

1 BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET AND FOREIGN EXCHANGE MARKET OVER 2014 Q4

Table 1: Temporary open market operations (in ALL million[□]).

DATE	R/REPO overnight	R/REPO 1-week	R/REPO 1-month	R/REPO 3-month
02.10.2014		28,800.00	2,000.00	
09.10.2014		27,170.00	2,000.00	
16.10.2014		26,690.00	2,000.00	
17.10.2014	1,350.00			
23.10.2014		31,300.00	2,400.00	
30.10.2014		30,700.00	2,000.00	
06.11.2014		24,000.00	3,000.00	
13.11.2014		27,100.00	3,000.00	
20.11.2014		23,580.00	2,600.00	
27.11.2014		27,600.00	3,000.00	
04.12.2014		21,700.00	3,000.00	2,000.00
11.12.2014		12,600.00	2,650.00	1,700.00
18.12.2014		11,530.00	2,100.00	
22.12.2014	700.00			
23.12.2014	840.00			
26.12.2014		15,130.00	2,100.00	

1.1 Open market operations

Money market interventions during 2014 Q4 consisted in open market operations for injecting temporary liquidity and permanent operations for structuring Bank of Albania's portfolio.

The total amount of injected liquidity averaged ALL 28.21 billion, close to the level of ALL 28.06 billion in 2014 Q3. Injected liquidity averaged around 76% higher than a year earlier, when it amounted to around ALL 16.05 billion.

To inject temporary liquidity in the last quarter of the year, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement, on average ALL 23.68 billion a week*, and the one-month reverse repurchase agreement, on average ALL 2.45 billion a week*.

During the first two weeks of December, the three-month reverse repurchase agreement was also employed - on average ALL 1.85 billion per auction*. Three overnight injection operations were employed respectively on 17 October to adjust the liquidity amount in the system due to the change of factors to negative direction, and on 22-23 December, which correspond to the last working day of the reserve maintenance period, as the one-week injection auction did not fulfil the target.

In 2014 Q4, outright transactions continued, aiming at lowering BoA's participation in T-bills not exceeding 70% of total issue. In the last quarter, three outright sale auctions of three and six-months Treasury bills were organized, lowering BoA's participation in these securities for the amount of ALL 220 million. An auction also organised to purchase newly-issued 12-month T-bills, for the announced amount of ALL 100 million. As at end-2014, BoA's portfolio was ALL 35 million lower than in the previous year.

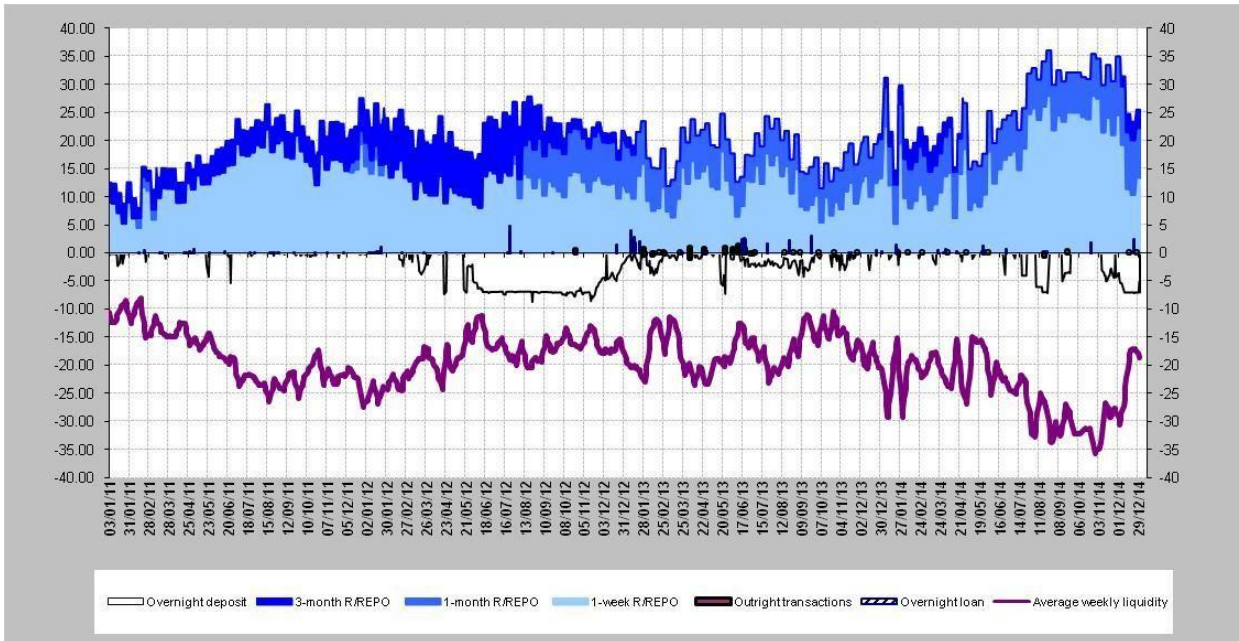
□ The figures are expressed in nominal value.

Bank of Albania interventions in the money market and foreign exchange market over 2014 Q4

1.2 Use of standing facilities

The overnight deposit facility was employed 35 times, averaging ALL 5.39 billion, against 27 times in the previous quarter, equivalent to the return of liquidity to the BoA for ALL 2.07 billion per day. The overnight loan was employed twice, on 23 October and 23 December, corresponding to the end of the maintenance period for ALL 1.95 billion and ALL 2.39 billion respectively. Chart 1 summarises Bank of Albania interventions in the money market during 2011-2014.

Chart 1 Bank of Albania interventions in the money market during 2011-2014 (purchase price)



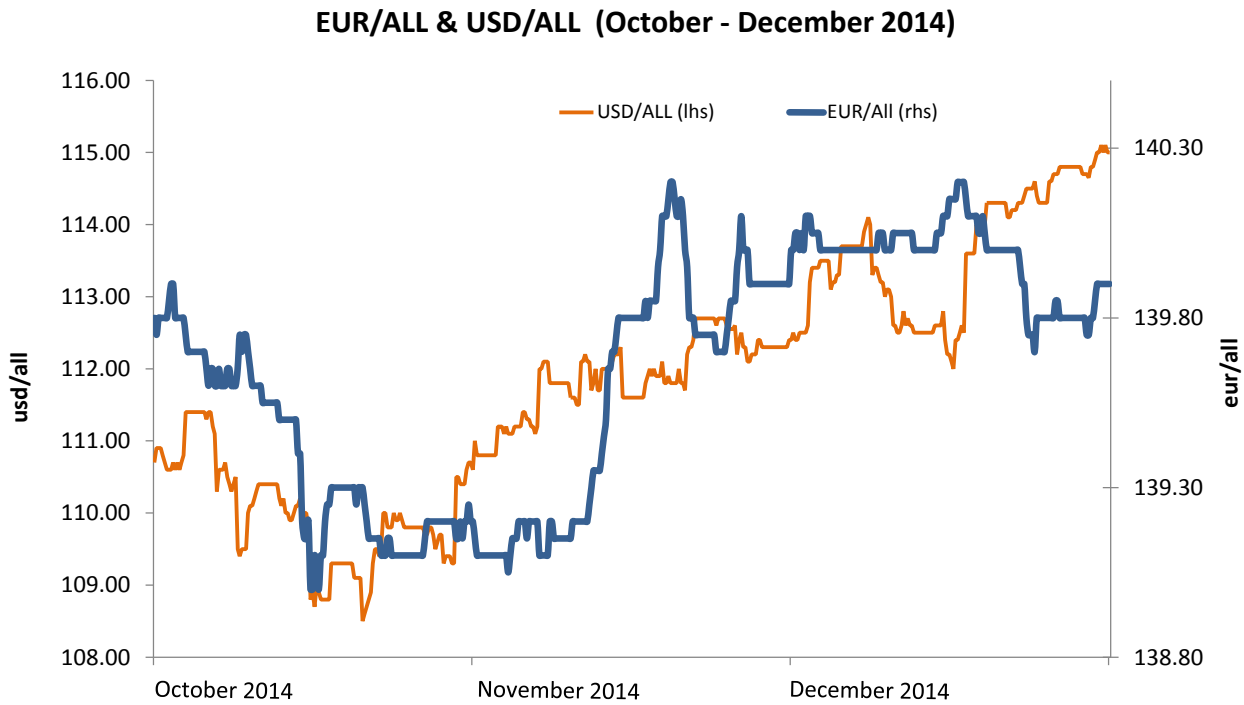
2 BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2014 Q4

2.1 Transactions with commercial banks

The Bank of Albania published a calendar for foreign currency purchases with the aim of increasing its foreign exchange reserves. This calendar, which was published in Q4 2015 covers a 12-month period and consists of three auctions with an announced target amount of 2-5 million EUR for each of them. The first one was organised in December 2014 and the other two ones will be carried out in April 2015 and July 2015.

In the auction organised on 11 December and via bilateral agreements carried out with commercial banks following the auction, Bank of Albania purchased a total of EUR 10.3 million.

Chart 2: EUR/ALL and USD/ALL in 2014 Q4



2.2 Transactions with other institutions

Foreign currency swap agreements between the Bank of Albania and the Ministry of Finance resumed in 2014 Q4, upon the request by the latter, for its liquidity management purposes. As a result, Ministry of Finance’s foreign currency purchasing from the Bank of Albania amounted to ALL 28,014.20 million, and sales ALL 28,055.88 million. At the end of the quarter, outstanding swap agreements were EUR 120 million.

Foreign currency purchasing from foreign institutions is estimated at ALL 345.05 million (International Bank for Reconstruction and Development - IBRD and International Development Agency – IDA).

Table 2: Foreign currency operations with other institutions

Financial institution	Purchase of foreign currency (in ALL million)	Sale of foreign currency (in ALL million)
Ministry of Finance	28,014.20	28,055.88
Other (IDA, IBRD)	345.05	