

Press Statement



BANK OF ALBANIA

1. INTERVENTIONS IN THE MONEY MARKET

1.1. Open market operations

Table 1: Open market operations volume (in millions of ALL)

DATE	Liquidity injection			Liquidity withdrawal
	One-week R/REPO	One-month R/REPO	Three-month R/REPO	One-week REPO
02.07.2007			2,000.00	
05.07.2007	0.00			
12.07.2007	0.00			
16.07.2007		3,000.00		
19.07.2007	1,830.00			
26.07.2007	1,150.00			
30.07.2007			3,000.00	
02.08.2007	1,120.00			
07.08.2007		2,880.00		
09.08.2007	1,300.00			
16.08.2007	2,600.00			
23.08.2007	2,770.00			
30.08.2007	260.00			
06.09.2007				210.00
13.09.2007	0.00			
20.09.2007	260.00			
27.09.2007	2,000.00			

The interventions in the money market over the third quarter of 2007, included open market operations, mainly to inject liquidity, in view of its situation in the banking system.

In order to inject liquidity, the Bank of Albania has used during almost all the period, the reverse repurchase agreement of one-week maturity. By means of this instrument an average of ALL 1.1 billion per week were injected.

Forecasting that the lack of liquidity would last over all the third quarter, forecasting based on the seasonal outflow expectations, during this period were executed four interventions with repurchase agreements, of maturity term longer than a week. Hence, ALL 5.00 billion were injected through reverse

repurchase agreements of three-month maturity and ALL 3 billion¹ through reverse repurchase agreements of one-month maturity.

In order to withdraw the temporary excess of liquidity, the Bank of Albania has employed the instrument of repurchase agreement of one-week maturity only once.

During August, the T-bill outright purchase for a nominal value of ALL 1.50 billion, took place, aiming to keep the Bank of Albania's T-bill portfolio constant.

¹ The intervention by means of the one-month instrument has been used twice, renewing the intervention at the maturity of the previous intervention.

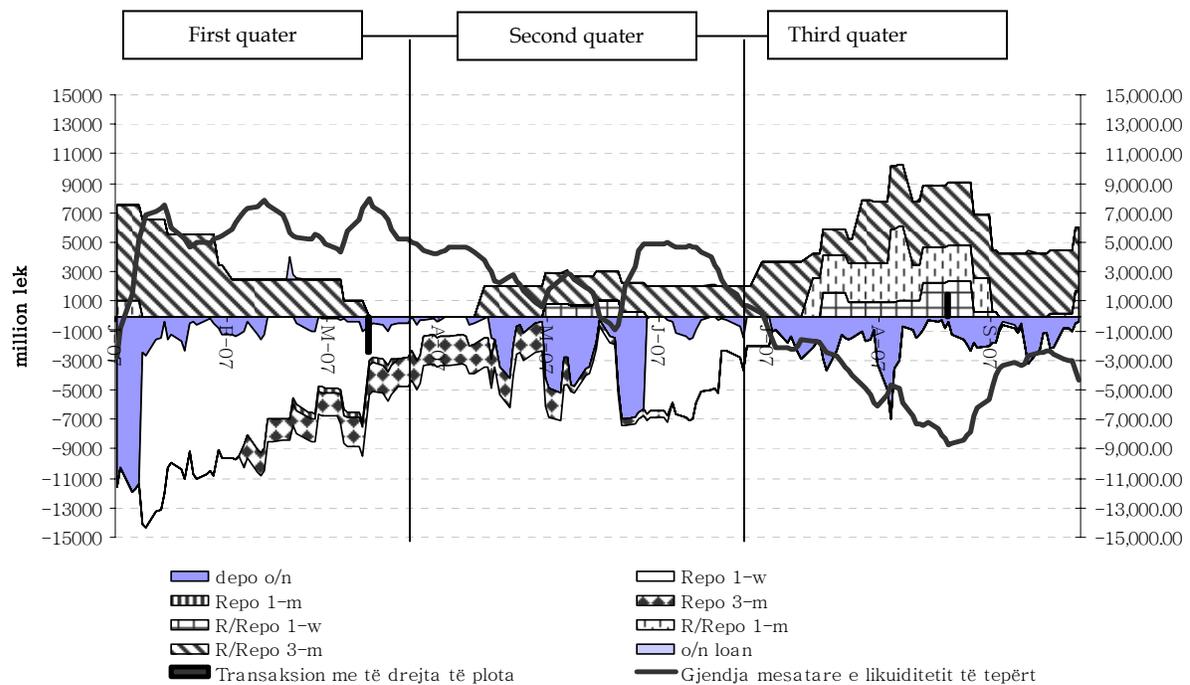
1.2 Use of standing facilities

Over the third quarter of 2007, for the investment of free liquidities, the banks employed the overnight deposit, whose average daily level amounted to ALL 1.61 billion, a similar level compared to the previous quarter (ALL 1.78 billion).

Under the conditions of meeting interbank market needs, the overnight loan instrument was used at minimum during this quarter, around ALL 0.02 billion in 2 cases.

The following chart summarizes the Bank of Albania's interventions in the money market over three quarters of 2007.

Chart 1: Bank of Albania's interventions in the money market over three quarters of 2007.

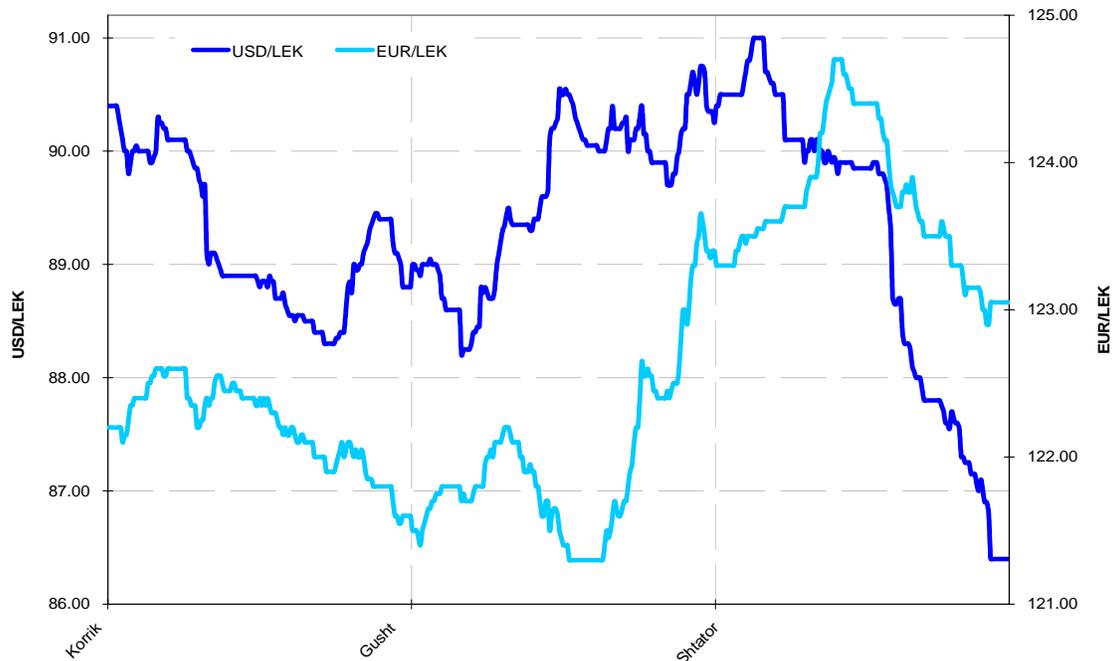


2. INTERVENTIONS IN THE DOMESTIC FOREIGN EXCHANGE MARKET

2.1 Operations with commercial banks

During the first part of the third quarter of the current year, in the domestic foreign exchange market were noticed appreciation pressures on the domestic currency. These pressures were mainly a result of the seasonal inflow of remittances. In order to avoid potential disorders in the market, due to the high seasonal foreign exchange supply, the Bank of Albania intervened in the domestic foreign exchange market purchasing foreign currency from the commercial banks. The purchases of the Bank of Albania have been concentrated in the first half of the quarter. Over this period, as a result of the Bank of Albania's interventions, a total of ALL 3.29 billion was sold.

Chart 2: EURO/LEK and USD/LEK trend, over the period July - September of 2007.



2.2 Operations with other institutions

Over this period, foreign currency sale and purchase operations with the Ministry of Finance have continued. Foreign currency sales are determined by the obligation of the Albanian Government to settle the external debt. Payments effected over the third quarter are estimated at ALL 867.10 million.

The volume of purchases from the Ministry of Finance for the third quarter of the current year totals ALL 1,576.78 million. In the meantime, the amount of foreign currency purchases from foreign institutions consisted of ALL 84.44 million (International Development Agency, IDA and International Bank for Reconstruction and Development IBRD).

Table 2: Bank of Albania's foreign currency operations with other non-banking institutions

Financial institution	Foreign currency purchase	Foreign currency sale
Ministry of Finance	1,576.78	867.10
Others (IDA, IBRD)	84.44	-