

1. BANK OF ALBANIA INTERVENTIONS IN THE MONEY MARKET DURING 2014 Q1

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

DATE	1-week R/REPO	1-month R/REPO	3-month R/REPO
03.01.2014	25,300.00	2,000.00	1,000.00
09.01.2014	13,500.00	2,000.00	1,000.00
16.01.2014	5,770.00	2,000.00	
23.01.2014	22,080.00	2,000.00	
24.01.2014			1,000.00
30.01.2014	11,000.00	2,000.00	
06.02.2014	8,900.00	2,000.00	
13.02.2014	10,400.00	2,000.00	
20.02.2014	13,500.00	2,000.00	
27.02.2014	11,700.00	2,000.00	
06.03.2014	8,500.00	2,000.00	
13.03.2014	9,500.00	2,000.00	
20.03.2014	11,790.00	2,000.00	
27.03.2014	15,000.00	2,000.00	

1.1 Open market operations

Money market interventions during 2014 Q1 consisted of open market operations for the injection of liquidity and permanent operations aiming at structuring Bank of Albania's portfolio.

The total amount of injected liquidity averaged ALL 21.22 billion, from ALL 16.05 billion injected in 2013 Q4. Average injected liquidity was around 25% higher than a year earlier, when it amounted to around ALL 17 billion.

To inject liquidity, the Bank of Albania employed its main instrument, the one-week reverse repurchase agreement - on average, ALL 12.84 billion a week* - and the one-month reverse repurchase agreement - on average, ALL 2.00 billion a week*. In order to provide banks the temporary opportunity to increase the provided amount against the total injected by the Bank of Albania above the 70% level, following the

quarterly injection operation of the last week of 2013, the Bank of Albania conducted three quarterly reverse repo auctions in 2014 Q1, during which no maximum allotment cap was applied.

To structure the central bank's portfolio, the Bank of Albania aimed at reducing the holdings in T-bills to no more than 70% of the total issued volume. During 2014 Q1, the Bank of Albania carried out six open market operations for the purchase of newly-issued 12-month T-bills at ALL 1.65 billion, and two auctions for their sale at ALL 0.80 billion. The participation in 3- and 6-month T-bills through reinvestment in the primary market was reduced by ALL 0.75 billion. As of end-2014 Q1, Bank of Albania's portfolio increased by ALL 100 million from the beginning of 2014, due to the non-fulfilment of small-volume sale auctions.

* The figures are expressed in nominal value.

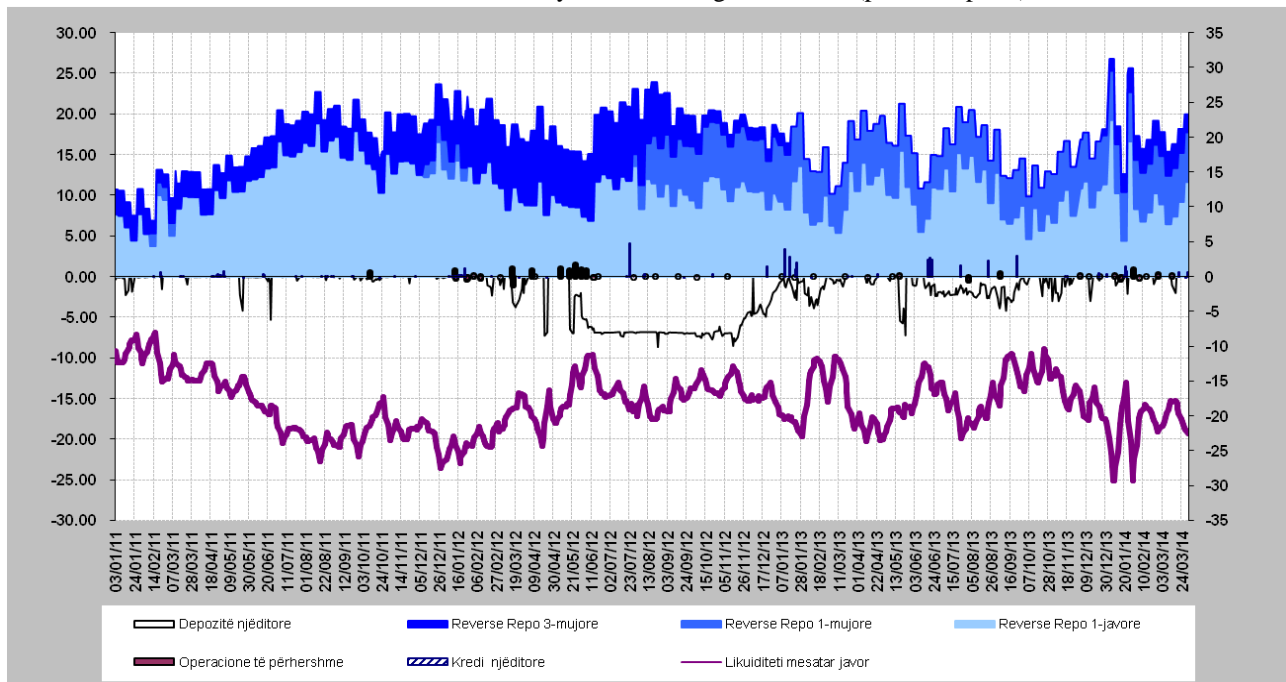
1.2 Use of standing facilities

During 2014 Q1, the overnight deposit facility was employed six times, averaging ALL 0.12 billion. In 2013 Q4, this facility was employed 21 times and averaged ALL 0.49 billion.

The overnight loan facility was employed six times, averaging ALL 0.63 billion, against four times in 2013 Q4 when it averaged ALL 0.25 billion.

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)

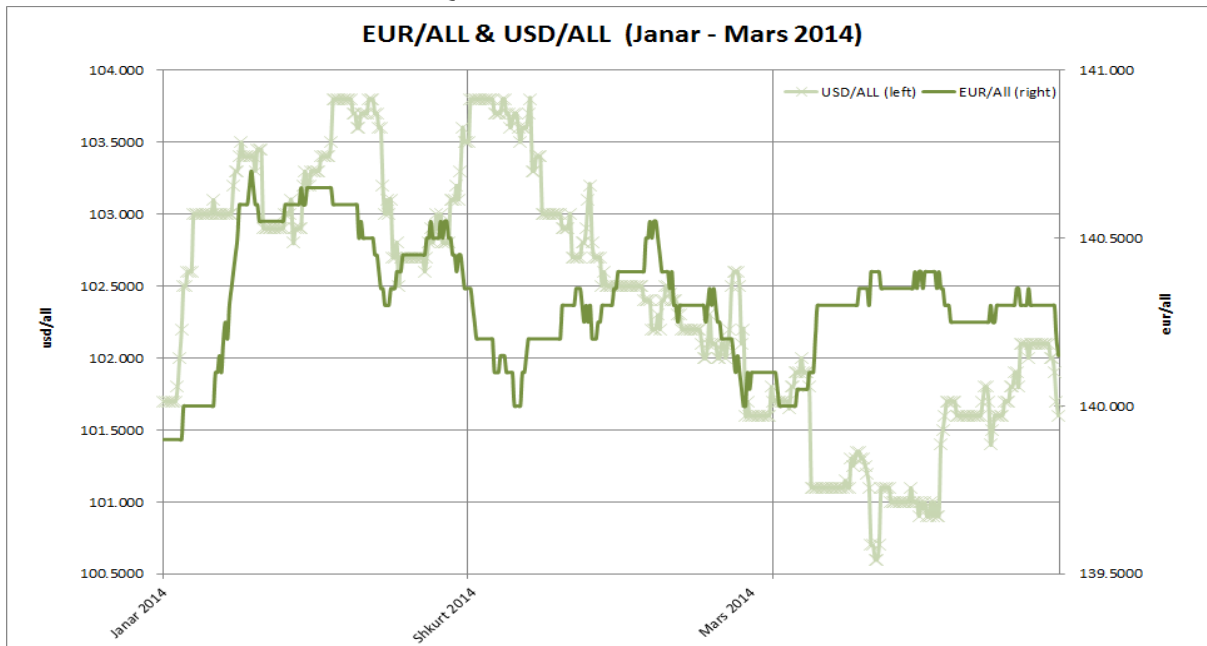


2. BANK OF ALBANIA INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET DURING 2014 Q1

2.1 Operations with commercial banks

The Bank of Albania did not intervene in the foreign exchange market during 2014 Q1.

Chart 2 EUR/ALL and USD/ALL in 2014 Q1



2.2 Operations with other institutions

Driven by the need to manage Ministry of Finance's liquidity, the Bank of Albania and the Ministry of Finance continued to conclude swap agreements in lek and foreign currency during 2014 Q1. Ministry of Finance purchases of Bank of Albania's foreign currency amounted to ALL 16,015.41 million, whereas sales amounted to ALL 16,057.65 million. As of end-2014 Q1, non-matured *swap* contracts amounted to EUR 15.0 million, from EUR 51.0 million in 2013 Q4.

International institutions purchased foreign currency equivalent to ALL 112.80 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 (swap)	16,015.41	16,057.65
Other (IDA, IBRD)	112.80	