

*Market discipline requires market participants
to have current and reliable information*

1. INTRODUCTION

Banking supervision functions are exercised according to law no.8269, dated 23.12.1997 "On the Bank of Albania" and law no. 8365, dated 02.07.1998 "On banks in Republic of Albania". This legal framework and Basle Committee recommendations for effective banking supervision have fostered the development of the banking supervision regulatory framework. In development of the banking industry and expansion of foreign investment in the Albanian banking industry, the activities of bank supervision and regulations have been flexible to reflect and adapt to banking system development. Banking supervision has made efforts to implement recommendations of the Basle Committee for effective banking supervision by adopting the best practices.

The cooperation between the supervisory authorities of different countries, especially between those of Central Eastern European countries, has been an important factor for the development of banking supervision in designing the supervisory regulations and manuals according to international standards. Banking supervision has played a crucial role in identifying problems in current financial conditions of particular banks and improving their financial condition.

The primary objective of banking supervision is to maintain the stability of banking system. However, the existence of a banking supervision system does not mean a full guarantee and a safe and sound banking system. Nevertheless, having effective banking supervision that aims to detect problems and assist banks to prevent or address problems with the least consequences, will minimise the risk taken by banks, therefore, protect the banking system in general, and depositors, in particular.

Banking supervision has made continued efforts to improve its work. With regard to its licensing function, banking supervision was focused more on development of licensing methodology for non-bank institution.

Considering licensing process, it was decided that some entities that carry out lending activities would not be subject to the requirement to be licensed by Bank of Albania. This exclusion from Banking law requirements regarding lending activities was determined because the origin of funds used for lending was from international organizations or governments of foreign countries, which provided aid for development of small and medium businesses in the Republic of Albania. A considerable achievement was the implementation of quantitative assessments of bank financial conditions based on CAMELS rating and banks' classification matrices. In addition, this was associated with the development of on-site and off-site manuals.

Assessment of bank financial conditions according to CAMELS rating, includes the following components:

- C - capital and capital adequacy;
- A - asset quality;
- M - management
- E - earnings
- L - liquidity

S - sensibility to market risk

This system is used to assess the performance of financial institutions on an equal basis and identify institutions that need special supervision. The assessment is made using numbers from 1 to 5. Rating "1" shows a generally very successful condition of the bank and minimum supervision by supervisory authorities, while rating "5" demonstrates unsafe conditions and poor practices, critical situation for the bank, therefore, the highest concerns for supervisory authorities. The assessment shows the general condition of the bank, its compliance with legal and regulatory framework, and management abilities of banks' administrators.

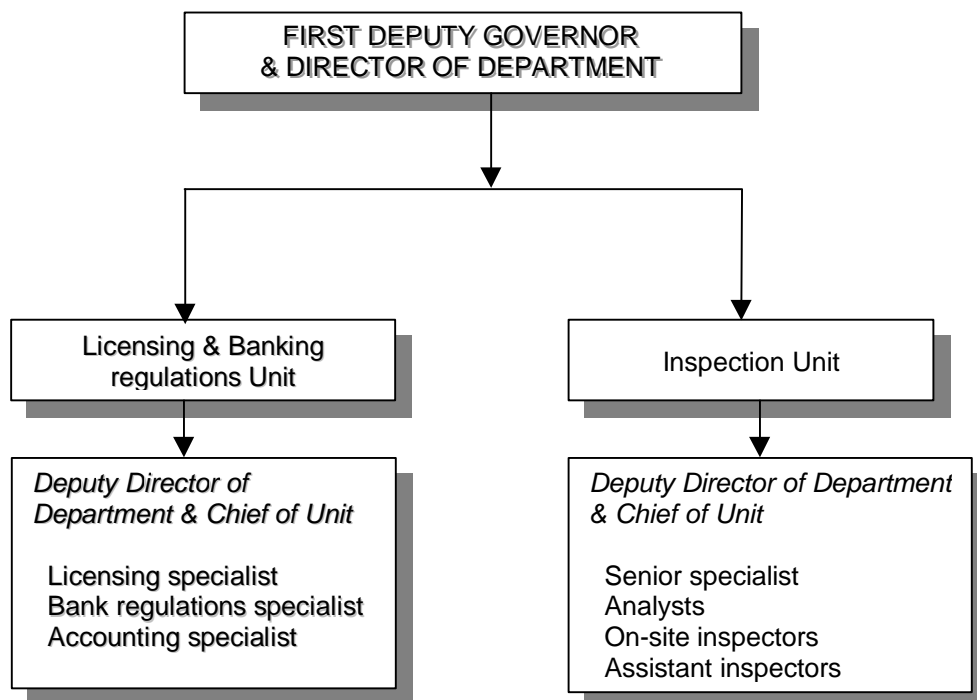
By using CAMELS rating, on-site supervision has increased significantly the scope of recognising the financial condition of banks and identifying in time the risks that banks face, hence, strengthening the overall performance of banking system.

Moreover, by using the same rating, off-site supervision has unified bank assessment and is helping in the early warning of negative performance that individual banks or banking system may face.

Changes in the organization of the Bank Supervision Department during the fourth quarter 2000, aimed at increasing the role of the department in decision-taking and preparing BoA's policies. This was accomplished by naming the First Deputy Governor of BoA as Director. The First Deputy Governor of BoA is also a member of senior management of the BoA and its Supervisory Council.

On the other hand, the union of on-site and off-site units in a single one was decided in order to create a more harmonic connection between early warning and analysis functions with on-site inspection.

Currently, the organizational chart of Bank Supervision Department of the Bank of Albania is as follows:



2. BANKING ENVIRONMENT

2.1. CHARACTERISTICS OF THE BANKING SYSTEM DURING 2000

The banking industry remains the largest and the most developed segment of the Albanian financial market. The system plays a crucial role in economy; however, it cannot be considered isolated from historical, political and economic environment. A steady environment affects positively the development and functioning of the banking system; while, the other hand, a sound banking system must be able to face at any time, and mitigate unexpected events in the economic and political environments.

The Albanian economy during 2000 was characterised by stability and the achievement of macroeconomic targets. GDP increased by 7.8%, the inflation rate was 4.2%. Consequently, an upward trend in foreign direct investments was noticed; in 2000 FDI amounted to 143 million USD, the highest amount recorded.

Based on this stable macroeconomic situation, BoA abandoned the application of direct instruments of monetary policy, and during the second half of 2000 started to use exclusively indirect instruments, which showed positive effects in decreasing interest rates in economy.

Year 2000 showed a boost in crediting to the economy. The banking system granted 24 billion lek in loans, which is three times as high as the previous year. This reflected the close relationship between the banking system and the Albanian economy, as well as the support that banking system is giving to the economy for its further development.

The stable economic situation created an environment for a relatively safe and sound banking system. On the other hand, however, the banking system's performance affected the economic development of the country. Banks and other financial institutions play an important role in the financial system and economy of a country, therefore, their activities are followed attentively and with great interest by the public.

During 2000, an increasing interest of various entities for activities licensed by BoA was noticed, especially by non-bank entities and foreign exchange bureaus.

The number of banks and branches of foreign banks in Albania continued to be 13 during 2000. There were no new banks opened; however, existing banks increased their number of branches, expanding their branch network all over the country.

Nevertheless, deficiencies in legal framework, country risk, lack of knowledge of economic environment by banks, as well as lack of the public's culture to work with banks efficiently, resulted in banks being a little passive in engaging themselves into risky activities (more profitable) and offering a wider range of banking products.

Characteristics of the development of banking system for 2000 were the following:

- * Expansion of the banking system via branch network, bank offices and agencies, associated with an increasing number of bank employees, improvement and extension of bank service technology (i.e., SWIFT, at least one ATM was installed, etc., or there were introduced new products such as consumer loans, etc.).

- * Acceleration of privatisation process for state owned banks. The privatisation process for National Commercial Bank (the second largest state-owned bank) was completed, and privatisation of Savings Bank – the largest bank that has a dominant position in banking market for saving accounts, and t-bills, etc., is on process.
- * Banking activities continued to be offered only by universal banks; there has been no attempt to open any specialised or cooperative bank;
- * Expansion of activities by non-banks; the first non-bank institution licensed by BoA was *Unioni Financiar* in 1999, which further expanded its activity during 2000. This institution had 77 offices in all districts at year-end 2000, from 22 at year-end 1999.
- * Competition in the banking system increased and was an incentive, on one hand, to expand bank's activities, provide a wider range of products and improve their quality, and on the other hand, to find potential ways to reduce the cost;
- * Increase of the percentage of foreign capital in banking system from 59.8% as of year-end 1999 to 84% of the capital of banking system as of year-end 2000, causing the decrease of percentage of the capital of state owned banks in the banking system;
- * Banking system ended the year with a profit;
- * Increase of lending activity and improvement of loan portfolio quality for all banking system.

Table 1. Second tier banks as of 31.12.2000.

Nr	Banks	Shareholders	Capital share	Ownership	Capital origin
1.	Savings Bank (SB)	Ministry of Finance	100.0	State-owned	Domestic
2	National Commercial Bank (NCB)	Kent Bank EBRD IFC	60.0 20.0 20.0	Private Private Private	foreign (Turkish) int. fin.institution int. fin.institution
3	Italian-Albanian Bank (IAB)	Ministry of Finance Banca di Roma EBRD	40.0 40.0 20.0	State-owned Private Private	Domestic foreign (Italian) int. fin.institution
4	Arab-Albanian Islamic Bank (AAIB)	Ministry of Finance Shamil Bank IDB Jeddah DallahAlbaraka Holding Malaysian Co Business Fokus Individuals	40.0 20.0 15.0 10.0 6.3 8.7	State-owned Private Private Private Private Private	Domestic foreign (Arabian) int. fin.institution foreign (Arabian) foreign (Arabian) foreign (Arabian)
5	American Bank of Albania (ABA)	Albanian American Enterprise Fund	100.0	Private	foreign (Gov. of USA)
6	Tirana Bank (TB)	Piraeus Bank of Albania Datamedia, Sa Piraeus Finance Dafnila Sa Individuals	61.9 15 5 1.3 13.8	Private Private Private Private Private	foreign (Greek) foreign (Greek) foreign (Greek) foreign (Greek) foreign (Greek)
7	National Bank of Greece (Tirana Branch) (NBG)	National Bank of Greece	100.0	private	foreign (Greek)
8	Alpha Bank (Tirana Branch) (ACB)	Alpha Bank, Greece	100.0	private	foreign (Greek)
9	Dardania Bank (DB)	Government of Kosovo	100.0	private	foreign (Kosovo)
10	Fefad Bank (FEFAD)	Fefad Foundation EBRD IFC IMI	45.0 20.0 20.0 15.0	Private private private private	domestic (Gov.) int. fin.institution int. fin.institution foreign (German)
11	International Commercial Bank (ICB)	Individuals	100.0	private	foreign (Malaysian)
12	First Investment Bank (Tirana Branch) (FIB)	First Investment Bank, Bulgaria	100.0	private	foreign (Bulgarian)
13	Intercommercial Bank (ICB)	Commercial Bank of Greece	100.0	private	foreign (Greek)

2.2. LEGAL CHANGES THAT AFFECT BANK ACTIVITIES

Law no.8537, dated 18.10.1999 “On securing charges” became effective in January 2000. The purpose of drafting this law was the establishment of securing rights, that according to this law are called “charges (or liens)” and ensuring the creditor that the debtor is going to meet its obligations, a very important moment for banks regarding their lending activities. Based on this law, according to “Charge (lien) agreement”, a commercial entity (“chargee” or “lien holder” gives loans, and in exchange gains the right on a movable or on real estate property (collateral) of the borrower – debtor.

This law applies to transactions between various customers (e.g., operations that aim at giving loans). The benefit of securing finance is in transactions between commercial entities and lending institutions (banks).

The law “On securing charges” considers the charge agreement as “an executive title”. This instrument for execution of an unsecured monetary obligation is considered very efficient, especially considering the Albanian lending history. Implementation of this law will be a guarantee for banks in case of defaults of loan payment.

3. FUNCTIONS OF BANKING SUPERVISION

3.1. BANKING SYSTEM ANALYSIS

3.1.1 Structure of banking system

During 2000 the banking system was composed of 13 banks, though there were no new banks opened during 2000.

Table 2. Number of banks that compose banking system.

Group of banks according to ownership	1998	1999	2000
G1 (state owned banks)	2	2	1
G2 (joint-venture banks)	2	2	2
G3 (private banks)	6	9	10
Total banks	10	13	13

As a result of its privatisation, National Commercial Bank joined G3 banks. This bank, under new private ownership continued to operate in Tirana (3 branches), as well as in 7 other districts: Durres, Elbasan, Shkoder, Korce, Vlora, Lushnja and Gjirokastra, and remains the second largest bank in the banking system. The transfer of NCB from G1 to G3 had significant effects for G3, due to the importance of this bank in banking system.

During 2000, existing banks opened new branches or bank agencies, further expanding their activity in other districts, such as the following:

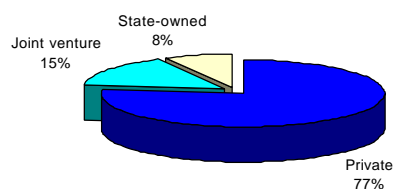
- Alpha Bank opened new branches in Durres and Elbasan;
- Tirana Bank opened a branch in Gjirokastra;
- Fefad Bank opened a branch in Elbasan and an agency in Tirana.

Table 3. Distribution of banking system by districts, as of 31.12.2000.

Nr	Banks	No. of employees	No. of branches	Districts	No. of agencies	Districts
1	NCB	335	10	Tirana1, Tirana2, Tirana3, Durrës, Elbasan, Shkodër, Korçë, Vlorë, Lushnje, Gjirokastrë	1	Durrës
2	SB	1865	26	Berat, Bilisht, Burrel, Durrës1, Durrës2, Elbasan, Fier, Gjirokastrë, Kavajë, Korçë, Krujë, Kukës, Laç, Lezhë, Librazhd, Lushnjë, Përmet, Peshkopi, Pogradec, Sarandë, Shkodër, Bajram Curri, Tirana1, Tirana2, Tirana3, Vlorë	13 large agencies; 74 small agencies; & 110 offices	Kuçovë, Çorovodë, Gramsh, Peqin, Ballsh, Tepelenë, Ersekë, Krumë, Rrëshen, Bulqizë, Delvinë, Koplik, Pukë
3	IAB	58			2	Tiranë, Durrës
4	AAIB	30				
5	DB	12				
6	TB	74	3	Fier, Durrës, Gjirokastrë		
7	NBG	55			2	Durrës, Korçë
8	ICB	23				
9	BAC	35	2	Durrës, Elbasan		
10	ABA	64				
11	FEFAD	85	4	Tiranë, Durrës, Fier, Elbasan	1	Tiranë
12	FIB	13				
13	ICB	27				

Privatization of National Commercial Bank affected the ownership structure of banking system in favour of banks with private capital (capital origin – completely foreign).

Graph 1. Structure of the capital of banking system, as of 31.12.2000.



3.1.2 Balance sheet

The Albanian banking system activity in 2000 increased by 31.5% and 8.6% compared with 1998 and 1999, respectively. Banks of G2 and G3 had the greatest impact on this increase.

The combined balance sheet for each group of banks displayed significant changes at year-end 2000; the main cause was the reclassification of NCB after its privatization.

Table 4. Total assets (in million lek) for groups of banks and banking system.

Years	G1	G2	G3	Banking system
1998	176.4	10.4	19.2	206.0
1999	205.4	14.7	32.4	252.5
2000	175.5	16.8	78.6	270.9

The expansion of activities for G2 and G3 banks has slightly reduced the dominance of banking system by state-owned banks, although the market share of this group of banks continues to be high. The privatization of the Savings Bank will further change the market shares in favour of G3 banks, which it is expected to represent the largest group in banking system, considering both the number of banks and balance sheet; however, the dominance issue will not be solved immediately.

Will the SB continue to be dominant in the market after its privatisation?

This question is going to have a response in the future and it will be heavily dependent on the following:

- expansion of activities of other banks;
- successful accomplishment of the SB privatisation;
- reallocation of available domestic sources between banks, due to competition.

Table 5. Market share for groups of banks.

Years	G1	G2	G3	Banking system
1998	85.6	5.1	9.3	100.0
1999	81.4	5.8	12.8	100.0
2000	64.8	6.2	29.0	100.0

Table 6. Market share for each bank in banking system.

Nr.	Banks	1998	1999	2000
	Group I			
1.	Savings Bank	69.3	67.5	64.8
	Group II			
2.	Italian-Albanian Bank	4.2	5.1	5.4
3.	Arab-Albanian Islamic Bank	0.9	0.8	0.8
	Group III			
4.	National Commercial Bank	16.3	13.6	9.4
5.	Dardania Bank	3.2	1.2	0.7
6.	Tirana Bank	2.0	3.1	5.1
7.	National Bank of Greece (Tirana Branch)	1.9	2.2	2.6
8.	International Commercial Bank	0.4	0.5	0.6
9.	Alpha Bank (Tirana Branch)	1.2	1.7	3.0
10.	American Bank of Albania	0.6	2.5	4.3
11.	Fefad Bank	0.0	1.0	1.7
12.	First Investment Bank (Tirana Branch)	0.0	0.5	0.8
13.	Intercommercial Bank	0.0	0.3	0.7

3.1.3 Asset structure

The phenomenon of concentration in one activity or a few activities continued during year 2000. The banking system invested mainly in: treasury bills, which represented 55.5% of total assets; accounts with banks (mainly non-resident banks) for 20.6% of total assets; loans for 6.1% of total assets; and securities 2.9% of total assets. Banks continued to invest in risk-free or low risk investments, while loans represented minimal figures. Hence, banks have chosen easy ways to make profits, while minimizing risk.

The asset structure reflected:

- the young age of banking system;
- compliance with regulations of Bank of Albania;
- country risk.

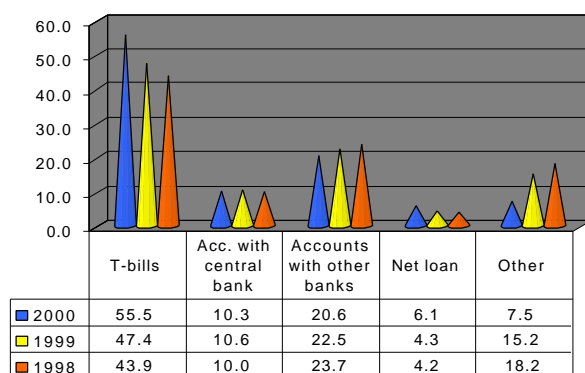
Asset structure for groups of banks presented the following features and trends:

G1 – This group of banks was concentrated mainly in investments in t-bills, for 72.1% of total assets, accounts with banks, and less in loans;

G2 - trend of assets' structure for this group of banks is closer to trend of the traditional activity of a commercial bank – lending, which represented 40% of total assets of this group, while deposits at non-resident banks represented 32.9% of total assets, and investment in t-bills 8.6%;

G3- structure of this group of banks is similar to the structure of G2, but G3 banks have also assets invested in securities for 5.9% of total assets, while the main percentage of assets was in accounts with non-resident banks for 37.1% and investment in t-bills for 28.3% of total assets.

Graph 3. Asset structure for banking system

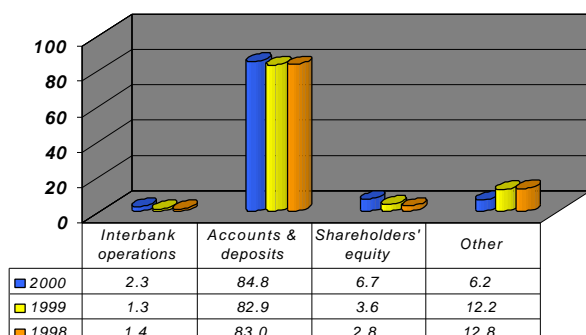


3.1.4 Liabilities and shareholders' equity structure

Deposits were the main source for funding banking activities (84.8% of total assets of banking system), while shareholders' equity represented 6.7% of total assets. Indicators showed an upward trend during 2000 compared with the previous year. This revealed the fact that with the increasing of public confidence in banks, banks more efficiently exercise their role as financial intermediaries by increasing the utilization of third parties funds.

Meanwhile, accounts between banks remained in very low levels, which reflects frozen relationships in inter-bank market and completion of most of transactions via Bank of Albania.

Graph 3. Liabilities and shareholders' equity structure of banking system



Deposits of the banking system at year-end 2000 increased by 9.7% compared with year-end 1999.

According to contribution by economic sectors, *individuals continued to have the main trend* – their deposits had the highest percentage in the banking system (83.9%).

While time deposits had the highest percentage of liabilities of the banking system (76.7%), a downward trend of deposits in lek there was noticed (from 73.7% of total deposits in 1999 to 70.9% of total deposits in 2000), due to the decrease of interest rates on deposits in lek.

Year 2000 showed an upward trend of contribution of private banks (groups G2 and G3) to the banking system deposits (they increased by 47% compared with 1999) by attracting more clients; however, SB (representative of state-owned banks and dominant in this activity), has the highest percentage of deposits of the banking system, but a downward trend was noticed.

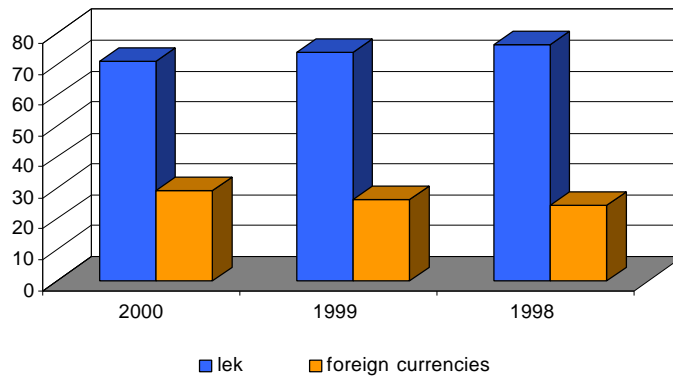
Table 7. Deposits structure by currency for groups of banks (as % of total deposits).

Banks	1998		1999		2000	
	lek	foreign currencies	lek	foreign currencies	lek	foreign currencies
G1	74.6	16.8	70.8	14.3	58.3	11.0
G2	0.4	3.1	0.5	3.9	0.8	3.7
G3	1.0	4.1	2.4	8.1	11.8	14.4
Banking system	76.0	24.0	73.7	26.3	70.9	29.1

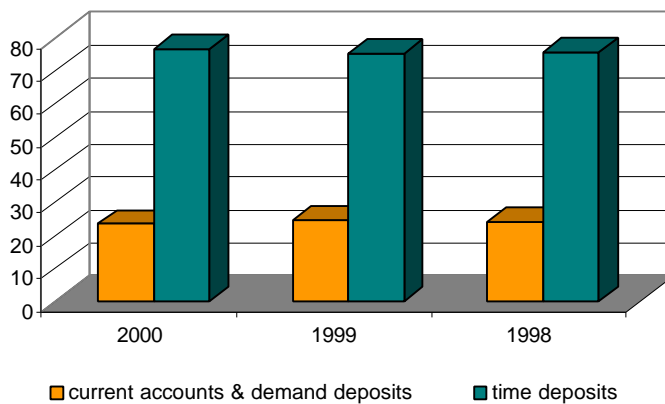
Capital accounts showed a significant increase during 2000. Improvement of capital accounts of the banking system came from the increase of paid-in capital for existing banks to 700 million lek by March 2001, and the payment of inherited losses of the Savings Bank by the Ministry of Finance as preparatory measures for its privatization. This not only recapitalized the bank and improved all capital related ratios for this bank, but it also improved financial ratios for the entire banking system.

Graph 4. Deposit structure for banking system

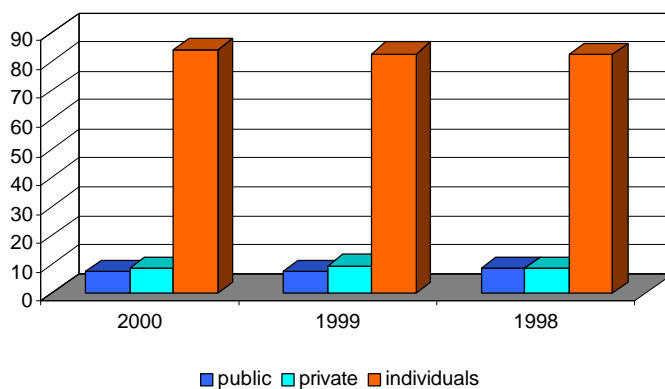
a) Deposit structure by currency



b) Deposit structure by maturity



c) Deposit structure by economic sector



3.1.5 Structure of income and expenses for banking system

The general condition of the banking system during 2000 was estimated as relatively sound. In general, indicators for the banking system showed improvements at year-end 2000; earnings for 2000 amounted to 5.3 billion lek up from 1.2 billion for 1999. The banking system made a profit for the second consecutive year, after a period of four-year generating losses.

Net interest income had the most significant impact on earnings for 2000. Net interest income as of 31.12.00 reached 7.7 billion lek (up from 5.1 billion as of 31.12.99 or 39.3 million loss as of 31.12.98). The increase of net interest income was affected, among other factors, also by the following:

- * decrease of interest rates, which had stronger effect in decrease of interest rates on liabilities than on decrease of interest rates on assets;
- * Albanian banking system faced relatively weak competition, which enables the keeping of high interest margins.

Interest income was the main source of income generated by the banking system during 2000, representing 75.5% of total banking system income. Interest income consisted of the following:

- a) income from investment in t-bills;
- b) income from deposits and current account with foreign banks; and
- c) income from loans.

On the other hand, interest expenses were the main expenses for banks. About 51% of total income for 2000 were spent for interest expenses, mainly for customers' deposits.

In general, the net interest margin for the banking system increased, affecting the increase of net interest income.

Table 8. Net interest margin.

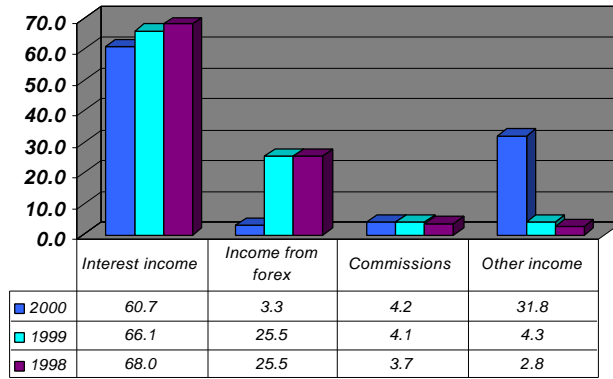
Margin analysis (in percentage)	1999	2000
Interest income/average interest earning assets	15.2	11.4
Interest expense/average interest paying liabilities	10.7	6.5
Net interest margin	4.5	4.9

Other non-interest income (net non-interest income amounted to 2.1 billion lek) had also affected the increase of banking system earnings. Most of it (about 40%) came from income from commissions and fees. The perspective for a competitive banking system, with a wide range and high quality services would increase the contribution of other non-interest income in banking system earnings.

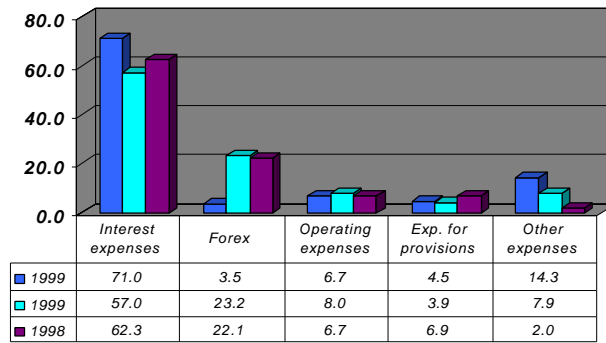
Operating expenses at year-end 2000 increased by 25.5% compared with year-end 99, while personnel expenses increased only by 16.1%. Both investments for improving banking technology or opening new branches, and the increase of number of employees in private banks caused the increase of operating expenses.

However, the increase of operating expenses can be qualified as acceptable considering the amount of total asset. This ratio was 1.5% compared to 1.4% at year-end '99.

Graph 5. Income structure



Graph 6. Expense structure

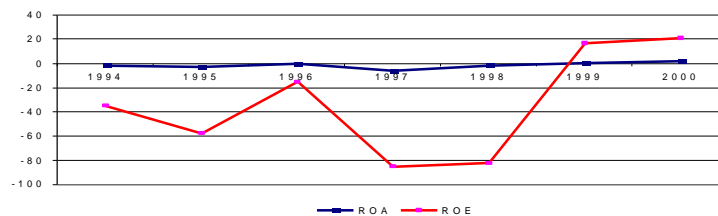


3.1.6 Profitability and capital adequacy

Profit for 2000 resulted in significantly improved profitability ratios for the banking system.

Table 9. Banking system profitability.

Ratios (in percentage)	1996	1997	1998	1999	2000
Return on average assets	-0.5	-5.9	-1.8	0.6	2.1
Return on average equity	-14.9	-84.9	-82.3	16.4	20.7
Operating expenses/gross operating income	106.0	-14.1	-276.3	65.0	34.4



The capital adequacy ratios for the banking system as of 31.12.2000, increased to 42% from 8.2% at the previous year-end, presenting a very-high capitalised banking system. This ratio was significantly high for all groups of banks: 44.5% for state-owned banks; 39.4% for bank with joint capital; and 41.8% for private banks.

Factors that affected the capital adequacy ratio were:

- * increase of capital by existing banks;
- * assets' structure of the banking system, classified by risk.

While capital increase was a result of an increase in paid-in capital of up to 700 million lek for the existing banks and recapitalization of the Savings Bank, asset structure showed that the banking system had invested primarily in risk-free or low risk assets. About 89.4% of total assets belong to these two asset categories as of year-end 2000.

Capital adequacy ratios in very high figures compared with the minimal required ratio (12%) creates the possibility for banks to expand their activities in the future, without impairing capital positions.

Table 10. Capital Adequacy.

Indicators (%)	1996	1997	1998	1999	2000
Adjusted Regulatory Capital (million lek)	3 024.0	1 448.4	- 332.4	3 980.1	16 648.4
Risk weighted assets (million lek)	31 319.6	26 393.3	24 861.0	48 614.9	39 621.6
Capital adequacy ratio (%)	9.7	5.5	-1.3	8.2	42.0

Table 11. Total classified assets at year-end 2000.

Indicators (as % of total assets)	Banking system	G1	G2	G3
No risk assets	66.3	83.2	15.2	39.6
Low risk assets	23.1	13.4	34.6	42.5
Medium risk assets	1.3	0.1	14.0	1.0
High risk assets	9.3	3.3	36.2	16.9

Table 12. Total assets classified by risk for the banking system.

Indicators (as % of total assets)	1998	1999	2000
No risk assets	61.2	63.0	66.3
Low risk assets	24.3	20.5	23.1
Medium risk assets	1.2	1.6	1.3
High risk assets	13.3	14.8	9.3

During 2000, lending activity increased; however, considering changes in asset structure from prior years, it is obvious the trend of increasing banks' investments in risk free or low risk assets. In addition, lack of crediting by the two largest banks (the Savings Bank and National Commercial Bank) also had a negative effect in asset structure.

3.1.7 Credit Risk, Loan Classification and Provisioning

Regarding lending activity as of year-end 2000, we want to emphasise the following:

- * The Savings Bank continued not to grant loans; BoA decision to cease lending continued to be effective.
- * National Commercial Bank, actually privatized, had cleaned its balance sheet by transferring its entire loan portfolio (of the former state-owned bank) to the Bad Assets Resolution Trust, and has not restarted to give loans yet.
- * Joint venture banks, private banks and branches of foreign banks (excluding FIB that had not given any loans yet) had affected the increase of lending activities not only for their group of banks but also for the entire banking system.

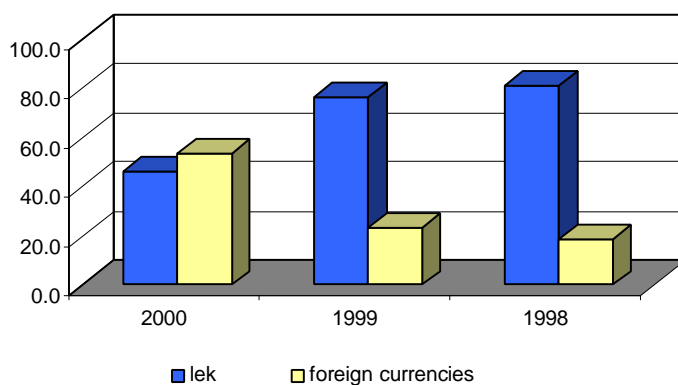
Net loans for G2 and G3 as of year-end 2000 increased by 6.4 billion lek, compared with year-end 1999, given totally to *private sector* (about 57% of outstanding loans) and *individuals* (about 34% of outstanding loans).

Loan structure by currency showed that 53% of outstanding loans were loans in foreign currencies. In addition, loan structure by maturity showed that the banking system preferred to give short-term loans (39% of outstanding loans) and middle term loans (28% of outstanding loans).

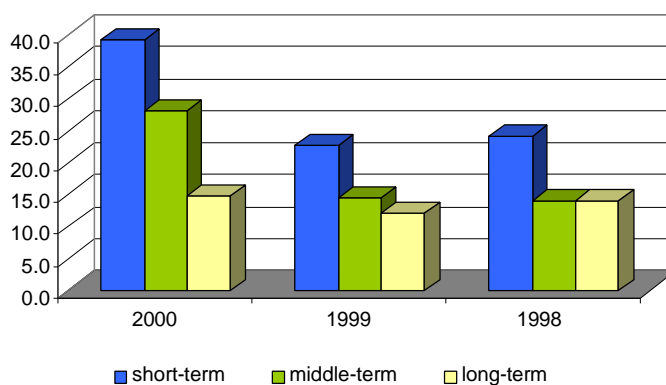
Outstanding loans for banking system increased by 56% compared with 31.12.99, while clients' accounts and deposits increased only by 9.7%.

Graph 7. Loan structure for banking system

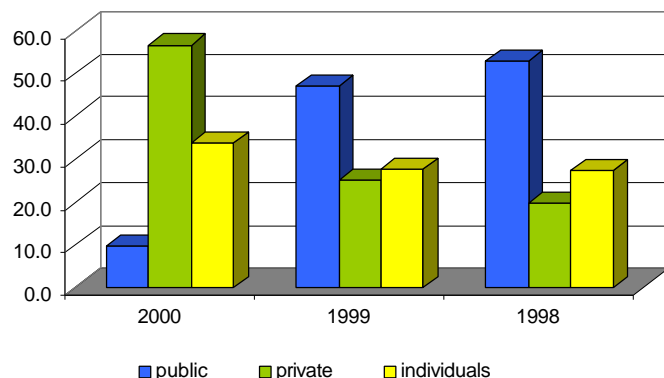
a) Loan structure by currency



b) Loan structure by maturity



c) Loan structure by sector



Loan growth was also associated with the improvement of loan portfolio quality. About 66.6% of loans of the banking system were classified as regular loans, compared with 52.8% in 1999 and 44.5% in 1998.

Table 13. Loan Classification and Provisioning (as % of total).

Loan classification	Loan classification			Provisions set aside		
	2000	1999	1998	2000	1999	1998
Standard	59.2	49.8	42.0	3.1	1.6	0.9
Special mentioned	7.4	3.0	2.5	1.3	0.6	0.4
Substandard	3.3	6.8	7.6	2.4	8.8	3.3
Doubtful	4.1	2.5	6.3	6.8	2.8	7.0
Loss	26.0	37.9	41.6	86.4	86.1	88.5

* regular loans include standard and special mentioned loans;

** three other groups of classified loans are considered as *problem loans*.

3.2. ON-SITE INSPECTIONS AND CORRECTIVE ACTIONS

On-site inspection is a very important part of banking supervision because it assesses areas that cannot be assessed through off-site analysis. Particularly, it assesses bank's management, bank's procedures to identify, monitor and manage risks, and internal control systems. Additionally, on-site inspections play an important role to insure accuracy and improve the quality of data reported to Bank of Albania.

On site inspectors base their work on contacts with banks they inspect, which is very important for a positive solution of all problems found during examinations.

On-site inspections in banks are made according to a working program approved in the beginning of the year, aiming at having a full scope exam for each bank annually. This program also includes partial exams for specific issues emerging during the year.

During 2000, 11 full scope examinations and 5 partial inspections were carried out.

The main examination objectives during 2000 were the following:

- (i) banks engagement in safe and sound activities;
- (ii) identification of specific banks or banking activities that require the attention of supervisory authority;
- (iii) completion, approval and supervision of bank's policies, procedures, and other bank's internal regulations by banks' board of directors.

Findings during inspections:

- * Some banks continued to not have lending policies in place and sufficient provisions set aside. Occasionally, violations of supervisory norms on lending to a single borrower or group of related borrowers were found.
- * In almost all banks, there were found violations of BoA regulation “On the requirements to be met by administrators of banks and branches of foreign banks” when banks’ administrators started their employment without the prior approval of BoA.
- * In a few banks, the ALCO committee did not function, and there were no written policies on foreign exchange operations.
- * Deviations from the bank’s business plans and lack of strategic plans for bank’s development (fast asset growth, new branches, etc.) were noticed.
- * Occasionally, violations of regulations of BoA and laws were found, and in such cases, actions for immediate correction were taken.

Recommendations given during inspections:

- * Loan reclassification and recalculation of provisions;
- * Suspending administrators that do not have prior approval of BoA;
- * Completion of the bank’s organization staffing with personnel to meet bank’s activities, especially in lending;
- * Board of directors should review periodic management and audit committee reports;
- * Approval of public certified accountants (external independent auditors);
- * Compliance with bank accounting manual;
- * Strict compliance with laws and BoA’s regulations;
- * Senior management should become familiar with rating system used by supervision to assess the general financial condition of financial institutions (CAMELS rating).

The BoA is entitled to take corrective measures and actions against irregularities identified in banks during inspections. “Irregularities” shall mean those conditions, actions or lack of actions that may threaten the safety and soundness of a bank, or all banking system.

Banking supervision, depending on extension and type of irregularities or problems found in the bank, as well as the bank’s willingness to correct irregularities, determines corrective measures, based on provisions of law no.8365, dated 02.07.1998 “On banks in the Republic of Albania” and BoA regulations.

The more used corrective measures are the following:

- * Recommendations or suggestions during on-site inspections to correct minor irregularities.
- * Requirement that the bank has to present a program to BoA with actions to improve the banks condition, and in case of many irregularities, action plan must have specified deadlines.
- * Punishment for bank’s management in case of serious and repetitive irregularities, or irregularities that have caused losses to the bank.

Banks have paid attention to the completion of their internal regulations for all banking activities specially for lending, management of assets and liabilities, risk management, etc., based on requirements and recommendations presented in the reports of examination. They are becoming aware of the necessity of compliance with laws, regulations and recommendation of Bank of Albania. This creates possibilities for developing correct relations with banks.

One of the conclusions that can be drawn is banks are making efforts to complete their organizational structure with qualified staff and evaluate more the role of internal auditor.

3.3. LICENSING AND BANK REGULATIONS

3.3.1 Licensing

According to law, the BoA as the regulatory agency of the banking system, has the right to use a series of instruments such as rules, procedures and guidelines, to establish requirements and impose sanctions on banks, in order to accomplish its duties for supervising banking activities and to ensure the stability of the banking system.

For the regulatory agency it is important not only to choose instruments that will apply to improve banking system, but also to combine these instruments and use them effectively to achieve the goal.

BoA, in its roles as the banking system regulatory, determines requirements and conditions for licensing the performance of various financial operations. With regards to this, the main purpose is not to give a license to those entities that do not meet the minimum standards established by Law “On Banks in the Republic of Albania” and relevant regulations. Setting minimal standards for applicants intends to restrain the entities that have suspicious activities, do not pay debts correctly, do not have a good reputation, do not have the necessary professional experience and do not have a regular, registered and controlled organization entering into the banking market. All requirements aim to protect the bank’s potential clients and depositors as well as to have a safe and sound banking system.

The established standardised rules have their positive and negative effects; however, the purpose of establishing them is subject to the final goal, to protect depositors and have a safe and sound banking system.

Positive effects:	Negative effects:
<ul style="list-style-type: none"> - incorporating consolidated activities into banking activities; - selecting managers with banking background and good reputation in order to reduce the systemic risk; - encouraging implementation of ethic standards; - encouraging a profit-making business; - increasing the public confidence in banking system; - reducing systemic risk by establishing minimal obligatory requirements; - requirement for shareholders to control bank’s management; - ensuring transparency of activity; - unite shareholders with good reputation in banking business; - reducing concentration of the banking system; - obstacles in case of conflict of interests, etc. 	<ul style="list-style-type: none"> - establishing restrictive measures; - sometimes, creating a false confidence in clients; - limiting the possibility for small entities to enter the banking market; - often, “minimal” standards become “normal” standards; - small entities are discouraged due to high entrance cost; etc.

However, establishing these minimal requirements has not restrained the presentation of applications, whose completion and review sometimes takes time due to various administrative and bureaucratic reasons.

During 2000, the process of completion of documentation and reviewing the request of the Al Karafi Group, Commercial Kuwait Bank to open a bank continued.

Diners Club Albania Association received a license as a non-bank institution to intermediate in monetary transactions (including foreign currencies).

During this period, some banks had the idea to open branches or subsidiaries in Kosovo; however regulations "On the granting of the license to conduct banking business in the Republic of Albania," did not provide for the permission of BoA to grant banks the approval to open branches or subsidiaries abroad. Therefore, this gap in the regulation was filled with the decision of the Supervisory Board of the Bank of Albania, which set out the criteria for the BoA to grant approval to open a branch or subsidiary outside the territory of the Republic of Albania.

In addition, the request of Rural Financing Fund to get a license as a non-bank entity was reviewed. According to decision no.26 of Supervisory Council, dated 29.03.2000 "On exemption of some subjects from the requirement of the provisions of the Banking Law", it was decided that RFF is excluded from licensing, because of the fund's origin and nature, and it has only to report activity information to the Bank of Albania.

During 2000, 10 foreign exchange bureaus were licensed, pursuant to guideline "On licensing of foreign exchange bureaus".

In addition to giving licenses for carrying out financial activities, banking supervision also gave authorisations for the following:

- opening new bank branches (Durrës Branch of the American Bank of Albania, and an agency within the territory of the USA; Durrës and Elbasan Branches of Alpha Bank, Gjirokaster Branch of Tirana Bank, Elbasan Branch of Fefad Bank);
- approving the reduction of shareholders' equity for the Arab Albanian Islamic Bank and National Commercial Bank;
- various improvements related to the privatisation of NCB and SB;
- giving authorisations for cash transfers abroad, opening bank accounts abroad, etc.; and
- prior approval for the new administrators of banks and branches of foreign banks, since there have been numerous changes, recently.

3.3.2 Bank regulations

The main purpose of banking supervision at the Bank of Albania is to establish a regulatory system according to international standards, so that it can apply the Basle Committee recommendations for effective supervision.

The banking supervision activity related to regulatory issues was concentrated mainly in the improvement of regulations and adopting the Basle Committee recommendations.

During 2000, an important development was the increase of paid-in capital for all banks to a minimal of 700 million lek¹.

In early 2000, the regulation "On bank's liquidity" was rewritten. The purpose was not to establish limits for the liquidity levels for banks, but to establish principles and methodologies for liquidity management. This regulation requires that banks have information systems that enable the qualitative assessments of funds incoming to and outgoing from the bank, based on maturity of assets and liabilities, methodologies for funding bank's activities, etc.

The regulation "On market risks" is another regulation that deals with risks that banks face during their operations. However, market risk is only partially regulated. The level of implementation of this regulation is insufficient, because the level of products exposed to market risks is still low.

An amendment to the regulation "On the requirements to be met by administrators of banks and branches of foreign banks" was made, regarding the prior approval for foreign administrators. The amendment deals with the required procedures to get the employment and stay permissions in the Republic of Albania.

The Banking Law, in addition to giving rules for the creating and functioning of universal banks, provides for cooperative banks. Based on this law, a related regulation "On cooperative banks" was approved. This regulation provides rules for creation, functioning and supervision of these banking institutions. However, to date no request for a license has been presented.

The design and approval of guidelines "On management of interest rate risk" aimed at giving recommendations regarding the management of risks deriving from a bank's positions in securities, trading portfolios and movements of interest rates, as well as the bank's assessment of adequacy and effectiveness of interest rate risk management. This guideline makes regulation "On market risks" more complete.

By making non-bank institutions that carry out financial activities as provided in Article 26 of Law "On banks in the Republic of Albania, subject to this Law, the Bank of Albania undertook the responsibility of supervising them. Consequently, the regulation "On supervisory norms for non-bank financial institutions" was approved.

¹ The banks licensed earlier started their activities with a minimal paid-in capital amounting to 100 million lek. Between 1992 and 1998, the requirement for the paid-in capital raised several times from 100 million to 700 million lek.

4. LIST OF ENTITIES LICENSED BY THE BANK OF ALBANIA

4.1. BANKS AND BRANCHES OF FOREIGN BANKS

1. ITALIAN - ALBANIAN BANK

License No. 01/1996, dated 17.07.1998

Approved with the Supervisory Council Decision No. 89, dated 18.06.1998

Director: Giovanni BOGANI

Address: Rruga "Haxhi Hafiz Dalliu" No 70, Tirana

Tel. 235 697, 235 698, 226 262

Fax. 233 034

2. SAVINGS BANK

License No.2/1998, dated 11.01.1999

Approved with the Supervisory Council Decision No. 163, dated 11.12.1998

Director: Edvin LIBOHOVA

Address: Rr. "Deshmoret e 4 Shkurtit", Nr. 6, Tirana

Tel. 224 540, 225 416, 222 669

Fax. 223 587, 223 695, 224 051

3. ARAB ALBANIAN ISLAMIC BANK

License No. 03/1998, dated 11.01.1999

Approved with the Supervisory Council Decision No. 165, dated 11.12.1998

Director: Abdul Waheed ALAVI

Address: "Deshmoret e Kombit" No.8, Tirana

Tel. 228 460, 223 873, 227 408

Fax. 228 460, 228 387

4 . DARDANIA BANK

License No. 05/1998, dated 11.01.1999

Approved with the Supervisory Council Decision No. 164, dated 11.12.1998

Director: Beqir MEZELXHIU

Address: Bulevardi "Zogu I", Tirana

Tel. 228 759, 259 350, 259 351

Fax. 230 566

Telex. 2298

5 . NATIONAL COMMERCIAL BANK

License No.6/1998, dated 11.01.1999

Approved with the Supervisory Council Decision No. 162, dated 11.01.1999

Director: Seyhan PENCAPLIGIL

Address: Bulevardi Zhan D'Ark

Tel. 250 955

Fax. 250 956

6 . TIRANA BANK

License no. 07, dated 12.09.1996

Approved with the Supervisory Council Decision No. 9, dated 12.09.1996

Director: Dimitris KARAVIAS

Address: Bulevardi "Zogu I", Nr. 55/1, Tirana

Tel. 233 441, 43, 47

Fax. 233 417

7. NATIONAL BANK OF GREECE (TIRANA BRANCH)

License No. 08, dated 25.11.1996

Approved with the Supervisory Council Decision No. 4, dated 14.03.1996

Director: Konstantinos PAPACHRISTOFOROU

Address: Bulevardi "Zogu I", Tirana

Tel. 233 621, 233 622, 233 623, 233 624

Fax. 233 613

8. INTERNATIONAL COMMERCIAL BANK

License No. 09, dated 20.02.1997

Approved with the Supervisory Council Decision No. 9, dated 30.04.1996

Director: Mohana Dass KRISHNASAMY

Address: Rr "Ded Gjon Luli", Tirana

Tel. 237 567, 237 568, 237 569

Fax. 237 570

9. ALPHA BANK (TIRANA BRANCH)

License No. 10, dated 07.01.1998

Approved with the Supervisory Council Decision No. 01/03/96, dated 27.12.1997

Director: Andreas BARTZIS

Address: Bulevardi "Zogu I" Nr. 47, Tirana

Tel. 355 32, 333 59, 404 76, 404 77

Fax. 321 02

10. AMERICAN BANK OF ALBANIA

License No. 11, dated 10.08.1998

Approved with the Supervisory Council Decision No. 105, dated 10.08.1998

Director: Lorenzo RONCARI

Address: Rruga "Ismail Qemali" Nr.27, POB 8319, Tirana

Tel. 248 753/4/5/6

Fax. 248 762

Web site: www.albambank.com

Internet banking: <https://www.ambankalb.com>

11. FEFAD BANK

License No. 12, dated 15.03.1999

Approved with the Supervisory Council Decision No. 22, dated 03.03.1999

Director: Luis SCHUNK

Address: Rr."Sami Frasheri", Tirana e Re, POB 2395, Tirana

Tel. 230 499, 233 496

Fax. 233 481

12. FIRST INVESTMENT BANK (TIRANA BRANCH)

License No. 13, dated 16.04.1999

Approved with the Supervisory Council Decision No. 45, dated 13.04.1999

Director: Evgenij LUKANOV, Gëzim ALIKO

Address: Bulevardi "Deshmoret e Kombit", No.64, Tirana

Tel. 256 423, 256 424

Fax. 256 422

13. INTER COMMERCIAL BANK (ALBANIA)

License No. 14, dated 28.10.1999

Approved with the Supervisory Council Decision No. 105, dated 19.10.1999

Director: Georgios KARAKOSTAS

Address: Rruga e Kavajes "Tirana Tower", Tirana

Tel. 258 755/56/57/58/59/60

Fax. 258 752

4.2. NON BANK ENTITIES

1. UNIONI FINANCIAR I TIRANES, LTD .

License No. 1, dated 08.12.1999,

Licensed to exercise the following financial activities:

- cash operations;
- intermediation in financial transactions;
- acting as an agent or financial consultant

2. DINERS CLUB ALBANIA, LTD .

License No. 2, dated 09.10.2000,

Licensed to exercise the following financial activities:

- intermediation in financial transactions.

3. ALBA POST

License No. 3, dated 18.04.2001, as a “non-bank financial institution”

Licensed to exercise the following financial activities:

- cash operations, only in Tirana offices.

4.3. FOREIGN EXCHANGE BUREAUS

1. "JOARD" FOREIGN EXCHANGE BUREAU, LTD.

License No. 1, dated 01.10.1999

Address: Rruga "Ded Gjon Luli" No.2, Tirana

Dealers: Josif Kote

Ardian Kamberi

2. "AMA" FOREIGN EXCHANGE BUREAU, LTD.

License No 2, dated 01.10.1999

Address: Rruga Tregtare, Lagjja 3, Durres

Dealers: Mirlinda Ceka

Ilir Hoxha

3. "ARIS" FOREIGN EXCHANGE BUREAU, LTD.

License No. 3, dated 01.10.1999

Address: Rruga "Luigj Gurakuqi", Tirana

Dealers: Ardian Goci

Ismet Noka

4. "UNIONI FINANCIAR TIRANE" FOREIGN EXCHANGE BUREAU, LTD.

License No 4, dated 01.10.1999

Address: Rruga "Reshit Collaku", Pall. Shallvare, Shk. 2/18, Tirana

Dealers: Arjan Lezha (Head of agency)

Albert Sara

Dhimiter Papadhopulli

Genta Angjeli (Agalliu)

Piro Teti

Flora Simitxhi

Petrika Mano (Head of agency)

Lindita Shala

Mirela Bakalli

Anila Demiri

Emili Bakalli (Nako)

Astrit Sferdelli

Mirela Kaiku

Erisa Emiri

5. "AG LI" FOREIGN EXCHANGE BUREAU, LTD.

License No 5, dated 01.10.1999

Address: Rruga "Islam Alla" No. 1, Tirana

Dealer: Agim Cani

6. "ALBAKREDIT" FOREIGN EXCHANGE BUREAU, LTD.

License No 06, dated 24.11.1999

Address: Rruga "Ded Gjon Luli" No. 5, Tirana

Dealers: Engjëll Skënderi

Arben Cani

Vasil Marto

Hajredin Toça

Dallëndyshe Shima

7. "G UDEN" FOREIGN EXCHANGE BUREAU, LTD .

License No 07, dated 24.11.1999

Address: Rruga "Konferenca e Pezes", Tirana

Dealers: Arben Elezi
Bukurosh Jaho
Pëllumb Mehmetaj

8. "EXCHANGE" FOREIGN EXCHANGE BUREAU, LTD .

License No 08, dated 24.11.1999

Address: Rruga e Durrësit no. 170 and "Reshit Collaku", Pallatet e Shallvare, shk.4,
Ap. 42, Tirana

Dealers: Vladimir Shkurti
Ivan Pavlovski
Ervis Myftari

9. "UNISIX" FOREIGN EXCHANGE BUREAU, LTD .

License No. 09, dated 26.11.1999

Address: Bulevardi "Republika", Pall.4, Korca

Dealers: Pandi Cunoti
Juxhin Çili

10. "EKSPRES J & E" FOREIGN EXCHANGE BUREAU, LTD .

License No 10, dated 26.11.1999

Address: Lagja 11, Rruga "Prokop Meksi", Durrës

Dealers: Kostandin Ekonomi
Entela Ekonomi

11. "MI & CO" FOREIGN EXCHANGE BUREAU, LTD .

License No 11, dated 29.02.2000

Address: Rruga "Ded Gjon Luli" No. 2/3, Tirana

Dealers: Muharrem Kokona
Ilir Adili
Andis Tirana

12. "ILIRIA '98" FOREIGN EXCHANGE BUREAU, LTD .

License No. 12, dated 25.02.2000

Address: "Sheshi Skenderbej", Teatri i Kukullave, Tirana

Dealers: Edmond Ymeri
Ali Topalli
Ilir Yanku

13. "SERXHI IO" FOREIGN EXCHANGE BUREAU, LTD .

License No. 14, Dated 07.04.2000

Address: Lagja "Luigj Gurakuqi", Rr. 11 Nentori, Pall.70, No. 4, Elbasan

Dealer: Amarildo Canku

14. "ALBTUR" FOREIGN EXCHANGE BUREAU, LTD .

License No.15, dated 07.04.2000.

Address: Agency No. 1, Bulevardi "Zogu I", Pall.32, Shk.1, Tirana
Agency No. 2, Rruga "Mine Peza", Pall.102, Shk.1, Tirana

Dealers: Albert Rahmani
Artur Rahmani
Elton Myftari

15. "R&M" FOREIGN EXCHANGE BUREAU, LTD.
License No. 16, dated 22.05.2000
Address: Rruga "Punetoret e Rilindjes", Pall.182, Tirana
Dealers: Edmond Stepa
Miranda Stepa
16. "TEUTA 2000" FOREIGN EXCHANGE BUREAU, LTD.
License No.17, dated 22.05.2000
Address: Lagjja 4, Rruga "Skenderbej", Ap.950, Durres
Dealers: Qemal Hoxha
Arben Cuni
17. "T&E" FOREIGN EXCHANGE BUREAU, LTD.
License No. 18, dated 11.06.2000
Address: Lagja 4, Rruga "9 Maji", Durres
Dealers: Shpetim Hysa
18. "SUELA" FOREIGN EXCHANGE BUREAU, LTD.
License No. 18, dated 20.10.2000
Address: Porti Detar, Ambjentet e Interklubit, Durres
Dealers: Suela Gjepali
Flutura Stavri
19. "R&M" FOREIGN EXCHANGE BUREAU, LTD.
License No. 19, dated 24.11.2000
Address: Lagjja "Popullore", Shijak
Dealers: Nazmi Ademi
Farije Ademi
20. "R&T" FOREIGN EXCHANGE BUREAU, LTD.
License No. 20, dated 20.12.2000
Address: Bulevardi "Zogu i I", Tirana
Dealers: Renis Tershana
Ervin Lera
21. "DV-ALBA" FOREIGN EXCHANGE BUREAU, LTD.
License No. 21, dated 11.01.2001
Address: Sheshi Skenderbej, Tirana International Hotel, Tirana
Dealers: Brunilda Haxhimali
Holta Bendo
22. "MANUSHI I" FOREIGN EXCHANGE BUREAU, LTD.
License No. 22, dated 18.04.2001
Address: Bulevardi "Zogu I", Ve-Ve Business Center, Tirana
Dealers: Roland Manushi
23. "R&M" FOREIGN EXCHANGE BUREAU, LTD.
License No. 23, dated 21.05.2001
Address: Rruga "Shenazi Dishnica", Pall.124/1, Tirana
Dealers: Leonat Zenelaj
Gani Xhaja

5. THE LIST OF BANKING SUPERVISION REGULATIONS EFFECTIVE AS OF JULY 2000

1. The regulation "**On the granting of the license to conduct banking business in the Republic of Albania**", approved by the Supervisory Council with Decision no.173, dated 02.12.1998; amendment to this regulation approved by the Supervisory Council with Decision no.43, dated 17.05.2000.
2. The regulation "**On the requirements to be met by administrators of banks and branches of foreign banks**", approved by the Supervisory Council with Decision No. 13, dated 17.02.1999; and amendment to this regulation approved with Decision no.17, dated 01.03.2000.
3. The regulation "**On the granting of the license to conduct financial activities to non-banking institutions in the Republic of Albania**", approved by the Supervisory Council with Decision no.26 dated 18.03.1999.
4. The regulation "**On loan classification and creation of reserve funds to cover loan losses**", approved by the Supervisory Council with Decision no.50, dated 22.04.1999; amendment to regulation approved by the Supervisory Council with decision no.117, dated 01.12.1999; amendment to regulation approved by the Supervisory Council with decision no.104, dated 26.12.2000 – rescinded and replaced with regulation "**On Credit risk management**".
5. The regulation "**On the size and completion of minimum initial capital for activities permissible to banks and branches of foreign banks**", approved by the Supervisory Council with Decision no.51, dated 22.04.1999.
6. The guidelines "**On the regulatory capital**", approved by the Supervisory Council with Decision no.57, dated 05.05.1999.
7. The regulation "**On the capital adequacy ratio**", approved by the Supervisory Council with Decision no.58, dated 05.05.1999.
8. The regulation "**On foreign exchange open positions**", approved by the Supervisory Council with Decision no.59, dated 05.05.1999; amendment to regulation approved by the Supervisory Council with decision no.118, dated 01.12.1999.
9. The regulation "**On foreign exchange operations**", approved by the Supervisory Council with Decision no.63 dated 27.05.1999; amendment to regulation approved by the Supervisory Council with decision no. 103, dated 26.12.2000 – rescinded and replaced with regulation "**On foreign exchange operations**", approved by the Supervisory Council with Decision no.12 dated 21.02.2001.
10. The regulation "**On the liquidity ratio**", approved by the Supervisory Council with Decision no.71, dated 02.06.1999; rescinded by the Supervisory Council with Decision no.04 dated 19.01.2000, and replaced with guideline "**On the liquidity of banks**" approved by the Supervisory Council with Decision no.04 dated 19.01.2000.
11. The regulation "**On market risks**", approved by the Supervisory Council with Decision no.72, dated 02.06.1999.

12. The regulation "**On the control of significant risks**", approved by the Supervisory Council with Decision no.78 dated 07.07.1999; amendment to regulation approved by the Supervisory Council with Decision no.119, dated 01.12.1999.
13. The guideline "**On internal controls**", approved by the Supervisory Council with Decision no.107, dated 03.11.1999.
14. The regulation "**On bank investment in the equity of commercial companies**", approved by the Supervisory Council with Decision no.42, dated 06.06.2001, which repeals the regulation "**On the participation in the equity of commercial companies by banks and branches of foreign banks**" approved by the Supervisory Council with Decision no.108, dated 03.11.1999.
15. The regulation "**On cooperative banks**", approved by the Supervisory Council with Decision no.25 dated 29.03.2000.
16. The guideline "**On interest rate risk management**", approved by the Supervisory Council with Decision no.61 dated 05.07.2000.
17. Decision no.26 of Supervisory Council, dated 29.03.2000 "**On exemption of some subjects from the requirement of the provisions of Law "On Banks in the Republic of Albania"**".
18. Regulation "**On supervisory norms for non-bank financial institutions**", approved by the Supervisory Council with Decision no.06, dated 05.07.2000.
19. Guideline "**On certified public accountants (external auditors) of banks and branches of foreign banks**" approved by the Supervisory Council with Decision no.39, dated 16.05.2001.