

**BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET AND FOREIGN
EXCHANGE MARKET
OVER 2023 Q1**

1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2023 Q1

1.1. Open market operations and factors affecting liquidity shortage in the banking system

Table 1 Temporary open market operations
(*in ALL billion¹.) Source: Bank of Albania

DATE	R/REPO overnight	R/REPO 1-week	R/REPO >1-week <3-month	REPO Overnight	Total injected liquidity
5-January-23		18.92			34.68
12-January-23		12.18			27.94
19-January-23		20.23			35.99
24-January-23			1.59		32.64
26-January-23		25.50			38.01
2-February-23		20.68			33.20
9-February-23		20.18			32.70
16-February-23		22.48			35.00
23-February-23		32.13			44.65
24-February-23			2.63		43.00
2-March-23		24.79			35.62
9-March-23		18.02			28.85
16-March-23		17.92			28.75
23-March-23		24.75			35.58
24-March-23			5.31		34.37
30-March-23		26.06			35.68

In 2023 Q1, the Bank of Albania intervened in the money market through the open market operations to inject liquidity.

Average daily injections through liquidity injecting operations with maturity 1-13 weeks fell at ALL 34.89 billion, against the average of ALL 44.60 billion in the previous quarter and from

¹The figures are expressed at Purchase Price.

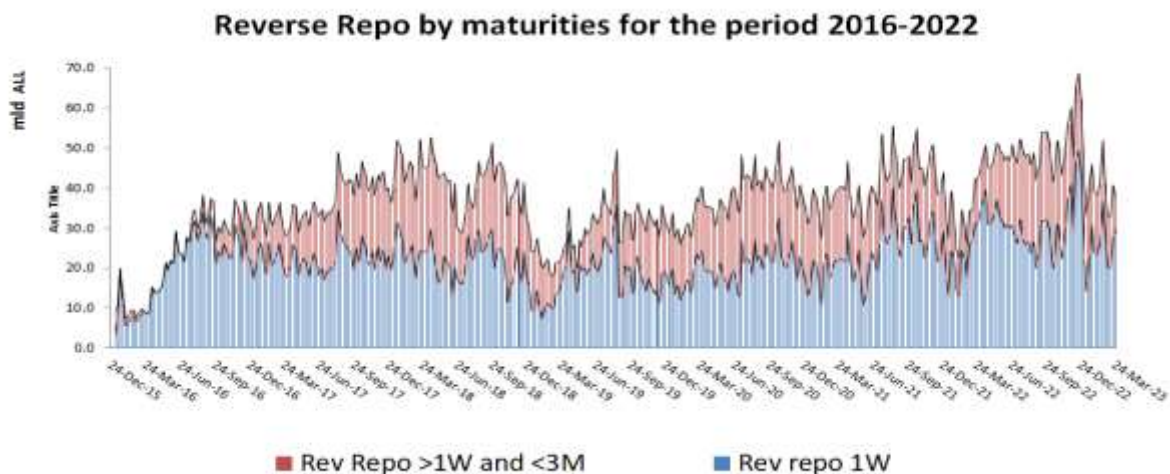
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ALL 40.76 billion, on average, in 2022. After this fall, the shortage returned to around the average values of the last five years, but it sets on an upward trend at the end of the quarter, mainly due to the high accumulation of liquidity in the government account and the reduction of SWAP Agreements with the Bank of Albania.

Liquidity shortage, according to the injection operations of the Bank of Albania, was too high, at ALL 51.05 billion in the first days of the year, but the increase in the expenditures of the Ministry of Finance drove to a drop of this shortage at ALL 27.94 billion as at mid of January 2023, when the lowest value was also recorded. The MoFE increased spending was funded by a combination of accumulated liquidity from 2022, an increase in SWAP agreements in the last days of 2022, and the sale of EUR 50 million to the Bank of Albania for a total of ALL 5.74 billion in January.

In the context of operations for the liquidity management of the banking system, the Bank of Albania employed its main instrument – one-week reverse REPO – for ALL 22.33 billion on average, or 64% of total injections, against 60.65% and 55.4%, respectively, in the two previous quarters. In parallel with the decline in the shortage, the 3-month injections decreased as well, for a total ALL 6 billion during the period.

Chart 1: Bank of Albania interventions in the money market in 2016-2022 (nominal value) Source: Bank of Albania



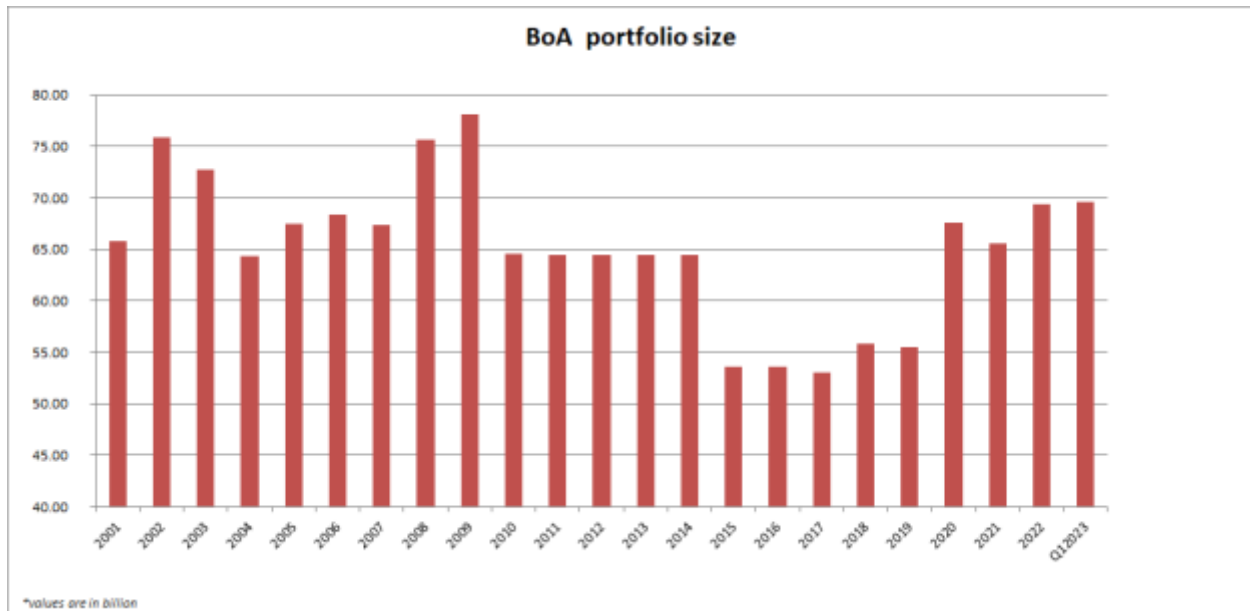
1.2 Use of standing facilities by the banking system

The banking system has used the deposit at the Bank of Albania, on an ongoing basis, averaging ALL 15.06 billion, from the average of ALL 10.04 billion in the previous six months.

The overnight loan facility was used in 20 cases averaging ALL 2.1 billion, out of 9 cases for the maximum amount of ALL 2.2 billion in the previous quarter, and only in 1 case in the third quarter of 2022.

1.3 Operations to manage the banking system liquidity and the Bank of Albania’s Portfolio

During 2023 Q1, the portfolio of the Bank of Albania grew by ALL 270 million to ALL 69.60 billion, not reaching the middle value of the band ALL 71.30 billion.



1.4 Use of fine-tuning operations

No fine-tuning operations were conducted during the period.

2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2023 Q1

2.1 Transactions with commercial banks

During 2023 Q1, as announced on December 13, 2022, the Bank of Albania has held 2 auctions for the purchase of foreign currency.

Calendar of market interventions - 2023

Date	Amount in the first round (in euro)	
1 17/02/20235-9 mln		(1 mo FW)
2 17/03/20235-9 mln		(1 mo FW)
3 11/04/20235-9 mln		(1 mo FW)
4 20/04/20235-9 mln		
5 11/05/20235-9 mln		
6 26/05/20235-9 mln		
7 09/06/20235-9 mln		
8 21/06/20235-9 mln		(1 mo FW)
9 06/07/20235-9 mln		
10 20/07/20235-9 mln		
11 04/08/20235-9 mln		
12 18/08/20235-9 mln		(1 mo FW)
13 18/10/20235-9 mln		(1 mo FW)
14 17/11/20235-9 mln		(1 mo FW)
15 06/12/20235-9 mln		
16 20/12/20235-9 mln		(1 mo FW)

Aiming to increase the international reserve, during 2023, the Bank of Albania intends to buy EUR 160-220 million through auctions.

In this announcement, in addition to the published auctions' dates and the respective amounts, those auctions in which will be used the forward option are published as well.

2.2 Operations with other institutions

During the first quarter, MoFE matured the SWAP agreement for ALL 8.94 billion and sold EUR 50 million to the Bank of Albania at the price ALL 114.80.

The unmatured SWAP agreements are as follows:

1. EUR 50 million on 18 April 2023
2. EUR 50 million on 18 September 2023
3. EUR 40 million on 20 October 2023
4. EUR 45 million on 17 November 2023

During the quarter, EUR 579 thousand were purchased from the IPA programme.