

1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET

Table 1: Volume of open market operations (in million LEK)

| DATE | One-week R/REPO | | One-month R/REPO | 3--month R/REPO | Outright transactions |
|------------|-----------------|---------------------|------------------|-----------------|-----------------------|
| | Fixed amount | Fixed price auction | | | |
| 02.10.2008 | 5,300.00 | | | | |
| 09.10.2008 | 2,700.00 | | | | |
| 10.10.2008 | | | 4,000.00 | | |
| 14.10.2008 | | | 3,660.00 | | |
| 16.10.2008 | 4,560.00 | | | | |
| 22.10.2008 | | | 2,000.00 | | |
| 23.10.2008 | 7,988.00 | | | | |
| 30.10.2008 | 8,380.00 | | | | |
| 06.11.2008 | 11,500.00 | | | 3,500.00 | |
| 11.11.2008 | | | | | 1,900.00 |
| 13.11.2008 | | 11,090.00 | | 3,000.00 | |
| 20.11.2008 | | 12,180.00 | | | |
| 27.11.2008 | | 10,570.00 | | | 1,100.00 |
| 02.12.2008 | | | | | 2,000.00 |
| 04.12.2008 | | 9,900.00 | | | 3,000.00 |
| 11.12.2008 | | 13,490.00 | | | 3,000.00 |
| 18.12.2008 | | 18,650.00 | | | |
| 26.12.2008 | | 17,190.00 | | | |

1.1. Open market operations

Money market interventions during the fourth quarter of 2008 encompass the open market transactions for the purposes of injecting liquidity to satisfy the banking system demand for this latter.

Bank of Albania, to inject liquidity, employed its main instrument, *the reverse repurchase agreement of one-week maturity*. On weekly bases, it has been injected at an average of LEK 9.33 billion.

In order to balance the banks' reaction against the interest rates supplied by the Bank of Albania to acquire the liquidity, Bank of Albania changed the type of reverse repurchase agreement auctions of one-week maturity to fixed price auctions and deployed the reverse repurchase agreements of longer maturity than one-week as well as the standing instruments. In concrete terms, there were injected an average of LEK 3.2 billion in three application cases

of the *reverse repurchase agreements of one-week maturity* and LEK 3.25 billion in two applications cases of the *3-month reverse repurchase agreements*.

Bank of Albania *purchased outright treasury bills* from the commercial banks amounting to LEK 11 billion (nominal value).

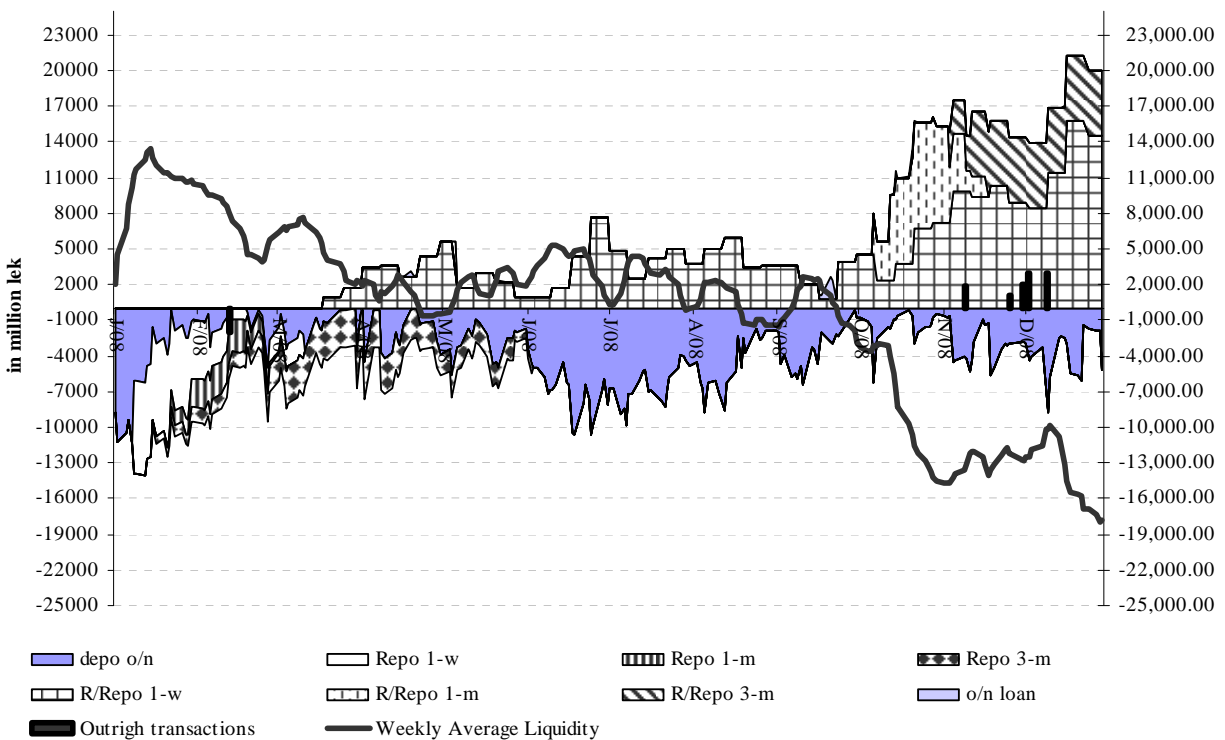
1.2. Use of standing facilities

Banks made use of the overnight deposit, whose average daily level amounted to LEK 2.78 million, during the fourth quarter of 2008 compared to LEK 5.07 billion in the previous quarter, for the purposes to invest the free liquidity created on daily basis.

The overnight loan instrument was employed minimally at LEK 0.17 billion in one case of application.

The following chart provides a summary of the Bank of Albania interventions in the money market during the year 2008.

Chart 1: Bank of Albania interventions in the money market during the year 2008



2. INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET

2.1 Operations with commercial banks

Bank of Albania has not intervened in the domestic foreign exchange market during the forth quarter of 2008. Accordingly no transactions were conducted with the commercial banks.

2.2 Operations with other institutions

The foreign currency purchase and sale's operations conducted with the Ministry of Finance continued during this period. Foreign currency sales are set out in terms of the Albanian Government obligation to pay the instalments of foreign debt. The sales carried out during the forth quarter amounts to LEK1, 391.57 million.

The purchases volume with the Ministry of Finance during this period totaled to LEK 5,002.52 million. Foreign currency purchases from international institutions amounted to LEK 37.81 million (International Development Agency (IDA) and International Bank for Reconstruction and Development (IBRD)).

| Financial institution | Foreign currency purchase | Foreign currency sale |
|------------------------------|----------------------------------|------------------------------|
| MINISTRY OF FINANCE | 5,002.52 | 1,391.57 |
| OTHER (IDA, IBRD) | 37.81 | - |