



**REPUBLIC OF ALBANIA
BANK OF ALBANIA
SUPERVISORY COUNCIL**

DECISION

No. 71, dated 2.12.2020

ON

SOME AMENDMENTS TO THE REGULATION

**“ON REPORTING TO THE BANK OF ALBANIA ACCORDING TO THE UNIFIED
REPORTING SYSTEM”**

Pursuant to Article 12, letter “a”, Article 27, Article 43, letter "c", Article 70, paragraph 1 and Article 71 of the Law no. 8269, dated 23.12.1997 "On the Bank of Albania", as amended; to Article 43, paragraph 3, Article 62, paragraph 1, letter “c” and Article 72, paragraph 5 of the Law No. 52/2016, dated 05.19.2016 "On savings and loans associations and their unions", having regard to the proposal of the Financial Statistics Department and the Supervision Department, the Supervisory Council of the Bank of Albania,

DECIDED:

1. In regulation “On reporting to the Bank of Albania according to the unified reporting system”, approved by Supervisory Council’s decision no.45, dated 10.06.2009, amended, to be reflected the below amendment:
 - a) The forms of Annex 3 attached to the regulation, to be amended as per the forms defined in Annex 3, attached to this Decision.
2. The explanatory notes of the forms are an integral part of Annex 3.
3. The Savings and loans associations and their Unions are responsible for the implementation of this Decision.
4. The Bank of Albania's Supervision Department and Financial Statistics Department are responsible for observing the implementation of this Decision.

5. The Governor's Office and the Research Department are responsible for publishing this Decision in the Official Journal of the Republic of Albania and in Bank of Albania's Official Bulletin, respectively.

This decision shall enter into force 15 days following its publication in the Official Journal of the Republic of Albania.

SEKRETARY

CHAIRMAN

Elvis ÇIBUKU

Gent SEJKO

Annex 3

Unified reporting system for Savings and loans associations and their Unions

a) *Reporting from unions for their activities, according to these forms:*

- *Form No.1: Assets*
- *Form No.2: Liabilities*
- *Form No.3: Profit-loss account*
- *Form No.4: Off-balance sheet items*
- *Form No.5: Loans classified by past due date*
- *Form No.6: Classification of loans and calculation of provisions*
- *Form No. 6/1: Classification of credit lines for members*
- *Form No.7: Loan-portfolio quality*
- *Form No.8: Deposits by currency and original maturity*
- *Form No. 9: Position in foreign currency - Assets*
- *Form No. 9/1: Position in foreign currency- Liabilities*
- *Form No.10: Open foreign currency positions*
- *Form No.11: Capital*
- *Form No.12: Risk-weighted balance sheet assets*
- *Form No.12/1: Risk weighted off-balance sheet assets*
- *Form No.12/2: Capital adequacy ratio*
- *Form No.13: Large exposures*
- *Form No.13/1: Large exposures*
- *Form No.14: Liquidity risk*
- *Form No.14/1: Assets by remaining maturity*
- *Form No.14/2: Liabilities by remaining maturity*
- *Form No.14/4: Loans with over 10 years maturity*
- *Form No.15: Other indicators*
- *Form No.16: Investment of funds*
- *Form No.17: Evidence of loans by maturity*
- *Form No.18: Loans by currency and maturity*
- *Form No.19: Number of branches*
- *Form No.20: Number of members*
- *Form No.21: Treasury bills and Albanian government's securities with a maturity over 1 year held by Union*
- *Form No.22: Data on capital and subordinated debt*

b) *Reporting by the Unions on the total of savings and loans associations, according to the following forms:*

- *Form No.1: Assets*
- *Form No.2: Liabilities*
- *Form No.3: Profit-loss account*
- *Form No.4: Off-balance sheet items*
- *Form No.5: Loans classified by past due date*

- *Form No.6: Classification of loans and calculation of provisions*
- *Form No.6/1: Financial leasing classification and calculation of provisions*
- *Form No.7: Deposits concentration*
- *Form No.8: Deposits of resident members by sector, term and currency*
- *Form No.9: Loans granted by economic activity and portfolio quality*
- *Form No.10: Members' loans by sector, currency, term and purpose of use*
- *Form No.11: Categories of loans granted by the total of SLA*
- *Form No.12: Financial leasing portfolio*
- *Form No.13: Treasury bills and Albanian government's securities with a maturity over 1 year held by SLAs*
- *Form No.14: Number of SLA members in the Union*
- *Form No.15: Number of members of SLAs*
- *Form No.16: Information on members*
- *Form No.17: Data on capital and subordinated debt*

c) *Reporting by the Unions with individual data for each savings and loans association, or by the SLA itself in case it is not a member of any of the Unions, according to the following forms:*

- *Form No.1: Assets*
- *Form No.2: Liabilities*
- *Form No.3: Profit-loss account*
- *Form No.4: Off-balance sheet items*
- *Form No.5: Loans classified by past due date*
- *Form No.6: Classification of loans and calculation of provisions*
- *Form No.6/1: Financial leasing classification and calculation of provisions*
- *Form No.7: Loan-portfolio quality*
- *Form No.8: Deposits concentration*
- *Form No.8/1: Deposits of resident members by sector, term and currency*
- *Form No.9: Position in foreign currency- Assets*
- *Form No.9/1: Position in foreign currency- Liabilities*
- *Form No.10: Open foreign currency positions*
- *Form No.11: Capital*
- *Form No.12: Risk-weighted balance sheet assets*
- *Form No.12/1: Risk weighted off-balance sheet assets*
- *Form No.12/2: Capital adequacy ratio*
- *Form No.13: Large exposures*
- *Formulari 13/1: Large exposures*
- *Form No.14: Liquidity risk*
- *Form No.14/1: Assets by remaining maturity*
- *Form No.14/2: Liabilities by remaining maturity*
- *Form No.14/4: Loans with over 10 years maturity*
- *Form No.15: Other indicators*
- *Form No.16: Investment of funds*
- *Form No.17: Loans granted by economic activity and portfolio quality*
- *Form No.18: Members' loans by sector, currency, term and purpose of use*

- *Form No.19: Evidence of loans by maturity*
- *Form No.20: Loans by currency and maturity*
- *Form No.21: Categories of loans granted by SLA*
- *Form No.22: Financial leasing portfolio*
- *Form No.23: Evidence of transfers and payments*
- *Form No.24: Treasury bills and Albanian government's securities with a maturity over 1 year held by SLAs*
- *Form No.25: Number of branches*
- *Form No.26: Number of members*
- *Form No.27: Information on members*
- *Form No.28: Data on capital and subordinated debt*

Explanatory notes for the completion of reporting forms by Unions

Form 1 - ASSETS:

- ***Code 1 Treasury Transactions:*** This item is the sum of items 1.1, 1.2, 1.3, and 1.4.
- ***Code 1.1 Cash in hand:*** Cash in hand represents banknotes, coins and traveller's checks in domestic and foreign currencies, physically possessed by the financial institution, and which are available on the spot.
- ***Code 1.2 Treasury bills and Albanian government's securities with a maturity over 1 (one) year:*** This item is the sum of items 1.2.1 and 1.2.2.
- ***Code 1.2.1 Treasury bills:*** This item includes the value of treasury bills owned by the Union and consists of item 1.2.1.1 (T-bills), 1.2.1.2 (discount/premium) and 1.2.1.3 (accrued interest).
- ***Code 1.2.2 Albanian government's securities with a maturity over 1 (one) year:*** This item includes the value of Albanian government's securities with a maturity over 1 (one) year owned by the Union and consists of item 1.2.2.1 (Albanian government's securities with a maturity over 1 (one) year), 1.2.2.2 (discount/premium) and 1.2.2.3 (accrued interest).
- ***Code 1.3 Current account in banks:*** include current accounts that Union has in commercial banks. Current accounts are transferable and are made available to the Union on the spot. This item is a sum of items 1.3.1 (current accounts in banks) and 1.3.2 (accrued interests).
- ***Code 1.4. Deposits in banks:*** This item is a sum of items 1.4.1, 1.4.2, and 1.4.3.
- ***Code 1.4.1 Demand deposits in banks:*** This item includes amounts deposited in commercial banks for which their interest rate and maturity are agreed on to be less than one working day.
- ***Code 1.4.2 Time deposits in banks:*** This item includes amounts deposited in commercial banks for which it is agreed to have a repayment date of more than one working day and an interest rate.
- ***Code 1.4.3 Certificates of deposits:*** Certificates of deposits include certificates purchased by the Union from commercial banks.
- ***Code 1.4.1.2, 1.4.2.2, and 1.4.3.2. Accrued interest for demand-and-time deposits, as well as for certificates of deposits.*** Accrued interest for demand-and-time deposits as well as for certificates of deposits whose payment is not due yet, is registered in this account under the relevant items.
- ***Code 2. Transactions with members:*** This item is the sum of items 2.1, 2.2, 2.3, 2.4 2.5 and 2.6.

- **Code 2.1 Standard loans and advances to members:** This item is the sum of items 2.1.1 (short-term loans), 2.1.2 (medium-term loans) and 2.1.3 (long-term loans).
- **Code 2.2 Special mention loans:** This item is the sum of items 2.2.1 (short-term loans), 2.2.2 (medium-term loans) and 2.2.3 (long-term loans).
- **Code 2.3 Substandard loans:** This item is the sum of items 2.3.1 (short-term loans), 2.3.2 (medium-term loans) and 2.3.3 (long-term loans).
- **Code 2.4 Doubtful loans:** This item is the sum of items 2.4.1 (short-term loans), 2.4.2 (medium-term loans) and 2.4.3 (long-term loans).
- **Code 2.5 Lost loans:** This item is the sum of items 2.5.1 (short-term loans), 2.5.2 (medium-term loans) and 2.5.3 (long-term loans).
- **Code 2.6 Credit lines for the members:** This item is the sum of items 2.6.1¹ (credit lines for members) and 2.6.2 (accrued interest).
- **Code 3 Other assets and liabilities:** This item is the sum of items 3.1 (other assets) and 3.2 (inter-office accounts).
- **Code 3.1 Other assets:** This item is the sum of items 3.1.1 (sundry debtors), 3.1.2 (inventories), 3.1.3 (Provisions for depreciation of other assets) and 3.1.4 (accrued income and deferred expenses).
- **Code 3.1.1 Sundry debtors:** This item is the sum of the items 3.1.1.1 (commercial loans) and 3.1.1.2 (others).
- **Code 3.1.1.1 Commercial loans** - is a direct credit that the supplier of goods and services provides to its customers (accounts receivables with suppliers for the purchase of goods and / or services).
- **Code 3.1.2 Inventories:** This item is the sum of the items 3.1.2.1 which includes land, buildings and other assets obtained through a legal process and 3.1.2.2 (others).
- **Code 4 Fixed assets and permanent resources:** This item is the sum of items 4.1 (participating interests), 4.2 (fixed tangible assets (net)), 4.3 (fix intangible assets (net)) and 4.4 (other non-financial assets).

¹ As defined in Article 13, paragraph 5 and 6 of the Regulation "On risk management in the activity of savings and loan associations and their Unions"

Form 2 - LIABILITIES:

- **Code 1. Current and escrow accounts:** *This item includes accounts deposited in the Union, such as accounts for transfers for the benefit of a recipient chosen by the member, accounts blocked as guarantee, which are pending the conduct of a member's transaction.*
- **Code 2 Borrowings:** *This item is the sum of items 2.1 and 2.2, and includes loans that the Union has received from banks, credit institutions, other financial institutions, the Albanian government and public administration.*
- **Code 2.1 Borrowing from banks, credit institutions and other financial institutions:** *This item is the sum of items 2.1.1 (demand borrowing from banks, credit institutions and other financial institutions) and 2.1.2. (term borrowing from banks, credit institutions and other financial institutions), including the principal of received loans and accrued interest, which payment is not due yet.*
- **Code 2.2 Borrowings from Albanian government and public administration:** *This item consists of loans received by central and local government, including the received loan principal and accrued interest, whose term of payment is not due yet.*
- **Code 2.2.1 Central government** - *includes all administrative departments of state and central agencies, whose authority extend to all the economic territory of the country. Such are ministries and central public administration, as well as non-profit organizations controlled by the government.*
- **Code 2.2.2 Local government** - *includes municipalities and local authority. This sub-sector also includes non-profit institutions controlled by the government that operate only within the economic territory of the local government.*
- **Code 3. Operations with members:** *This item is the sum of items 3.1, 3.2, 3.3, 3.4, and 3.5.*
- **Code 3.1 Current Accounts:** *This item includes amounts deposited in current accounts by the Union's members.*
- **Code 3.2 Demand deposits:** *This item includes demand deposits of the Union's members.*
- **Code 3.3 Interest-free term deposits:** *This items includes amounts deposited in the Union by the members, for which no interest is paid.*

- **Code 3.4 Term deposits with interest:** This item includes amounts deposited in the Union, for which interest is paid. This item also includes accrued interest.
- **Code 3.5 Deposits pledged as collateral for loans:** This item includes members' deposits pledged as collateral for loans received by the Union, which also includes accrued interest.
- **Code 4 Other assets and liabilities:** This item is the sum of items 4.1 (other liabilities), 4.2 (inter-office accounts), and 4.3 (other accounts).
- **Code 4.1 Other liabilities:** This item is the sum of items 4.1.1.1 (sundry creditors) and 4.1.2 (accrued expenses and deferred incomes).
- **Code 4.1.1 Sundry creditors:** This item is the sum of the items 4.1.1.1 (commercial loans) and 4.1.1.2 (others).
- **Code 4.1.1.1 Commercial loans** - is a direct credit that the supplier of goods and services provides to its customers (accounts payables with suppliers for the purchase of goods and / or services).
- **Code 5 Fixed assets and permanent resources:** This item is the sum of items 5.1 (grants and public funding), 5.2 (specific reserve funds), 5.3 (subordinated debt) and 5.4 (Union's capital).
- **Code 5.1 Grants and public funding** The market value of a received grant is included in this item under the category "grants"² and serves as the counterparty of the asset (e.g.. building, tool, treasury bonds, etc.) to which this grant corresponds to.
- **Code 5.2 Specific reserve funds:** This item is the sum of items 5.2.1 (reserve funds for statistical risk to cover losses from standard and special mention loans) and 5.2.2 (reserve funds for litigation and contingencies).
- **Code 5.3 Subordinated debt:** This item is the sum of items 5.3.1 (subordinated debt) and 5.3.2 (accrued interest).
- **Code 5.3.1 Subordinated debt:** This item is the sum of items 5.3.1.1 (subordinated debt of banks), 5.3.1.2 (subordinated debt of non-financial institutions), 5.3.1.3 (subordinated debt of financial institutions) and 5.3.1.4 (subordinated debt of other resident sectors).

² Market value at the time the grant is received.

- **Code 5.3.2 Accrued interest:** This item is the sum of items 5.3.2.1 (accrued interest of subordinated debt of banks), 5.3.2.2 (accrued interest of subordinated debt of non-financial institutions), 5.3.2.3 (accrued interest of subordinated debt of financial institutions) and 5.3.2.4 (accrued interest of subordinated debt of other resident sectors).
- **Code 5.4 Union's capital:** This item is the sum of items: 5.4.1 (members' contribution), 5.4.2 (donor funds), 5.4.3 (legal reserves), 5.4.4 (statutory reserves), 5.4.5 (other reserves), 5.4.6 (retained profits (losses)), 5.4.7 (reserves of fixed assets revaluation), 5.4.8. (current year profit (loss)).

Residence

The definition of residence serves to distinguish between residents and non-resident sectors in assets and liabilities of the balance sheet.

The residence of each institutional unit is the economic territory with which it has the strongest connection, expressed as the predominant centre of the economic interest. An institutional unit is resident of an economy, within the economic territory of the country, where it has a residence, a production place or where it carries out activities within the economic territory of the country in which it is committed and will continue to engage in economic activities and transactions, to a significant degree, for a year or more.

*Thus, **non-resident** shall be considered each household, company, or organization located outside the territory of Albania. Branches and subsidiaries of foreign companies in Albania are residents. Similarly, foreign branches and subsidiaries of Albanian companies are non-residents. Individuals who usually live (for a period of more than one year) abroad, are non-residents as well. Therefore, long-term emigrants are considered non-residents in our economy but are considered residents in the countries where they work and live. The military and diplomatic personnel employed in areas such as military areas and embassies are considered residents. These areas are part of their state's economic territory and employees are considered as residents, regardless of their length of employment. Thus, the foreign personnel of accredited embassies in Albania are considered non-residents.*

Students and individuals, who are treated abroad are considered residents of the economies they come from, regardless of their duration of stay abroad.

Explanatory notes for the completion of reporting forms by SLAs

Form 1 – ASSETS:

- **Code 1 Treasury Transactions:** This item is the sum of items 1.1, 1.2, 1.3, and 1.4.
- **Code 1.1 Cash in hand:** Cash in hand represents banknotes, coins and traveller's checks in domestic and foreign currencies, physically possessed by the SLA, and which are available on the spot.
- **Code 1.2 Treasury bills and Albanian government's securities with a maturity over 1 (one) year:** This item is the sum of items 1.2.1 and 1.2.2.
- **Code 1.2.1 Treasury bills:** This item includes the value of treasury bills owned by the SLA and consists of item 1.2.1.1 (T-bills), 1.2.1.2 (discount/premium) and 1.2.1.3 (accrued interest).
- **Code 1.2.2 Albanian government's securities with a maturity over 1 (one) year:** This item includes the value of Albanian government's securities with a maturity over 1 (one) year owned by the SLA and consists of item 1.2.2.1 (Albanian government's securities with a maturity over 1 (one) year), 1.2.2.2 (discount/premium) and 1.2.2.3 (accrued interest).
- **Code 1.3 Current account in banks and in Union:** This item is the sum of items 1.3.1 (current accounts in banks) and 1.3.2 (current accounts in Union).
- **Code 1.3.1 Current account in banks:** include current accounts that SLA has in commercial banks. Current accounts are transferable and are made available to the SLA on the spot. This item is a sum of items 1.3.1.1 (current accounts in banks) and 1.3.1.2 (accrued interests).
- **Code 1.3.1 Current account in Union:** include current accounts that SLA has in the Union. This item is a sum of items 1.3.2.1 (current accounts in Union) and 1.3.2.2 (accrued interests).
- **Code 1.4 Deposits in banks and in Union:** This item is a sum of items 1.4.1, 1.4.2, 1.4.3, 1.4.4 and 1.4.5.
- **Code 1.4.1 Demand deposits in banks:** This item includes amounts deposited in commercial banks, for which it is agreed to have an interest rate and maturity less than one working day.
- **Code 1.4.2 Demand deposits in Union:** include demand deposits that SLA has in the Union.

Code 1.4.3 Time deposits in banks: This item includes amounts deposited in commercial banks for which it is agreed to have a repayment date of more than one working day and an interest rate.

- **Code 1.4.4 Term deposits in Union:** include term deposits that SLA has in the Union.
- **Code 1.4.5 Certificates of deposits:** Certificates of deposits include certificates that SLA has bought from commercial banks.
- **Codes 1.4.1.2, 1.4.2.2, 1.4.3.2, 1.4.4.2 and 1.4.5.2 Accrued interest on demand and term deposits and certificates of deposit:** Accrued interest of demand and term deposits, as well as of certificates of deposit, which payment time is not due yet, are recorded in this account under the relevant items.
- **Code 2 Transactions with members:** This item is the sum of items 2.1, 2.2, 2.3, 2.4 and 2.5.
- **Code 2.1 Standard loans and advances to members:** This item is the sum of items 2.1.1 (short-term loans), 2.1.2 (medium-term loans), 2.1.3 (long-term loans), 2.1.4 (real estate loans (mortgage)) and 2.1.5 (financial leasing contracts).
- **Code 2.2 Special mention loans:** This item is the sum of items 2.2.1 (short-term loans), 2.2.2 (medium-term loans), 2.2.3 (long-term loans), 2.2.4 (real estate loans (mortgage)) and 2.2.5 (financial leasing contracts).
- **Code 2.3 Substandard loans:** This item is the sum of items 2.3.1 (short-term loans), 2.3.2 (medium-term loans), 2.3.3 (long-term loans), 2.3.4 (real estate loans (mortgage)) and 2.3.5 (financial leasing contracts).
- **Code 2.4 Doubtful loans:** This item is the sum of items 2.4.1 (short-term loans), 2.4.2 (medium-term loans), 2.4.3 (long-term loans), 2.4.4 (real estate loans (mortgage)) and 2.4.5 (financial leasing contracts).
- **Code 2.5 Lost loans:** This item is the sum of items 2.5.1 (short-term loans), 2.5.2 (medium-term loans), 2.5.3 (long-term loans), 2.5.4 (real estate loans (mortgage)) and 2.5.5 (financial leasing contracts).
- **Code 3 Other assets and liabilities:** This item is the sum of items 3.1 (other assets), 3.2 (inter-office accounts) and 3.3 (value added tax).
- **Code 3.1 Other assets:** This item is the sum of items 3.1.1 (sundry debtors), 3.1.2 (inventories), 3.1.3 (provisions for depreciation of other assets) and 3.1.4 (accrued income and deferred expenses).
- **Code 3.1.1.1 Commercial loans -** is a direct credit that the supplier of goods and services provides to its customers (accounts receivable with suppliers for the purchase of goods and / or services).

- **Code 3.1.2 Inventories:** This item is the sum of the items 3.1.2.1 (which includes land, buildings and other assets obtained through a legal process) and 3.1.2.2 (others).
- **Code 4 Fixed assets and permanent resources:** This item is the sum of items 4.1 (participating interests), 4.2 (fixed tangible assets (net)), 4.3 (fixed intangible assets (net)) and 4.4 (other non-financial assets).

Form 2 – LIABILITIES:

- **Code 1. Current and escrow accounts:** This item includes accounts such as accounts for transfers in favour of a beneficiary chosen by the member, accounts blocked as guarantee, which are pending the conduct of a member's transaction.
- **Code 2 Borrowings:** This item is the sum of items 2.1, 2.2 and 2.3 and includes loans that SLA has received from banks, credit institutions, other financial institutions, the Union, the Albanian government and public administration.
- **Code 2.1 Borrowing from banks, credit institutions and other financial institutions:** This item is the sum of items 2.1.1 (demand borrowing from banks, credit institutions and other financial institutions) and 2.1.2 (term borrowing from banks, credit institutions and other financial institutions), including the principal of loans and accrued interest, whose payment is not due yet.
- **Code 2.2 Borrowing from the Union.** This item consists of loans taken by the Union, including the loan principal and accrued interest, whose payment is not due yet.
- **Code 2.3 Borrowings from the Albanian government and public administration:** This item is the sum of items 2.3.1 (central government) and 2.3.2 (local government), including the loan principal and accrued interest, whose payment is not due yet.
- **Code 2.3.1 Central government** - includes all administrative departments of state and central agencies, whose authority extends to all the economic territory of the country. Such as ministries and central public administration, as well as non-profit organizations controlled by the government.
- **Code 2.3.2 Local government** - includes municipalities and local authority. This sub-sector also includes non-profit institutions controlled by local governments that operate only within the economic territory of the local government.
- **Code 3 Transactions with members:** This item is the sum of items 3.1, 3.2, 3.3, 3.4 and 3.5.
- **Code 3.1 Current Accounts:** This item includes amounts deposited by the members in SLA in the form of current accounts.

- **Code 3.2 Demand deposits:** This item includes amounts deposited by the members in the SLA in the form of demand deposits.
- **Code 3.3 Interest-free term deposits:** This item includes amounts deposited by members in the SLA, for which no interest is paid.
- **Code 3.4 Term deposits with interest:** This term includes deposited amount by the members in SLA, for which interest is paid. This item also includes accrued interest.
- **Code 3.5 Deposits pledged as collateral for loans:** This item includes the deposits of members pledged as collateral for loans received by SLA, which also includes accrued interest.
- **Code 4 Other assets and liabilities:** This item is the sum of items 4.1 (other liabilities), 4.2 (inter-office accounts) and 4.3 (other accounts).
- **Code 4.1 Other liabilities:** This item is the sum of items 4.1.1.1 (sundry debtors) and 4.1.2 (accrued expenses and deferred incomes).
- **Code 4.1.1 Sundry debtors:** This item is the sum of the items 4.1.1.1 (commercial loans) and 4.1.1.2 (others).
- **Code 4.1.1.1 Commercial loans** - is a direct credit that the supplier of goods and services provides to its customers (accounts receivable with suppliers for the purchase of goods and / or services).
- **Code 5 Fixed assets and permanent resources:** This item is the sum of items 5.1 (grants and public funding), 5.2 (specific reserve funds), 5.3 (subordinated debt) and 5.4 (SLA's capital).
- **Code 5.1 Grants and public funding:** The market value of a received grant is included in this item under the category "grants"³ and serves as the counterparty of the asset (e.g.. building, tool, treasury bonds, etc.) to which this grant corresponds.
- **Code 5.2 Specific reserve funds:** This item is the sum of items 5.2.1 (reserve funds for statistical risk to cover losses from standard and special mention loans) and 5.2.2 (reserve funds for litigation and contingencies).
- **Code 5.3 Subordinated debt:** This item is the sum of items 5.3.1 (subordinated debt) and 5.3.2 (accrued interest).
- **Code 5.3.1 Subordinated debt:** This item is the sum of items 5.3.1.1 (subordinated debt of banks), 5.3.1.2 (subordinated debt of non-financial institutions), 5.3.1.3 (subordinated debt of financial institutions) and 5.3.1.4 (subordinated debt of other resident sectors).

³ Market value at the time the grant is received.

- **Code 5.3.2 Accrued interest:** This item is the sum of items 5.3.2.1 (accrued interest of subordinated debt of banks), 5.3.2.2 (accrued interest of subordinated debt of non-financial institutions), 5.3.2.3 (accrued interest of subordinated debt of financial institutions) and 5.3.2.4 (accrued interest of subordinated debt of other resident sectors).
- **Code 5.4 SLA's capital:** This item is the sum of items: 5.4.1 (members' contributions), 5.4.2 (donor funds), 5.4.3 (legal reserve), 5.4.4 (statutory reserves), 5.4.5 (other reserves), 5.4.6 (retained profit/losses), 5.4.7 (reserves of fixed assets revaluation), 5.4.8. (current year profit (loss)).

Residence

The definition of residence serves to distinguish between residents and non-resident sectors in assets and liabilities of the balance sheet.

The residence of each institutional unit is the economic territory with which it has the strongest connection, expressed as the predominant centre of the economic interest.

An institutional units is resident of an economy, within the economic territory of the country, where it has a residence, a production place or where it carries out activities within the economic territory of the country in which it is committed and will continue to engage in economic activities and transactions, to a significant degree, for a year or more.

*Thus, **non-resident** shall be considered each household, company, or organization located outside the territory of Albania. Branches and subsidiaries of foreign companies in Albania are residents. Similarly, foreign branches and subsidiaries of Albanian companies are non-residents. Individuals who usually live (for a period of more than one year) abroad, are non-residents as well. Therefore, long-term immigrants are considered non-residents in our economy, but are considered residents in the countries where they work and live. The military and diplomatic personnel employed in areas such as military areas and embassies are considered residents. These areas are part of their state's economic territory and employees are considered as residents, regardless of their length of employment. Thus, the foreign personnel of accredited embassies in Albania are considered non-residents.*

Students and individuals who are treated abroad are considered residents of the economies they come from, regardless of their duration of stay abroad.

Form 8/I, reporting for SLAs (**Form 8**, reporting on the total of SLAs): "Deposits of resident members by sector, term and currency"

The total of deposits in this form must be equal with the total of members' deposits reported in class 3 "Transactions with members" of the liabilities side of the balance sheet.

Members in this form are classified according to sectors, as:

- *Private non-financial corporations*
- *Individuals*
- *Non-profit organizations serving households*

The definition of sectors in this form, is same to the instructions for the form "Loans of members by sector, currency, term and purpose of use."

Current accounts on this form must be equal to the current accounts reported in the liabilities side of the balance sheet, class 3, item 3.1 (current accounts).

Demand deposits in this form must be equal to demand deposits reported in the liabilities side of the balance sheet, class 3, item 3.2 (demand deposits).

Term deposits by original maturity in this form must be equal to term deposits with interest and interest-free term deposits by members, reported in class 3 in the liabilities side of the balance sheet, items: 3.3 (interest-free term deposits) + 3.4 (term deposits with interest).

Deposits pledged as collateral for loans in this form must be equal to deposits pledged as collateral for loans reported in class 3, in the liabilities side of the balance sheet, item: 3.5 (deposits pledged as collateral for loans).

Form 17 of SLA reporting (***Form 9***, reporting for total of SLAs) ***"Loans granted by economic activity and portfolio quality"***.

Outstanding loans at the end of the period reported on this form must be equal to the loans reported in class 2 "Transactions with members" in the asset side of the balance sheet.

For loans in items 1 and 2 of this form, the definition of sectors is the same as in the instructions for the form "Members' loans by sector, currency, term and purpose of use."

The loans in this form are grouped by economic activity performed by the members. Distribution of economic activity in these groups is based on the Nomenclature of Economic Activities Rev. 2.2 (compiled by INSTAT, approved by the Council of Ministers) as follows:

- A Agriculture, Forestry, Fishing*
- B Extractive industry*
- C Manufacturing industry*
- D Electricity, gas, steam and air conditioning supply*
- E Water supply, treatment and management of waste activities, waste*
- F Construction*
- G Wholesale and retail; Repair of vehicles and motorcycles*
- H Transportation and storage*
- I Accommodation and food service*

J Information and communication
K Financial and insurance activities
L Real estate activities
M Professional, scientific and technical activities
N Administrative and support services
O Public administration and defence; Compulsory social security
P Education
Q Health and social work activities
R Arts, entertainment and recreation
S Other service activities
T Activities of households as employers; Activities of production of goods and unchanged services for families for personal use
U Activities of organizations and international bodies

Items 1 and 2 must be equal to the total of sub-items, from A to U.

Form 18, SLA reporting (Form 10, reporting for total of SLAs) "Members' loans by sector, currency, term and purpose of use."

Outstanding loans at the end of the period reported on this form must be equal to the loans reported in class 2 "Transactions with members" in the asset side of the balance sheet.

*For the purposes of this form, **members** are classified into sectors and sub-sectors of the economy as follows:*

❖ **Private non-financial corporations** - *include all private commercial companies (non-financial) or private businesses, which operate in accordance with law no. 9901 dated 14.4.2008 "On entrepreneurs and commercial companies". From this category are exempted only the natural person who exercise their activities in accordance with Article 1 of the Law "On entrepreneurs and commercial companies" and are classified under the "households" sector.*

Loan for this sector is detailed by size of business as well.

The size of the business, is defined under Article 4 of Law No. 10 042, dated 22.12.2008. In accordance with the aforementioned law, private non-financial corporations are classified into:

- a) micro enterprises, which include enterprises that have hired less than 10 people and turnover and/or annual balance sheet not exceeding ALL 10 million.*
- b) small enterprises, which include enterprises that have hired 10 to 49 people and turnover and / or annual balance sheet total of more than ALL 10 million and less than ALL 50 million;*
- c) medium-sized enterprises, which include enterprises that have hired 50 to 249 people and turnover and / or annual balance sheet total by ALL 50 million to ALL 250 million;*

- ❖ **Households** - include individuals and groups of individuals who are mainly consumers. They share the same house, collect some or all of the income and consume goods and services together.

This sector also consists of individuals or groups of individuals who are entrepreneurs, they are also engaged in economic activity, for sale in the market or for the household consumption, provided that the production of goods and services is realized through separate economic units treated as quasi-corporations. Producing activities integrated in the household sector, are called intangible enterprises. They engage in business through labour, physical capital and financial resources of household economy. Also, they can borrow to fund production activities. Physical capital and financial assets used by intangible enterprises, belong to the household, which is fully responsible for the loan and the obligations related to it. This business can not engage in transactions with other entities on its behalf and may not own assets or undertake obligations on its behalf.

The households sector includes:

- a) *individuals or groups of individuals whose main function is consumption;*
 - b) *individuals living permanently in institutions who have little or no autonomy of action or decision in economic matters (e.g. members of religious sects who live in monasteries, the elderly who permanently live in nursing homes for the elderly, etc).*
 - c) *individuals or groups of individuals whose main function is consumption and that produce goods and services for final exclusively own use;*
 - d) *personal ownerships and joint ownerships without legal status (except those treated as quasi-corporations and which are market manufacturers). Natural persons who conduct business activity will be considered as such, in accordance with article 1, law no. 9901 dated 14.4.2008 "On entrepreneurs and commercial companies";*
 - e) *non-profit institutions serving households, which do not have independent legal status;*
 - f) *the self-employed are natural persons who conduct trade activity in accordance with Article 1, Law no. 9901 dated 14.4.2008 "On entrepreneurs and commercial companies". The credit's purpose of use is for doing business and generating incomes. Such are the loans for the start and expansion of professional activities as shoemaking, shop purchase, etc.*
- ❖ **Non-profit institutions serving households** - include non-profit institutions which are independent legal entities, that serve households and do not produce for the market. Such institutions provide goods and services to households for free or at not economically significant prices. They are mainly funded by voluntary contributions, member dues, payments from the general government or profits arising from holding financial and non-financial assets.

The main types of non-profit institutions serving households are:

- a) unions, professional associations, consumer associations, political parties, churches or religious societies (including those funded but not controlled by the government) and social, cultural, sports clubs, etc .; and*
- b) charity, support and assistance organizations, funded by voluntary transfers in cash or in kind from other institutional units.*

Non-profit institutions, which are under the government control are classified in the government sector that controls them.

For purposes of this form it must be taken into account that:

- ***Item 1.a.*** *The total of loans for the private non-financial corporations is classified by the purpose of use of the loan, as:*
 - *Credit lines and overdrafts;*
 - *Working capital;*
 - *Start up business loans;*
 - *Equipment purchase;*
 - *Real estate;*
 - *Loans for investment in financial instruments.*

Item 1.a *is equal to the sum of the sub-items from 1.a.1 to 1.a.6.*

Also, item 1.a. must be equal to the sum of items 1.1.1 + 1.2.1 + 1.3.1.

- ***Item 1.b*** *The total of loans to individuals + non-profit institutions serving households is classified by purpose of use of the loan, as:*
 - *Credit lines and overdrafts;*
 - *Non-durable goods ;*
 - *Durable goods;*
 - *Loans for house purchasing;*
 - *Loans for other purposes.*

Item 1.b *is equal to the sum of the sub-items from 1.b.1 to 1.b.5.*

Also, item 1.b. must be equal to the sum of items 1.1.2 + 1.1.3 + 1.2.2 + 1.2.3 + 1.3.2 + 1.3.3.

- ***Write off loans during the period*** - *represent the write off of loan's value from the SLA's balance sheet, since the loan is assessed as partly or fully unrecoverable.*

Form 24, SLA reporting (Form 13, reporting for total of SLAs) "Treasury bills and Albanian government securities with a maturity over 1 year held by SLAs".

In this form should be reported all treasury bills and securities of the Albanian government with a maturity over 1 year, reported in the asset side of the balance

sheet at item 1.2 (treasury bills and securities of the Albanian government with a maturity over 1 year).

Book value at the end of the period in this form must be equal to the total of items 1.2.1.1 T-bills, 1.2.1.2 discount/premium, 1.2.2.1 securities of the Albanian government with a maturity over 1 year and 1.2.2.2 discount/premium, in the asset side of the balance sheet.

Accrued interest in this form must be equal to the total of items 1.2.1.3 and 1.2.2.3, in the asset side of the balance sheet.

The market value at the end of the period represents the market value of the stock of treasury bills and of the securities of the Albanian government with a maturity over 1 year, at the end of the period (quarter).

Nominal value represents the value of T-bills and of the securities of the Albanian government with a maturity over 1 year reflected in the contract.

Accrued interest at the end of the period, in this form represents the accrued interest for treasury bills and for the securities of the Albanian government with a maturity over 1 year.

Paid interest in this form represents the interest cashed in on investments in treasury bills and in the securities of the Albanian government with a maturity over 1 year.