirëmbajtje / Opera- tional & maintenance		Subvencional/ Subsidies		Shpenzime për fonde speciale / Social insur- ance outlays		Shpenzime për bukëtin vendor/Local budget expenditure		Shpenzime korentë të tjera / Other cur- rent expenditure		Shpenzime- kapitale /Capital expenditure		Shpenzime të tjera /Other expendi- ture*	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
2013	394,118	328,641	70,716	43,335	32,424	1,574	127,644	29,787	23,161	65,477												
2014	438,849	341,012	71,373	40,075	33,124	1,599	136,336	32,985	25,520	60,749											37,089	
2015	436,437	351,218	72,489	38,643	42,409	1,735	141,166	33,849	20,927	61,622											23,597	
2015/01	22,913	21,098	5,474	2,984	882	53	9,875	1,127	703	1,584											231.0	
02	57,255	46,432	11,301	6,294	2,927	122	20,382	3,239	2,167	3,569											7253.9	
03	91,124	74,883	17,303	8,937	6,445	301	31,634	5,664	4,599	8,830											7411	
04	124,661	102,855	23,115	11,822	9,492	363	42,800	8,722	6,541	14,215											7591	
05	162,038	131,965	29,084	14,499	12,469	628	54,270	12,467	8,548	17,953											12120	
06	195,642	162,187	35,027	17,184	17,274	810	65,979	16,276	9,637	20,894											12561	
07	232,577	193,330	41,185	22,058	21,133	985	77,917	19,066	10,986	25,457											13790	
08	264,826	221,745	47,240	24,928	23,806	1,106	91,014	21,136	12,515	28,619											14462	
09	298,598	249,471	53,196	27,243	27,339	1,233	102,803	23,246	14,411	34,028											15099	
10	331,545	276,987	59,188	29,926	30,368	1,461	114,379	25,414	16,251	38,745											15813	
11	369,032	308,204	65,430	35,611	33,565	1,564	125,723	28,460	17,851	43,910											16,918	
12**	436,437	351,218	72,489	38,643	42,409	1,735	141,166	33,849	20,927	61,622											23,597	

Burimi: Ministria e Financave.

Të dhëna janë sipas publikimeve në faqen e internetit të Ministrisë së Financave në datën 13.03.2015:

Raportime / Programimi ekonomiko-fiskal, Raporte dhe statistika / Raporte dhe statistika fiskale mujore;

Publikimi "Statistika fiskale janar-janar 2016" tabelat:

*Treguesit fiskalë sipas buxhetit të konsoliduar (Vjetor) në miliardë lekë.

*Në kolumnën "Shpenzime të tjera" janë për shirë zërat:

Fondi Rezervë, Kontigjenca / Detyrimet e Propambetura / Transfera të tjera / Fond Shpronësimit / Huaditënie për energji.

**2015 Të dhëna paraprake.

6-3 FINANCIMI I DEFICITIT BUXHETOR¹

Të dhëna progresive, në milionë lekë, fundi i periudhës

	Deficiti/ Deficit	Financimi i deficitit / Deficit financ- ing (3+8)	Financimi i brendshëm / Do- mestic financing (4+ 5+ 6+7)		Të ardhura nga privatizimi / Privatization receipts	Huamarrje e brendshme / Domestic bor- rowing	Pagosa e propamb- etur e TVSH-së për imbu- rueshme / Payments so far receipts on Vat Refund	Të tjera / Other	Financim i huaj/ Foreign financing (9+ 10+ 11+ 12)	Hua afatgjatë (marrë) /Long- term loan (drawings)	Ndryshimi i gjendjes së arkës/ Change of state- ment accounts	Ripagosa/ Repayments	Mëshpëtimet Buxhetore /Bud- getary support
			1	2									
2013	-66,940	66,940	56,129	13,230	46,298	5	6	7	8	9	10	11	12
2014	-72,128	72,128	42,237	35	38,212	-	-	-3,399	10,811	22,354	1,231	-12,774	-
2015*	-55,293	55,293	-8,871	877	-17,268	-	-	3,990	29,891	19,130	-1,854	-17,845	30,460
2015/01	2,790	-2,790	-3,845	40	4,868	-	-	7,520	64,164	15,173	-774	-61,693	111,458
02	-5,918	5,918	-3,093	36	5,441	-	-	8,717	1,055	1,223	6	-839	665
03	-4,382	4,382	-4,660	84	9,153	-	-	-8,570	9,011	1,771	-34	-1,646	8,920
04	-3,542	3,542	-602	90	12,300	-	-	-13,897	9,042	2,840	-254	-2,464	8,920
05	-10,575	10,575	1,788	250	11,716	-	-	-12,992	4,144	3,298	96	-8,170	8,920
06	-13,316	13,316	5,979	358	13,516	-	-	-10,178	8,787	3,739	301	-9,281	14,028
07	-17,082	17,082	-25,744	382	20,143	-	-	-7,895	7,337	4,038	601	-11,330	14,028
08	-16,944	16,944	-26,251	643	20,417	-	-	-46,269	42,826	5,627	541	-12,268	48,926
09	-17,687	17,687	-25,679	713	26,073	-	-	-47,311	43,195	7,011	360	-13,102	48,926
10	-18,242	18,242	-24,126	802	29,783	-	-	-52,465	43,366	8,980	-286	-14,254	48,926
11	-24,112	24,112	-38,650	834	22,552	-	-	-54,711	42,368	10,098	-40	-16,616	48,926
12*	-55,293	55,293	-8,871	877	-17,268	-	-	-62,036	62,762	11,714	-57	-59,830	110,935
								7,520	64,164	15,173	-774	-61,693	111,458

Burimi: Ministria e Financave.

Të dhëna janë sipas publikimeve në faqen e internetit të Ministrisë së Financave në datën 13.03.2015:

Raportime / Programimi ekonomiko-fiskal, Raporte dhe statistika / Raporte dhe statistika fiskale mujore;

Publikimi "Statistika fiskale janar-janar 2016" tabelat:

*Treguesit fiskalë sipas buxhetit të konsoliduar (Vjetor) në miliardë lekë.

*Në kolumnën "Shpenzime të tjera" janë për shirë zërat:

Fondi Rezervë, Kontigjenca / Detyrimet e Propambetura / Transfera të tjera / Fond Shpronësimit / Huaditënie për energji.

**2015 Të dhëna paraprake.

FISCAL DEFICIT AND ITS FINANCING¹

Progressive data, In millions ALL, end of period

	Deficit / Deficit	Financimi i deficitit / Deficit financing (3+8)	Financimi i brendshëm / Domestic financing (4+ 5+ 6+7)		Të ardhura nga privatizimi / Privatization receipts	Huamirje e brendshme / Domestic borrowing	Paga e parapametur e IVSH-së / Imputed interest on VAT Refund	Të tjera / Other	Financim i huaj / Foreign financing (9+ 10+ 11+ 12)	Hua afatgjatë (marë) / Long-term loan (drawings)	Ndryshimi i gjendjes së arkës / Change of statement accounts	Ripagosa / Repayments	Mbështetje Buxhetore / Budgetary support
2013	-66,940	66,940	56,129	13,230	46,298	5	6	7	8	9	10	11	12
2014	-72,128	72,128	42,237	35	38,212	-	-	-3,399	10,811	22,354	1,231	-12,774	-
2015*	-55,293	55,293	-8,871	877	-17,268	-	-	3,990	29,891	19,130	-1,854	-17,845	30,460
2015/01	2,790	-2,790	-3,845	40	4,868	-	-	7,520	64,164	15,173	-774	-61,693	111,458
02	-5,918	5,918	-3,093	36	5,441	-	-	-8,717	1,055	1,223	6	-839	665
03	-4,382	4,382	-4,660	84	9,153	-	-	-8,570	9,011	1,771	-34	-1,646	8,920
04	-3,542	3,542	-602	90	12,300	-	-	-13,897	9,042	2,840	-254	-2,464	8,920
05	-10,575	10,575	1,788	250	11,716	-	-	-12,992	4,144	3,298	96	-8,170	8,920
06	-13,316	13,316	5,979	358	13,516	-	-	-10,178	8,787	3,739	301	-9,281	14,028
07	-17,082	17,082	-25,744	382	20,143	-	-	-7,895	7,337	4,038	601	-11,330	14,028
08	-16,944	16,944	-26,251	643	20,417	-	-	-46,269	42,826	5,627	541	-12,268	48,926
09	-17,687	17,687	-25,679	713	26,073	-	-	-47,311	43,195	7,011	360	-13,102	48,926
10	-18,242	18,242	-24,126	802	29,783	-	-	-52,465	43,366	8,980	-286	-14,254	48,926
11	-24,112	24,112	-38,650	834	22,552	-	-	-54,711	42,368	10,098	-40	-16,616	48,926
12*	-55,293	55,293	-8,871	877	-17,268	-	-	-62,036	62,762	11,714	-57	-59,830	110,935
								7,520	64,164	15,173	-774	-61,693	111,458

Source: Ministry of Finance.

1 Data as of Ministry of Finance web page publications on 13.03.2015:

Reports / Fiscal and economic programming, reports and statistics / Fiscal and statistical reports;

Publication "Fiscal indicators January-January 2016" tables;

*Consolidated general budget (Annual) in billion lek.

*In the column "Other expenses" are included voices:

Reserve Fund, Contingency / Arrears / Other Transfers / Expropriation Fund / Energy lending.

**2015 Preliminary data.

6-4 STOKU I BORXHIT TË BRENDSHËM SIPAS INSTRUMENTEVE

Në milionë lekë, fund periudhë, të dhëna progresive

DOMESTIC DEBT STOCK BY INSTRUMENTS 6-4

In millions ALL, end of period, Progressive data

	Stoku i borxhit të brendshëm / Domestic debt stock (2+9)	Borxhi shtetëror / Public debt (3+ 4+ 5+ 6+ 7+8)	Bono thesari / Treasury bills					Obligacione me afat të shkurtër / Short-term debt		Obligacione me afat të gjatë / Long-term debt		Borxhi i garantuar / Publicly guaranteed debt
			1	2	3	4	5	Obligacione me afat të shkurtër / Short-term debt	Obligacione me afat të gjatë / Long-term debt			
2013	520,786	500,868		245,782		81,731	32,655	93,910	38,517	8,274		19,918
2014	564,673	538,641		260,599		85,358	34,278	93,760	43,544	21,102		26,033
2015	551,374	520,935		223,824		80,983	36,677	90,851	54,927	33,673		30,439
2015/I	578,411	547,729		260,030		87,351	36,501	92,391	47,044	24,412		30,682
2015/II	582,754	552,078		254,850		88,028	37,272	93,891	50,827	27,210		30,676
2015/III	595,101	564,506		257,306		93,579	37,083	93,939	52,427	30,173		30,595
2015/IV	551,374	520,935		223,824		80,983	36,677	90,851	54,927	33,673		30,439

Burimi: Ministria e Financave.

Të dhënat janë sipas informacionit të publikuar në faqen e internetit të MIF në 12.03.2016.

Raportime/Borxhi / Treguesit e borxhit :

- Treguesit e borxhit 3/Mirë 2015

- Treguesit e borxhit 6/Mirë 2015

- Treguesit e borxhit 9/Mirë 2015

- Treguesit e borxhit viti 2015

- bonat e thesarit janë raportuar me çnim blerje

Source: Ministry of Finance.

Data are as of MoF web page information on 12.03.2016.

Reports/Debt/Debt indicators:

- Debt indicators as of March 31, 2015.

- Debt indicators as of June 30, 2015.

- Debt indicators as of Sep 30, 2015.

- Debt indicators as of Dec 31, 2015.

- Treasury bills are reported in discounted value

7-1 PRODIMI I BRENDSHËM BRUTO SIPAS KLASIFIKIMIT TË AKTIVITETIT EKONOMIK,

GROSS DOMESTIC PRODUCT BY ECONOMIC ACTIVITIES, (PRODUCTION METHOD

(METHODA E PRODIMIT NEVER EV 2)

NACEREV2 | 7-1

2011-2014, me çmime korrente, në milionë lekë

2011-2014 at current prices, in millions ALL

Kodi	NACE Rev.2	Aktiviteti ekonomik	2011	2012	Vitet/Years		2014**	Economic activities
A1	1-3	Bujësi, pyje dhe peshkim	237,062	250,126	2013*	265,147	280,036	Agriculture, forestry and fishing
A2	5-9	Industria nxjerrëse	44,868	60,195	66,622	74,850		Mining and quarrying
A3	10-12	Prodimi i produkteve ushqimore, pijeve dhe duhanit	11,233	10,197	9,360	8,853		Manufacture of food products, beverages and tobacco products
A4	13-15	Prodimi i tekstilëve, veshjeve; industria e lëkurshdhe këpucëve	19,747	17,446	19,347	20,507		Manufacture of textiles, wearing apparel and leather products
A5	16-18	Prodimi i produkteve prej druri, leire dhe të shpeshkimit	6,954	6,286	5,213	5,490		Manufacture of wood and paper products, and printing
A6	19	Përpunimi i kokit dhe produkteve të rafinës së afërta	1,782	1,214	(231)	(279)		Manufacture of coke and refined petroleum products
A7	20-21	Industria kimike dhe e produkteve farmaceutike	1,943	1,679	1,610	1,846		Manufacture of chemical and pharmaceutical products
A8	22-23	Prodimi i produkteve prej kauçuku, plastikë dhe produkte të tjera minerale	13,320	11,384	11,703	11,863		Manufacture of rubber and plastic products and other nonmetallic mineral products
A9	24-25	Prodimi i produkteve metalike dhe me bazë metalike përveç makinerive	12,120	10,726	12,287	12,150		Manufacture of basic metals and fabricated metal products, except machinery and equipment
A10	26-28	Prodimi i makinerive dhe pajisjeve	1,665	1,522	1,887	1,368		Manufacture of machinery and equipment
A11	31-33	Të tjera industri prodhuese, riparime dhe instalime të makinerive dhe pajisjeve	4,876	4,400	4,518	4,938		Manufacture of furniture, other manufacturing, repair and installation of machinery and equipment
A12	35	Energjia elektrike, furnizimi me gaz, uull dhe ajër të kondicionuar	23,678	22,298	27,795	25,850		Electricity, gas, steam and air conditioning supply
A13	36	Prodimi dhe furnizimi me ujë	5,333	4,953	5,054	4,736		Water supply
A14	37-39	Kanalizime dhe menaxhimi e rrjetimi i mbetjeve	5,553	4,720	4,970	4,623		Sewerage, waste management and remediation activities
A15	41-43	Ndërtimi	165,378	151,793	140,556	130,079		Construction
A16	45	Tregtia me shumicë dhe pakicë dhe riparimi i automjeteve dhe motorcikletave	7,690	7,907	7,620	7,960		Wholesale and retail trade and repair of motor vehicles and motorcycles
A17	46	Tregtia me shumicë, përveç automjeteve dhe motorcikletave	76,821	83,543	85,237	92,076		Wholesale trade, except of motor vehicles and motorcycles
A18	47	Tregtia me pakicë, përveç tregtisë së automjeteve dhe motorcikletave	54,112	52,120	54,228	55,737		Retail trade, except of motor vehicles and motorcycles
A19	49	Transporti tokësor dhe me tubacione	27,712	26,637	22,120	21,895		Land transport and transport via pipelines
A20	50-52	Transporti ujor, ajror dhe magazinimi	20,438	24,199	17,214	16,638		Water and air transport; warehousing
A21	53	Aktiviteti të postës dhe karrierës	5,141	5,333	4,666	5,272		Postal and courier activities
A22	55-56	Akomodimi dhe shërbimi ushqimor	24,749	24,533	23,079	22,864		Accommodation and food service activities
A23	58-60	Aktiviteti të publikimit, audiovizuale dhe transmetimit	11,604	10,924	9,895	9,970		Publishing, audiovisual and broadcasting activities
A24	61	Telekomunikimi	30,706	27,249	24,807	23,136		Telecommunications
A25	62-63	IT dhe të tjera shërbime informacioni	1,647	3,561	2,500	3,170		Computer programming, consultancy and related activities; information service activities
A26	64-66	Aktiviteti financiar dhe të sigurancit	33,477	32,133	30,359	35,509		Financial and insurance activities
A27	68	Aktiviteti të real estate (Dhënies/Marrjes me qira)	78,368	79,883	86,402	86,517		Real estate activities
A28	69-71	Aktiviteti ligjor dhe kontabiliteti, drejtimi, arkitektura dhe inxhinierie	16,421	22,144	24,022	26,692		Legal and accounting activities; management consultancy activities; architectural and engineering activities
A29	72-75	Kërkim dhe zhvillim shkencor dhe aktiviteti të tjera profesionale, shkencore e teknike	6,209	6,124	5,527	5,363		Scientific research and development; other professional, scientific and technical activities
A30	77-82	Aktiviteti administrative dhe shërbime mbështetëse	15,350	23,578	30,011	38,872		Administrative and support service activities
A31	84	Administrata publike dhe mbrojtja, sigurimi i detyruar social	51,502	53,716	54,086	57,149		Public administration and defence; compulsory social security
A32	85	Arsimi	50,763	57,694	61,256	60,930		Education
A33	86-88	Shëndetësia dhe aktiviteti të punës sociale	31,598	33,255	34,893	37,771		Human health activities
A34	90-93	Artë, argëtim dhe lojë	13,938	11,809	10,080	13,992		Arts, entertainment and recreation
A35	94-98	Aktiviteti të tjera shërbimi dhe aktiviteti të familjeve	17,364	12,818	14,431	14,622		Other services and activities of households
		Vlerë Shuar Bruto me çmime bazë	1,131,121	1,154,747	1,178,271	1,223,063		GVA at basic prices
		Taksa mbi produktet	179,350	179,559	175,651	183,464		Taxes on products
		Subvencionet mbi produkte	(9,847)	(1,494)	(3,368)	(5,978)		Subsidies on products
		PBB ME ÇMIMET E TREGUT	1,300,624	1,332,811	1,350,555	1,400,549		GDP at market prices

Burimi: INSTAT.

Të dhënat janë sipas tabelave në faqen e internetit të INSTAT në datën 11.03.2016.

Tëmat/Llogaritë Kombëtare / Shifra / Llogaritë Kombëtare Vjetore:

Llogaritë Kombëtare Vjetore (Metoda e prodhimit), sipas klasifikimit NVE Rev 2

Tabela 5: Prodimi i brendshëm bruto sipas aktivitetit ekonomik (me çmime korrente).

Shënime:

- ** 2013 Gjysëm-finale

- ** 2014 Paraprahe

Source: INSTAT.

Data as of INSTAT webpage tables on 11.03.2016.

Themes / National account / Figures / Annual National Account:

Annual National Accounts (Production Method), by NACE Rev 2

Table 5: Gross domestic product by economic activities (at current prices).

Notes:

- ** 2013 Semi-Final.

- ** 2014 Preliminary.

7-2 INDEKSI I ÇMIMEVE TË PRODHIMIT DHE INDEKSI I KUSHTIMIT NË NDËRTIM (PËR BANESAT)
IndeksPRODUCER PRICE INDEX AND CONSTRUCTION COST INDEX 7-2 (FOR DWELLINGS)
Index

	Indekset e çmimeve të prodhimit duke përfshirur ndërtimin* / Producer price index, excluding construction*				Indeksi i kushtimit në ndërtim (për banesat) Construction cost index (for dwellings) 2011=100
	ICP Indeks Total / PI Total Index 2010=100	Industria nxjerrëse/ Mining and quarrying	Industria përpunuese/ Manufacturing	Energjia elektrike, gaz, avull dhe ajër i kondicionuar /Electricity, gas, steam and air conditioning	Furnizimi me ujë, aktivitetet të trajtimit dhe menaxhimit të mbeturinave /Water supply, treatment activities and waste management
2013	103.3	103.7	104.7	100.1	103.3
2014	102.9	101.6	104.3	100.2	103.8
2015/I	101.5	94.1	104.9	99.4	102.4
2015/II	101.8	95.7	104.5	99.4	104.7
2015/III	100.0	88.6	104.7	99.4	104.8
2015/IV	99.6	87.9	104.6	99.4	101.3
					102.5
					102.3

NDRYSHIMET NË % TË INDEKSIT TË ÇMIMEVE TË PRODHIMIT DHE TË INDEKSIT TË KUSHTIMIT NË NDËRTIM (PËR BANESAT) 3)

CHANGE IN % OF PRODUCER PRICE INDEX AND CONSTRUCTION COST INDEX (FOR DWELLINGS) 3)
In percentage

	Ndryshimet vjetore të indeksit të Çmimeve të Prodhitimit duke përfshirur ndërtimin/ Annual changes of Producer Price Index, excluding construction				Ndryshimet vjetore të indeksit të kushtimit në ndërtim (për banesat) / Annual changes of the construction cost index (for dwellings)
	ICP Indeks Total / PPI Total Index	Industria nxjerrëse / Mining and quarrying	Industria përpunuese / Manufacturing	Energjia elektrike, gaz, avull dhe ajër i kondicionuar / Electricity, gas, steam and air conditioning	Furnizimi me ujë, aktivitetet të trajtimit dhe menaxhimit të mbeturinave / Water supply, treatment activities and waste management
2013	1	2	3	4	5
2014	-0.4	-0.9	-0.5	0.0	-0.3
2015/I	-0.5	-2.1	-0.3	0.1	0.5
2015/II	-1.8	-9.6	0.5	-0.8	-0.5
2015/III	-1.2	-6.1	0.0	-0.9	1.0
2015/IV	-3.0	-13.9	0.5	-0.8	1.1
	-2.3	-9.5	0.3	-0.8	-1.9
					0.03

Burimi: INSTAT.

*Indeksi i Çmimeve të Prodhitimit, llogaritur nga INSTAT, është mbështetur në Nomenklaturën e Aktiviteteve Ekonomike, NVE Rev2, me periudhë referuese 2010=100

-Të dhënat tremujore të ICP sipas publikimit* Indeks i Çmimeve të Prodhitimit, INSTAT

-Seria kohore e ICP-së tremujore është revizionuar nga INSTAT sipas NVE Rev 2. Rezultate të llogaritura në nivel produkti 6 shifror dhe aplikimi i Nomenklaturës së re u realizua në nivel mikro. Kjo solli ndryshim të disa rezultateve të publikuara më parë në nivel të agreguar 2 shifror dhe në nivel sektori.

1) Të dhënat vjetore të ICP përfshijnë indeksin mesatar vjetor.

2) Duke filluar nga T1 2011, INSTAT llogarit IKN (për banesat) me shportën e re të materialeve dhe shpenzimeve dhe me periudhë bazë T1 2011=100.

3) Ndryshimi për të dhënat vjetore përfshijë 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 njëjtë të vitit të mëparshëm.

Source: INSTAT

*Production Price Index by INSTAT, is based on the Nomenclature of Economic Activities, NACE Rev2, with the reference period 2010=100

-Quarterly data of PPI according to "Producer Price Index" publication, INSTAT

-The quarterly PPI time series is revised by INSTAT according to NACE Rev2. The results calculated at 6-digit product level and the application of the new Nomenclature, was realized at a micro level. This brought some changes to the previous published results at aggregated 2-digit level and at the sector's level.

1) PPI annual data represent yearly average indexes.

2) Starting from Q1 2011, INSTAT calculates CCI (for dwellings) referring to the new basket of materials and expenditures, with base period Q1 2011=100.

3) Annual data change 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.

7-3 INDEKSI I ÇMIMEVE TË KONSUMIT

CONSUMER PRICE INDEX 7-3

	1	2	3	4	5	6	7	8	9	10	11	12	13
	1	2	3	4	5	6	7	8	9	10	11	12	13
2013	96.61	93.85	87.51	103.84	99.78	100.20	107.80	102.32	99.46	98.78	85.85	96.55	94.32
2014	98.18	95.91	93.64	101.89	101.11	99.63	103.00	103.11	99.11	98.93	88.84	98.60	100.61
2015	100.04	100.02	99.12	100.15	100.57	99.49	101.05	101.06	100.61	99.52	96.67	99.34	100.15
2015/01	99.42	98.31	97.30	103.20	102.10	99.41	101.63	99.15	101.12	99.05	95.43	98.98	100.15
02	101.79	103.66	98.26	101.49	102.08	99.25	102.38	99.85	101.00	99.45	95.43	98.97	99.95
03	102.21	104.70	98.61	100.75	101.59	99.30	102.39	100.81	101.00	99.39	95.43	98.97	99.85
04	101.71	103.83	99.11	100.63	100.10	99.43	102.81	101.61	101.04	99.34	95.43	98.97	100.32
05	100.09	100.06	99.32	100.38	100.01	99.57	102.82	101.92	101.05	99.39	95.43	98.97	100.40
06	99.02	97.76	99.60	99.84	100.21	99.43	99.63	102.32	101.08	99.29	95.43	99.06	100.33
07	98.36	96.27	99.30	99.32	100.26	99.50	100.06	102.72	101.06	98.88	95.43	99.06	99.92
08	99.11	98.16	99.47	98.47	100.25	99.64	100.06	101.97	99.98	99.07	95.77	99.23	99.70
09	99.70	99.37	99.49	98.53	100.29	99.47	100.32	101.16	99.98	99.99	96.21	100.00	100.62
10	99.71	99.32	99.57	99.31	100.01	99.38	100.47	101.16	99.98	100.21	100.00	100.00	100.18
11	99.39	98.75	99.36	99.85	99.97	99.46	100.00	99.99	100.00	100.12	100.00	99.92	100.39
12	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Ndryshimet vjetore të indeksit të çmimeve të konsumit sipas grupeve kryesore2/ (në%) / Year on year consumer price index, main groups (in%)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2013	1.85	3.48	4.25	-3.40	2.28	-0.46	-1.47	-1.19	-2.91	-0.17	0.07	1.90	3.31	1.94
2014	0.66	0.37	7.06	0.06	0.46	-0.32	-5.59	-1.07	3.85	0.12	11.18	1.49	3.15	1.63
2015	1.96	5.09	3.28	-3.23	-1.96	0.58	-0.93	-0.64	-1.05	1.13	4.79	1.06	-0.24	1.89
2015/01	1.25	2.24	4.60	0.07	0.71	-0.25	-5.17	-3.70	3.80	0.46	10.96	1.56	2.90	1.59
02	2.26	4.79	6.34	-0.23	0.74	-0.49	-4.46	-3.25	3.70	0.68	10.23	1.37	-1.27	1.62
03	2.17	4.68	6.26	-0.89	0.33	-0.15	-4.39	-2.20	3.70	0.58	10.29	0.63	-1.66	1.62
04	2.32	5.23	6.46	-1.34	-1.01	-0.30	-1.46	-1.50	2.28	0.53	10.06	0.64	-1.05	1.68
05	1.79	3.76	6.78	-1.20	-0.80	-0.06	0.06	-1.36	2.17	0.47	10.06	0.46	-0.99	1.69
06	1.36	2.73	6.98	-1.34	-0.40	-0.13	-1.88	-1.13	2.21	0.39	10.06	0.40	-0.81	1.68
07	1.25	2.37	6.56	-0.96	-0.34	-0.12	-0.77	-0.87	1.71	0.12	10.06	0.35	-0.67	1.64
08	1.94	4.20	6.74	-1.58	-0.27	-0.14	-0.85	-1.90	0.60	0.24	10.45	0.53	-0.72	1.64
09	2.24	4.94	6.89	-2.13	-0.22	-0.40	-0.63	-2.49	0.04	0.40	10.46	0.81	-0.13	1.70
10	2.14	5.51	6.13	-3.66	-1.42	-0.31	-0.46	-2.06	0.04	1.01	4.79	0.61	-0.65	1.76
11	2.06	5.86	3.34	-3.97	-1.69	0.02	-1.32	-2.83	-0.80	1.03	4.79	0.71	-0.09	1.79
12	1.96	5.09	3.28	-3.23	-1.96	0.58	-0.93	-0.64	-1.05	1.13	4.79	1.06	-0.24	1.89

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 variacionin e indekse vetë muajt dhjetor të vitit me indeksin e muajt dhjetor të vitit, ndërsa të dhënat mujore matin ndryshimet vjetore të indekseve. Në përqindje.

3) Esthi mesatarja aritmetike e thjeshtë e inflacioneve vjetore të dymbëdhjetë muajve të fundit (logaritme e B.Sh).

Source: INSTAT

1) The Consumer Price Index yearly data (forth is and consecutive years), represent early 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 with December index of year while, monthly data measure yearly index changes in percentage.

3) Simple arithmetic average of annual inflation of latest twelve months (calculation of BoA).

7-4 PUNËSIMI, PAPUNËSIA DHE PAGAT¹

Në mijë, ose në rasti të kundërt, sikurse për caktohet

EMPLOYMENT, UNEMPLOYMENT AND WAGES 174

In thousands, unless otherwise indicated

	Të punësuar sipas sektorëve 2,3 / Employed by sectors 2,3		Punë kërkues të papunë të regjistruar 2 / Registered job seekers 2	Pagat 3 (në lekë) / Wages 3 (in ALL)	
	Në sektorin shtetëror / In public sector	Në sektorin privat / In private sector		Paga mesatare mujore në sektorin shtetëror / Average monthly wage in public sector	Paga minimale e miratuar / Approved minimum monthly wage
2013	164	291	4	5	6
2014	164	319	143	52,150	22,000
2015/I	164	326	142	53,025	22,000
2015/II	164	326	145	53,800	22,000
2015/III	164	394	151	53,950	22,000
2015/IV	164	395	152	53,980	22,000
2015/V	164	395	148	54,270	22,000

Burimi: INSTAT.

1 Të dhënat janë sipas informacionit të publikuar në faqen e internetit të INSTAT në datën 13.03.2016.

-Temat / Tëgu i Punës / Shifrat / Të dhëna administrative të regut të punës / Vjetore.

-Temat / Tëgu i Punës / Shifrat / Të dhëna administrative të regut të punës / Temujore.

-Temat / Pagat dhe Kosto e Punës / Shifrat.

2. Mesatare vjetore (të dhënat vjetore)

3 Të dhëna administrative (të dhënat vjetore)

4 Punësimi në sektorin privat bujqësor është vlerësim i marrë nga Anketat e Forcave të Punës e rishikuar, e cila reflekton ndryshimet që vijnë nga

Censusi i popullsisë dhe bariave, 2011.

The data are after the informations published in INSTAT web page on 13.03.2016.

-Themes/Labour Market/Figures/Administrative data for Labour Market/Yearly.

-Themes/Labour Market/Figures/Administrative data for Labour Market/Quarterly.

-Themes/ Wages and Labour Cost / Figures.

2 Annual average (annual data)

3 Administrative data (annual data)

4 The employment in agricultural private sector was estimated from revised Labour Force Survey, which reflected the changes derived by the Population and Household Census 2011.

