

1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY AND FOREIGN EXCHANGE MARKET OVER 2013 Q4

Table 1 Volume of temporary open market operations (ALL million*)

DATE	R/REPO overnight	R/REPO 1-week	R/REPO 1-month	R/REPO 3-month
03.10.2013		6,000.00	1,000.00	
10.10.2013		10,900.00	2,000.00	
17.10.2013		7,300.00	2,000.00	
24.10.2013		10,000.00	2,000.00	
31.10.2013		8,600.00	2,000.00	
07.11.2013		12,160.00	2,000.00	
14.11.2013		13,870.00	2,000.00	
21.11.2013		9,770.00	2,000.00	
02.12.2013		14,330.00	2,000.00	
05.12.2013		15,460.00	2,000.00	
12.12.2013		11,230.00	2,000.00	
19.12.2013		14,000.00	2,000.00	
20.12.2013	1,300.00			
26.12.2013		14,960.00	2,000.00	2,000.00

Money market interventions during the fourth quarter of 2013 consisted of open market operations for injecting liquidity and permanent operations for structuring Bank of Albania's portfolio.

The total amount of injected liquidity averaged ALL 16.05 billion from ALL 17.38 billion in the third quarter 2013. Average injected liquidity for the last quarter saw minimum volatility compared to a year earlier, when it amounted to ALL 16 billion.

To inject liquidity, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement - on average, ALL 11.43 billion a week* - and one-

month reverse repurchase agreement - on average, ALL 1.92 billion a week*. In the last week of the year, besides one-week and one-month operations the three-month reverse repurchase agreement instrument was used. The overnight injection operation was used only once to adjust the amount of liquidity in the system on the last days of the required reserve maintenance period, on 20.12.2013.

To structure BoA's portfolio, aiming to lower the participation in T-bills up to 70% of total issue, during the last quarter of 2013, the Bank of Albania intervened four times in the open market, to purchase 12-month newly issued T-bills, hence completing the lowering of re-investment in the primary market in 6-month T-bills for the amount of ALL 400 million and the net decrease of the portfolio carried forward from the previous quarter for ALL 40 million.

* The figures are expressed in nominal value.

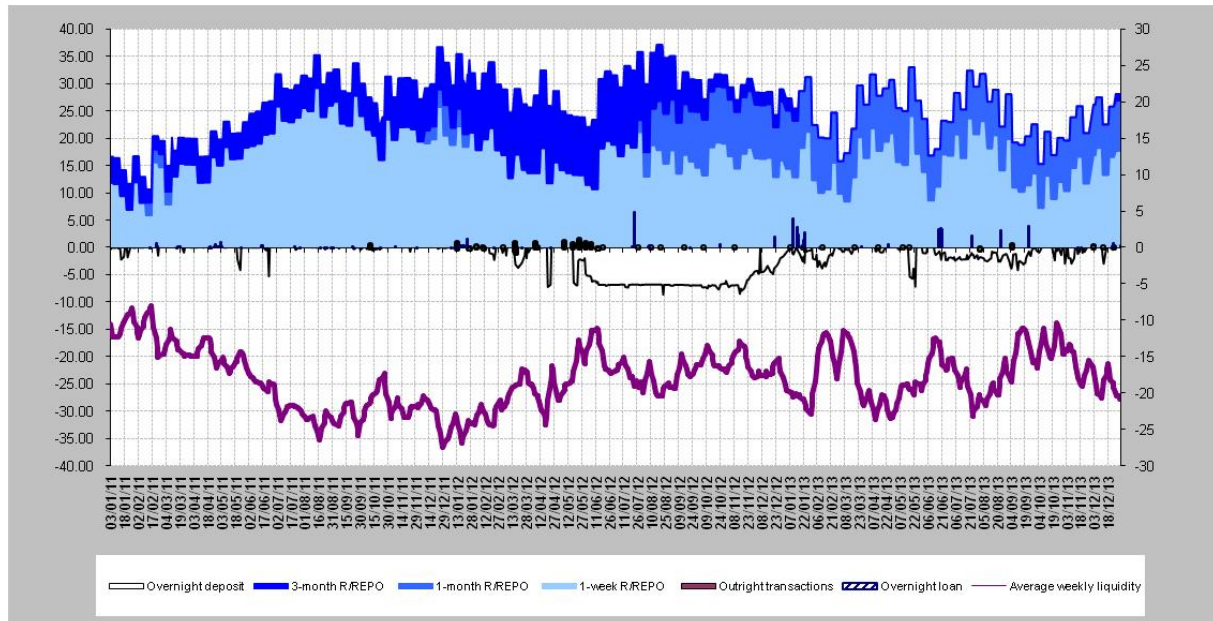
1.2. Use of standing facilities

During the last quarter of the year, the overnight deposit facility was employed 21 times, averaging ALL 0.49 billion. Meanwhile, in the previous quarter, this facility was employed in 64 cases and averaged ALL 1.98 billion. Besides at the end of the required reserve maintenance period, the overnight deposit was employed almost regularly in October, given the high concentration of excess amounts, beyond the permissible bounds for interbank trading.

The overnight loan facility was significantly downward in terms of the amount used during the last quarter of the year; it was used four times, and averaged ALL 0.25 billion. During 2013 Q3, this instrument had been employed three times and averaged ALL 2.30 billion.

The following chart summarises Bank of Albania interventions in the money market during 2011-2013.

Chart 1 Bank of Albania interventions in the money market during 2011-2013 (purchase price)

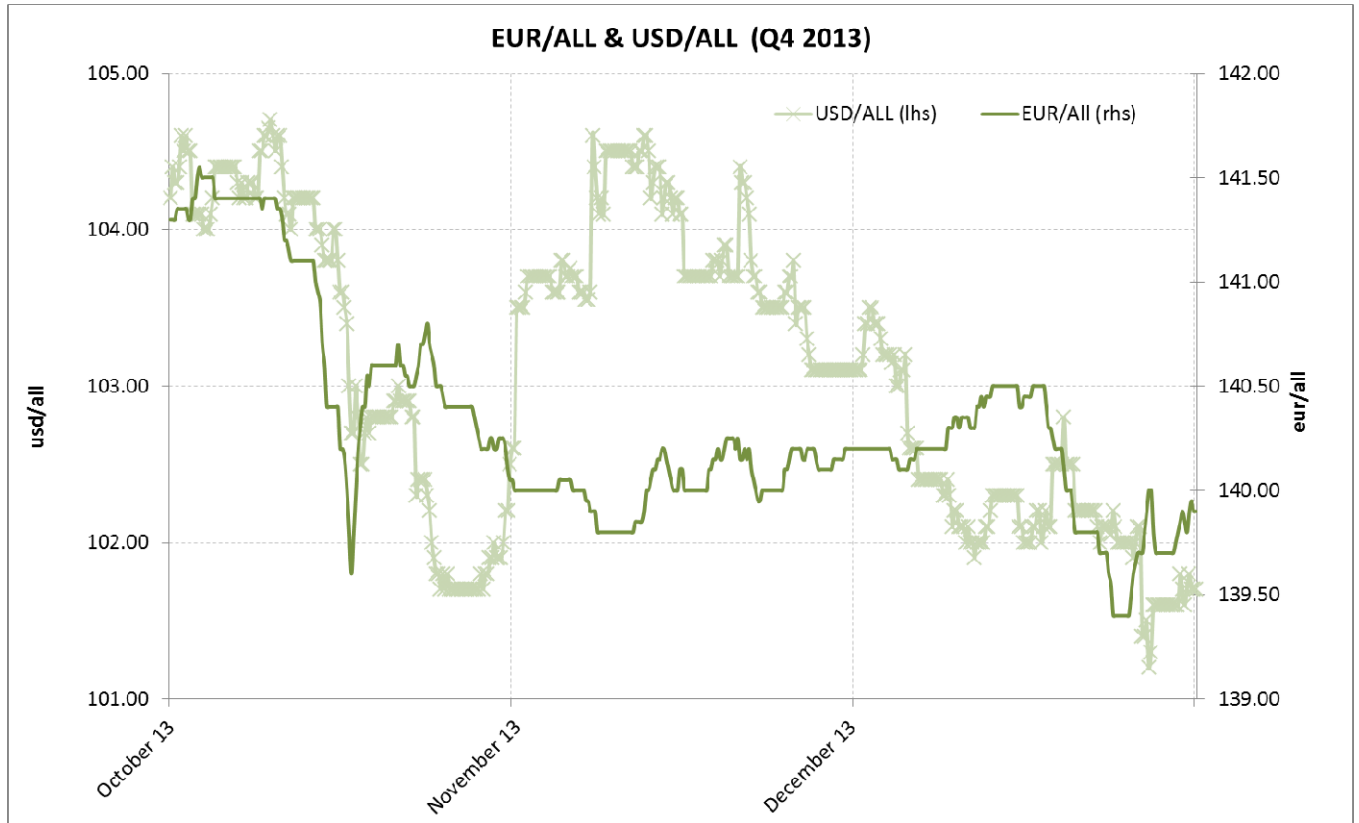


2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2013 Q4

2.1 Transactions with commercial banks

The Bank of Albania intervened in the domestic foreign exchange market in the last quarter of 2013 via purchases of EUR 6.65 million from commercial banks, in October, and EUR 5 million were purchased in BoA's first foreign currency auction. The Bank of Albania did not intervene in the domestic foreign exchange market in the remainder of the year.

Chart 2 Performance of EUR/ALL and USD/ALL in 2014 Q3



2.2 Transactions with other institutions

Foreign currency swap agreements between BoA and MoF continued during 2013 Q4, driven by MoF's liquidity management needs. Ministry of Finance's foreign currency purchasing from the Bank of Albania amounted to ALL 29,242.81 million, whereas sales amounted to ALL 29,307.60 million. As of end 2013, outstanding swap agreements were EUR 51.0 million, a decrease from EUR 67.0 million in the previous quarter. BoA made an outright sale of EUR 22 million to the MoF, following the purchase of EUR 50 million in 2013 H1.

International institutions sold BoA foreign currency equivalent to ALL 32.70 million (International Bank for Reconstruction and Development – IBRD and International Development Agency – IDA).

Table 2: Foreign currency transactions with other institutions

Financial institution	Purchase of foreign currency (ALL million)	Sale of foreign currency (ALL million)
Ministry of Finance (swap)	29,242.81	29,307.60
Other (IDA, IBRD)	32.70	