



ANNUAL REPORT

2008



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Acronyms

DIA	Deposits Insurance Agency
IADI	International Association of Deposit Insurers
EFDI	European Forum of Deposit Insurers
FDIC	Federal Deposit Insurance Corporation
CSA	Credit Savings Association
FSVC	Financial Service Volunteer Corpus
FSAP	Financial Sector Assessment Program
BR	Banka Raiffeisen
BA	Banka Alpha, Tirana
BISP	Intesa Sanpaolo Bank Albania
NBG	National Bank of Greece, Tirana Branch
UBA	United Bank of Albania
BPI	First Investments Bank
NCB	National Commercial Bank
ICB	International Commercial Bank
EB	Emporiki Bank
PCB	ProCredit Bank
IDB	Italian Development Bank
TB	Tirana Bank
CBA	Credit Bank of Albania
PB	Banka Popullore, Societe Generale Group
UB	Union Bank

General Issues

1.1 Deposits Insurance Agency and its aim

Deposits Insurance Agency has been set up in accordance with the law no 8873, dated 29.03.2002 “On Deposits Insurance”.

The aim for setting up the Deposits Insurance Agency was the insurance and compensation of deposits of citizens deposited in the banks operating in the Republic of Albania, as members of the deposits insurance schema in Albania, in accordance with the criteria and levels determined by this law.

Abiding by its legal obligations, the Deposits Insurance Agency accomplishes its main aim, that of having an impact on the strengthening of sustainability of the banking system, as well as in strengthening the public trust through avoiding the risk of losing their savings as a consequence of an eventual insolvency of any bank, thus making a contribution to the preservation of economic welfare of the country.

The Deposits Insurance Agency belongs to those institutions which establish and contribute to the financial safety of the system, along with the Supervisory Authority (Bank of Albania), and Ministry of Finances which is in the function of the lender of last resort.

1.4 Organisation and Management of Agency

The Agency is, pursuant on the law no 8873, dated 29.03.2002, “On deposits insurance”, organised and administered by the Steering Council and managed by the Director General.

The Steering Council consists of five members who are appointed by Bank of Albania, upon the proposal as follows:

- Two members from Bank of Albania,
- Two members from Ministry of Finance,
- One member from the Professional Accounting Experts Union.

Director General represents the executive authority of Deposits Insurance Agency.

1.5 Membership in insurance scheme

Membership in the deposits insurance scheme is obligatory for all the banks operating in the territory of Republic of Albania. Pursuant on Article 3 of the law no 8873, dated 29.03.2002 “On Deposits Insurance”, none of the banks accepts or collects deposits as long as it is not insured by the Agency.

The number of Banks ensured by the Deposits Insurance Agency at the end of 2008 was 17, which are Albanian or foreign private banks, as follows:

1. Raiffeisen Bank
2. United Albanian Bank
3. Italian Development Bank
4. National Commercial Bank
5. Tirana Bank

6. National Bank of Greece, Tirana Branch
7. International Commercial Bank
8. Alpha Bank, Tirana
9. Intesa Sanpaolo Bank Albania
10. ProCredit Bank
11. First Investment Bank
12. Emporiki Bank in Albania
13. Credit Bank of Albania
14. CREDINS Bank
15. Banka Popullore, Societe Generale Group
16. Union Bank

With the merging through the absorption of the Italian Albanian Bank by the American Bank of Albania, which occurred effectively on 1 January 2008, the number of the second level banks in Albania, being members of the deposits insurance schema was decreased to 16. At the same time, upon the initiative of the group Intesa Sanpaolo, the American Bank of Albania changed its name in October 2008 to Intesa Sanpaolo Bank Albania. The Agency provided it with a new certificate of deposits insurance on its changed name Intesa Sanpaolo Bank of Albania.

2. Main directions of the DIA activity

The Deposits Insurance Agency, the activity of which is regulated in Albania by the law no 8873, dated 29.03.2002 "On Deposits Insurance", insures the deposits of individuals in the banking system, takes care for the timely inclusion of the depositors in the schema of deposits insurance and compensates the deposits of banks the licence of which is withdrawn (revoked) by the Supervisory Authority (Bank of Albania) in line with the criteria set out by law.

The activity of Deposits Insurance Agency includes the determination of annual premium of insurance for the second level banks, the collection of initial contribution and annual insurance premium, verification of accuracy of calculation of this premium, investment of financial means as well as the main final function for the realisation of the obligation of payment of compensation of small depositors in the second level banks operating in the territory of the Republic of Albania.

In accordance with the Directive 94/19 of the European Community for the deposits insurance, the Agency insures all the deposits of individuals in lek and foreign currency, converted in accordance by the official exchange rate determined by the Supervisory Authority on the intervention day. The Agency insures the deposits of individuals up to 700 thousand lek, timely restricted deposits in lek, timely restricted deposited in foreign currency, deposits not restricted to time limits in lek, deposits not limited to time limits in foreign currency, certificates of deposits in lek, certificates of deposits in foreign currency etc.

2.1 Initial contribution

All the institutions carrying out banking activity in Albania shall be members of the deposits insurance scheme. Pursuant on the law 8873, dated 29.03.2002 "On deposits insurance",

Article 23, every insured bank shall pay to the Agency an initial contribution equal to 0.5 percent of the signed capital of the bank. During 2008, there was added no new entity to the deposits insurance scheme in Albania. The calculation rate of contribution remained the same.

2.2 Insurance premium and its policies

By virtue of Article 24 of law no 8873, dated 29.03.2002 “On deposits insurance”, for every insured bank, the annual insurance premium of deposit is 0.5 percent of the arithmetic average of the amount of insured deposits, registered at the end of every working day for the three last months of the previous year. The Agency can decrease this premium payable by the insured banks up to 0.1 percent, only in case its financial resources are not less than 5 percent of the average of these deposits, an act which is performed through a subordinate legal act. This proportion amounted 2008 to 3.1 percent up on 2.2 percent, which it was the previous year.

Based also on Article 24 of the above mentioned law, the payment of the premium shall be done in four quarterly instalments according to time periods determined by law. At the same time, with the payment of the first instalment, the banks bring to the Agency the premium statement which confirms the calculation of premium according to the requirements of the law. The revenues from the insurance premium, which consist the main resource of revenues for the Agency, in 2008 reached the amount of 1 008 508 thousand lek, which, compared to one year earlier, marked an increase of 9,7 percent.

The annual rate of deposits insurance premium for 2008 was applied equally to all the banks, in line with the provisions contained in the law.

2.3 The compensation of insured deposits

In the law no 8873, dated 29.03.2002 “On deposits insurance”, there have been determined the levels for the compensation of deposits, with a maximal level of 700 thousand lek, and with an application of co-insurance of 15 percent of the share exceeding 350 000 lek.

Based on Article 7 of the law no 8873, dated 29.03.2002 “On deposits insurance”, one of the main aims of the Deposits Insurance Agency is the compensation of insured deposits as soon as possible, however, not later than three months from the day of intervention by the Supervisory Authority with the insured bank. Thus, the Agency is the institution responsible for the realisation of its final function: compensation of deposits of clients in real time and in accordance with the provisions contained in the law.

To the effect of accomplishing this function, there was reached one of our objectives: approval of “Standing Rules of Compensation” and Manual of Compensation Procedures, by Order of the Governor no 1827, dated 06.03.2008. This process paves the way for the initiation of procedures for setting the criteria of drafting the terms of reference for the computerisation of the compensation process.

2.4 Administration of financial means

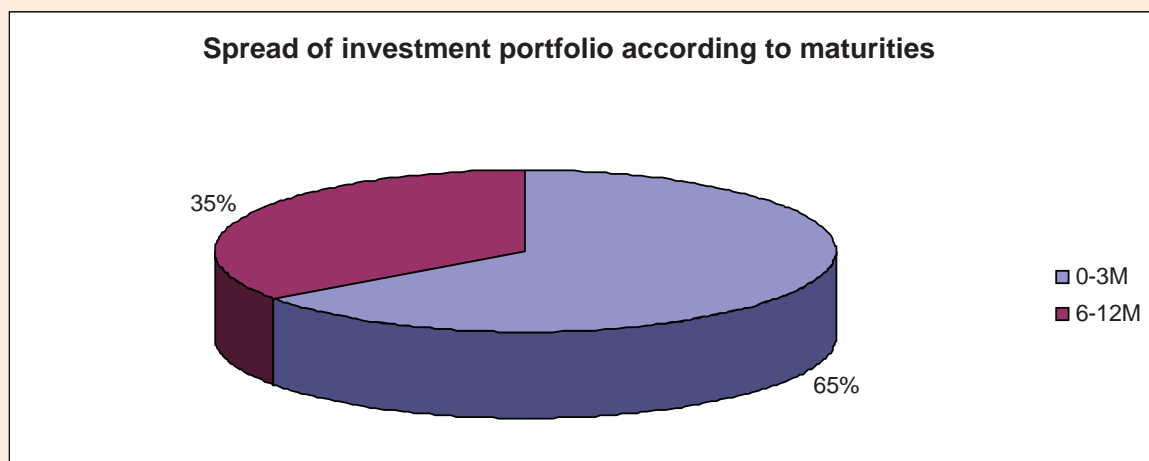
In accordance with the law no 8873, dated 29.03.2002 "On deposits insurance" Article 9, point 2, Article 21, as well as the document of the Administration Policy of Financial Means of the Agency, the Deposits Insurance Agency is responsible for the efficient administration of the funds and in accordance with the accepted standards of risk management. The administration of funds shall be done through the investment of financial resources of the Agency in the securities of the Albanian Government, and in securities in foreign currencies of governments, central banks, and other financial international institutions of other countries, the currency of which is in account deposit in the insured bank, with a remaining maturity period not longer than one year.

In order to achieve the best possible management of its financial resources and in order to abide by the requirements of the law, the Agency has drafted regulatory acts and it has set up the necessary structures to this effect.

The structure of investment portfolio according to the remaining maturity shall be as follows:

- a) **60 up to 70 %** of Financial Resources shall be invested in instruments with remaining maturity not more than 3 months.
- b) **30 up to 40 %** of Financial Resources shall be invested in instruments with remaining maturity longer than 3 months up to 12 months.

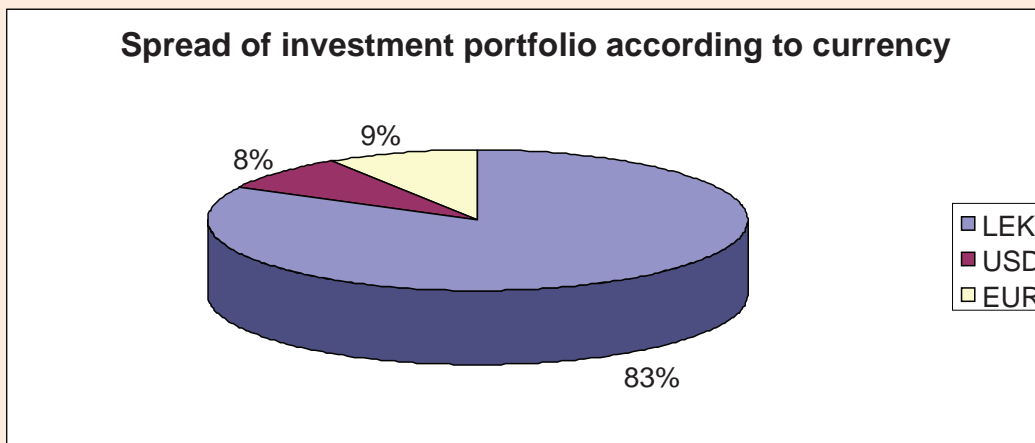
Taking into account the consideration on the maturity, spread of portfolio according to the maturity on 31.12.2008, it turns out as follows:



With regard to the structure of the investment portfolio according to the currencies, during 2008 the Agency has preserved the benchmark determined in the policies of the administration (as amended):

- Specific extent of the portfolio of the financial resources in Lek shall be up to 90% to the total of portfolio of the financial resources of the Agency;
- Specific extent of the portfolio in foreign currency shall be up to 10% to the total of portfolio in foreign currency, accepting the deviations from the benchmark $\pm 3\%$.

Taking into account the specific extent of the sub-portfolios of financial resources to the total, the spread of portfolio according to the currency on 31.12.2008 shall be as follows:



3. Insured deposits and their structure

3.1 Dynamics of insured deposits

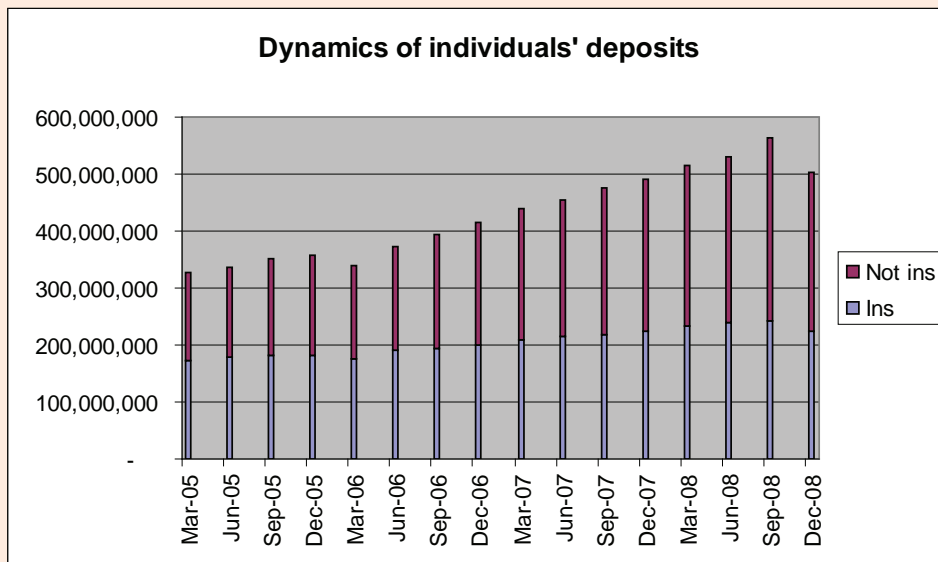
The deposits of the clients of Albanian banking system, later 2008, were increased by 2.4 percent on later 2007.

The deposits of individuals, being subject of the of deposits insurance scheme, make up a share of 78% to the total of deposits in the entire banking system, while the insured deposits account for 45% of the deposits of individuals.

The bulk of deposits of individuals are made up from the deposits in Lek and only 40% are deposits in foreign currencies.

With reference to the developments in individual deposits for the one year period December 2007 – December 2008, there is an increase of 2.1 percent, while the insured deposits marked a reduction of 0.2 percent, which is a consequence of the change in specific extent of constituent groups of the structure of deposits, determined according to the levels foreseen by law. Concerning the insured deposits, there is an increase of 1.8% of the deposits in foreign currency and a reduction of 1.1 percent of the deposits in Lek (in terms of percentage to the total).

The dynamics of individual's deposits over this one year period is displayed in the following graph:



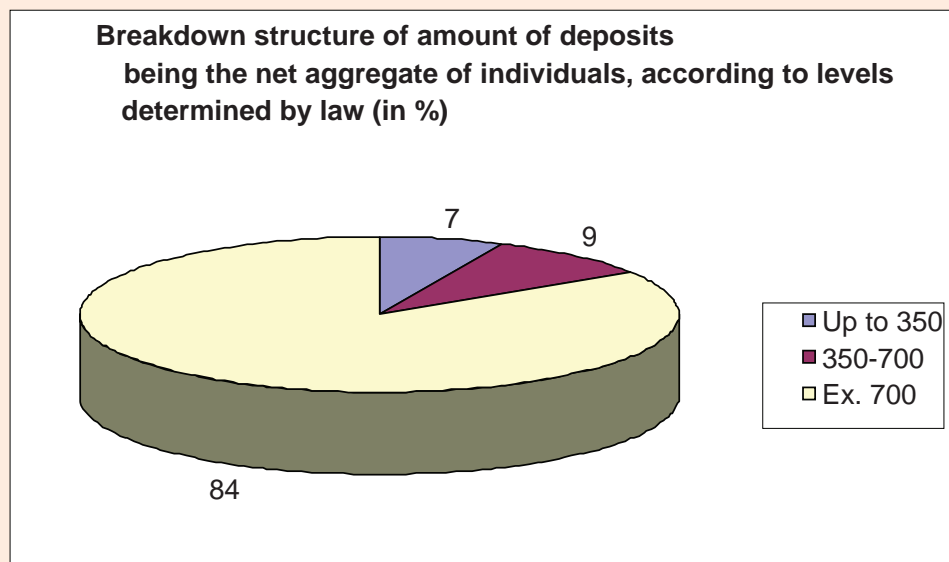
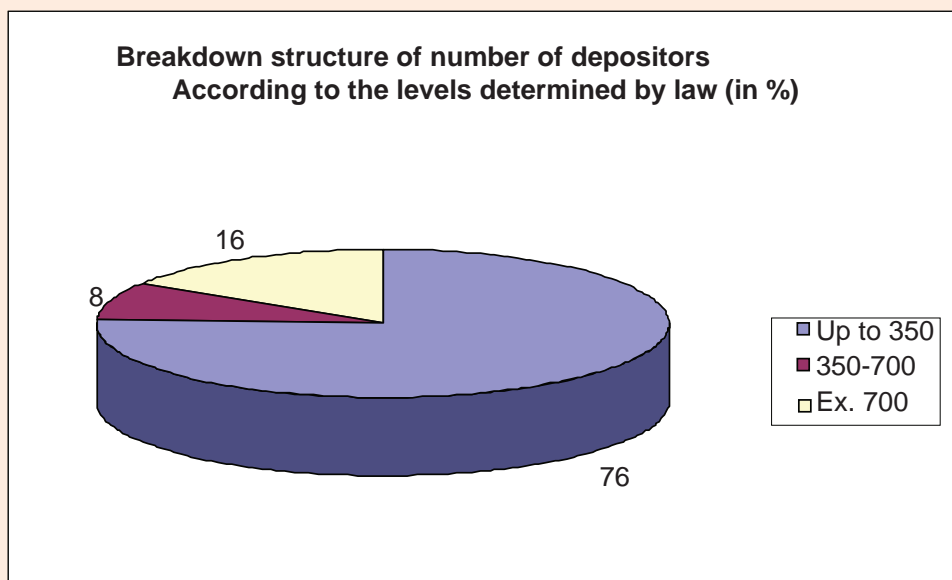
3.2 Structure of the number of depositors and amounts of deposits according to the levels determined by law

Later December 2008, the aggregated net deposits, expressed in percentages according to levels are displayed as follows:

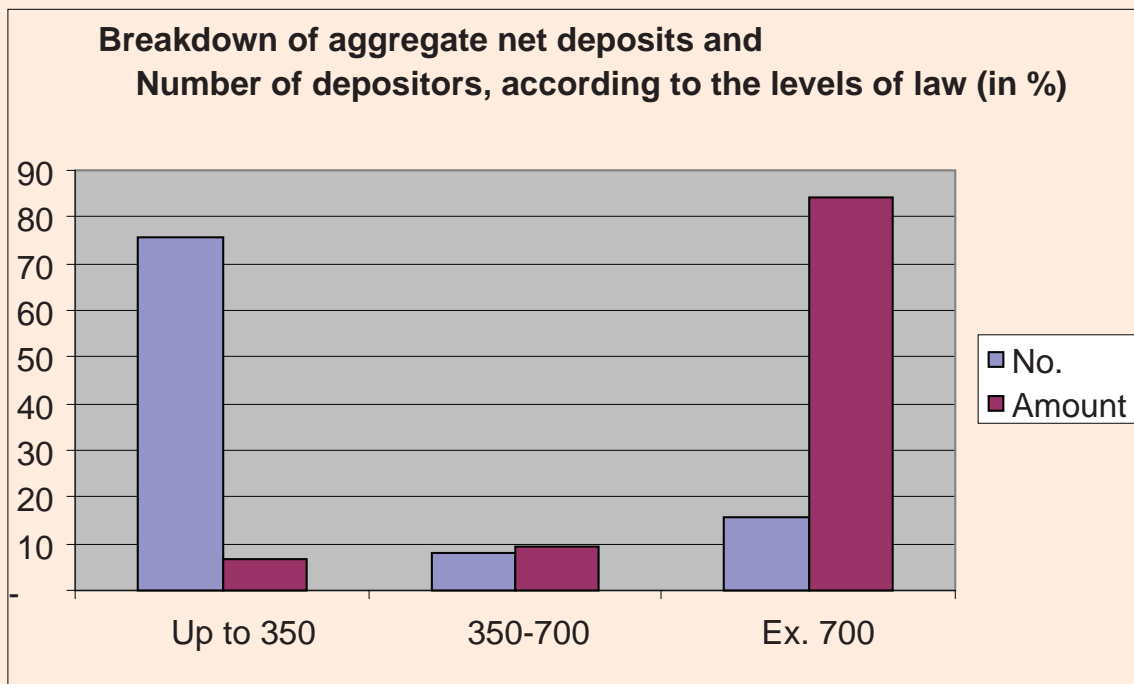
Structure of deposits	Aggregate net total	
	No of depositors (%)	Amount in (%)
Up to 350	76	7
350-700	8	9
In excess of 700	16	84
Total	100	100

The deposits of amounts below 700 thousand ALL make up 16 percent of the total of deposits of individuals. While the number of depositors, who have the amount of deposits, aggregated up to 700 thousand ALL is dominating, making up 84 percent of the total.

Graphically, this information is displayed as follows:



By way of comparison, the breakdown structure of insured deposits at the levels determined in law, according to the number and amount, is displayed in the following graph.



4. DIA financial situation

By virtue of the law no 8873, dated 29.03.2002, "On deposits insurance", Article 28, the Agency keeps accounts and books in order to have its financial situation reflected realistically, in accordance with the law "On book keeping" and the Accounting Manual approved by the Council of Ministers by decision no 250, dated 15.04.2005 "On approval of Accounting Manual of Deposits Insurance Agency". The implementation of this manual, in the book keeping during 2008 and in the reporting of financial statements, has made possible contemporary, real and transparent reflection of DIA financial situation. The financial activity of Deposits Insurance Agency has been excluded from the direct duties and taxation.

4.1 Balance structure and its dynamics

In a summary, the dynamics of the assets and liabilities of the Agency for 2008 is outlined in the following chart:

Main indicators of the balance

Denomination (in thousand lek)	Denomination (in thousand lek)	31.12.2007	31.12.2008	Ndryshimi
Immovable assets	Immovable assets	70.311	67.476	-2.835
Current assets	Current assets	4.912.925	6.266.951	1.354.026
TOTAL OF ASSETS	TOTAL OF ASSETS	4.983.236	6.334.427	1.351.191
Agency Capital	Agency Capital	4.981.826	6.332.595	1.350.769
Other liabilities	Other liabilities	1.410	1.832	422
TOTAL OF CAPITAL & LIABILITIES	TOTAL OF CAPITAL & LIABILITIES	4.983.236	6.334.427	1.351.191

4.2 Capital and its dynamics

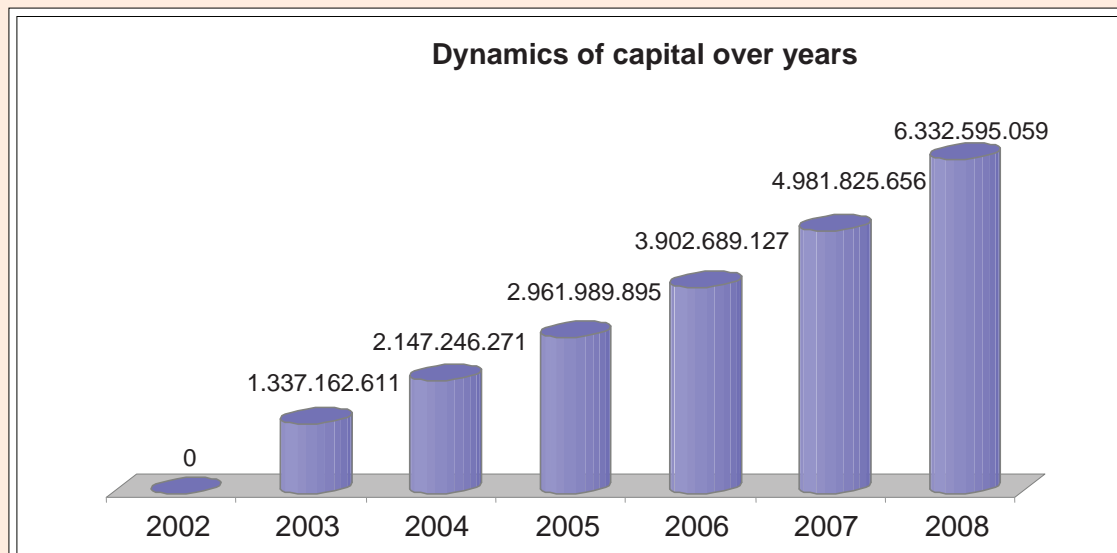
The capital of the Agency on 31.12.2008 is **6.332.595.059,93** Lek. It consists of the initial fund of 400.000.000 Lek, accumulated and undistributed profit of the previous years of **4.581.825.656,72** Lek, as well as the profit of the financial year of **1.350.769.403,21** Lek.

STATEMENT OF DIA CAPITAL DYNAMICS

	31.12.2007	31.12.2008
AGENCY CAPITAL		
<input type="checkbox"/> Capital (Initial Fund)	400.000.000,00	400.000.000,00
<input type="checkbox"/> Capital (Paid Initial Fund)		
<input type="checkbox"/> Reserves		
<input type="checkbox"/> Re-evaluation reserve		
<input type="checkbox"/> Re-evaluation difference		
<input type="checkbox"/> Undistributed profit/loss	3.502.689.127,30	4.581.825.656,72
<input type="checkbox"/> Profit / loss of financial year	1.079.136.529,42	1.350.769.403,21
Total capital of Agency	4.981.825.656,72	6.332.595.059,93

The capital of agency consists of the following elements:

- Initial fund**
- By virtue of Article 19, of law no 8873, dated 29.03.2002 "On deposits insurance", the initiation fund of DIA of 400 000 000 lek, is a contribution from the state budget paid in February 2003 by the Ministry of Finances.
- Accumulated revenues**
It represents the accumulated and undistributed profit which has been achieved through the activity of the Agency during 2002 -2007, which turns out to be **4.581.825.656, 72** Lek.
- Revenues from the financial period**
It represents the profit achieved during the reporting period at the amount of **1.350.769.403, 21** Lek



4.3 Profit and its dynamics

DIA profit over the years consists of the **revenues** consisting of: (a) initial contribution of insured banks, (b) revenues from the insurance premium that the banks pay to DIA, (c) revenues from the monetary Operations, as well as (d) revenues from other activities.

□ Generation of revenues

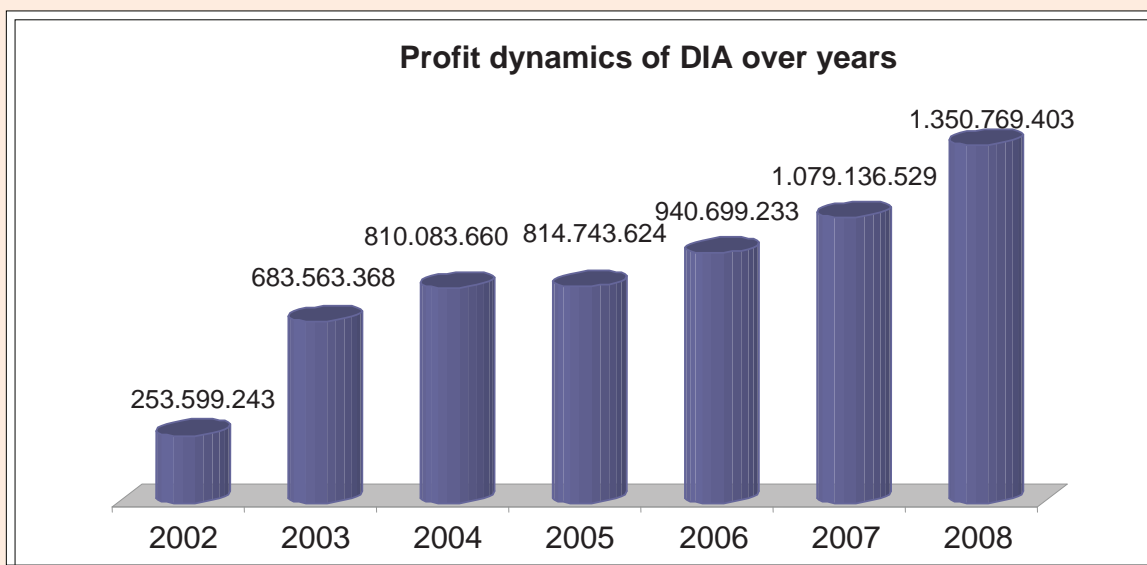
The revenues of the Agency for the reporting period consist of:

Revenues from the initial contribution of insured banks, which represent the payments of initial contributions from the insured banks in accordance with Article 23, point 4 of the Law no 8873, dated 29.03.2002 "On deposits insurance". During this year, we neither did nor receive any revenues from this source, since no new bank has entered the system.

Revenues from the insurance premium, which are the most considerable revenues in DIA portfolio, representing the legal obligation of the insured banks for the annual premium of deposits insurance for 2008, reached the amount of **1.008.508.332** lek and in accordance with Article 24 of the law no 8873, dated 29.03.2002 "On deposits insurance".

The revenues from the Monetary Operations representing the interests on credit balances from the investment of the financial resources of the Agency, amounting to **365.501.743,93** lek (matured revenues). These revenues are an important indicator with regard to the strengthening of the financial standing of the Agency. Seen over the years, the revenues from the monetary operations indicate a steadiness in the increase of return from investment and for a good and efficient administration of funds in accordance with the accepted standards of risk management.

Revenues from other activities, representing the revenues from the re-evaluation of portfolio of securities in foreign currency reach the amount of **33.640.229,45** lek.



4.4 Auditing of the Agency balance sheet

The activity of Agency for 2008, its accounts and registers have been audited by the internal auditor. The outcome of this auditing was that these documents truthfully reflect the financial indicators of the Agency.

1.5 Internal Audit Report

With regard to the auditing of the financial statements of the year 2008, the internal auditor aimed at:

- evaluating the reliability of the financial information and management, and
- evaluation of effectiveness of internal control.

Upon the completion of the auditing, the opinion on DIA financial statements is that:

The data contained in the accounting balance, in the statement of revenues and in the cash flow statement and in the capital change statement reflect fairly the financial position of DIA, its financial performance and the cash flow in accordance with the Decision of Council of Ministers no 250, dated 15.04.2005 "On DIA Accounting Manual". They are accurate and comprehensive while reflecting the contents of the economic events for 2008.

With regard to the evaluation of the internal control system, the Steering Council, General Director of the institution have set up the infrastructure or the regulatory framework which have had an impact on the high efficiency management in all the practices consisting on the accomplishment of the DIA activity.

The Directorate has set up practical aspects of monitoring on the normal accomplishment of the tasks, identifying the internal shortcomings and establishing the system of financial controls and other controls in such a way that it offers sufficient guarantee for:

- effective and efficient operations;
- internal financial controls;
- compliance with the laws and rules.

During the last year, DIA has ensured financial indicators which make its future mission very optimistic. There is an optimistic situation also with regard to the achievement of the performance indicators, which have always been increasing and improving essentially.

Finally, the internal auditor expressed his opinion that the financial statements truthfully reflect the financial indicators prepared by DIA during 2008.

5. Short presentation on other activities of DIA during 2008

5.1 Cooperation with Bank of Albania

Deposits Insurance Agency, being one of the main segments facilitating the preservation of

sustainability of the banking system, continues to cooperate closely with the Supervisory authority (Bank of Albania), through the reciprocal exchange of information, thus putting into practice the agreement signed between Bank of Albania and Deposits Insurance Agency, as well as abiding by the law no 8873, dated 29.03.2002 "On deposits insurance".

The cooperation with Bank of Albania has focused specifically on the discussion and finalisation of some DIA projects for complementing and improving the legal framework in the field of deposits insurance. To this effect, through the joint work groups, consisting of ASD and Bank of Albania experts, there has been cooperation on:

1.1.1 Complementing the legal framework making possible and guaranteeing the setting up and well-functioning of a coordinated mechanism for implementing the process of compensation of deposits insured by DIA.

During 2008, upon the Order of Governor of Banka of Albania no 1827, dated 06.03.2008, there were approved two very important documents for the compensation process, specifically: Standing Rules "On compensation of Deposits" and Instruction "On the procedure for compensation of insured deposits".

The standing rules "On deposits compensation" is the document regulating the time periods and regulates the ways of compensation, while the instruction "On procedures of compensating the insured deposits", displays in detail the procedures for compensating the deposits. These two important materials complement the legal framework facilitating and guaranteeing the setting up and functioning of a coordinated mechanism for implementing the process of compensation of insured deposits.

1.1.2 Amendment to the law no 8873, dated 29.03.2002 "On deposits insurance".

In reliance on the recommendation of Assembly of Albania, approved by the resolution dated 26.05.2008 "On the evaluation of the activity of Deposits Insurance Agency for 2007", DIA did, during 2008, complete the research period of its project for the review of the law insuring deposits, where there were identified the main necessary directions for the legal amendments based on the recent developments in the European legislation, advanced experience of homologues institutions in the field of deposits insurance, as well as analysis of the impact that these changes would bring about in the DIA's financial situation.

1.1.3 The formalisation of the cooperation with the Bank of Albania and Ministry of Finance through the loan agreements for insuring the necessary liquidities for carrying out the process of depositors' compensation.

Of priority importance is the project on the DIA performance, i.e., putting in place formal mechanisms for ensuring the necessary liquidities for conducting the compensation process.

To this effect, DIA, having the assistance of technical expertise offered by FSVC Office in 2008 in Tirana, completed the survey on the identification of most efficient ways for timely insuring the necessary liquidities, taking as reference the experience of homologues institutions to this effect.

5.2 Cooperation with international institutions and homologues

The Agency has during 2008 developed its relations with the international institutions and organisations in the field of deposits insurance, thus contributing to the improvement of the dialogue between the authorities and the members of insurance schema.

The Agency, being a member institution of the Organisation: "International Association of Deposits Insurers" (IADI), participates actively in the permanent committees of this organisation and in the permanent work groups. Presently, the General Director of DIA has been elected as member of the Executive Council of this organisation.

The Agency, being a founder institution of the European Forum of Deposits Insurers, which has been registered as a non-profit making company in accordance with the European Community Law, with seat in Brussels, participates actively in exchanging of information and multilateral experiences, with regard to cross-border issues, as well as initiatives for the review of the European legislation on the deposits insurance schemes.

Participation of the Agency in international organisations of deposits insurance has an impact on harmonising its legislation in accordance with the Directive 94/19 of European Community "On deposits insurance scheme" and its amendments, thus preceding the adjustment of the legislative framework of the deposits insurance in Albania to the requirements of "*acquis communautaire*".

5.3 Public education and information

Education and information of the public is essential for a deposits insurance system to function effectively. Even during 2008, in line with the recommendation of Assembly of Albania, approved by the Resolution dated 26.05.2008 "On evaluation of Deposits Insurance Agency performance for 2007", the Agency has worked continuously for making known to the depositors the schema of deposits insurance and its role in the process of compensation in the event of any eventual bankruptcy of a bank.

The Deposits Insurance Agency continues to inform the depositors through open communication channels and media. The preservation of the continuous contact with the public at large and with the depositors of the second level banks in Albania, through the distribution of information materials such as explanatory booklets, informative leaflets as well as through the obligatory posting of the DIA logo in all the banks.

To the effect of boosting the effectiveness of the public education and information program, the Agency drafted the document "*Policies of public education and information*", which was approved upon the Decision of Steering Council no 215, dated 05.06.2008. The Agency has highlighted in this document the member banks of our scheme, as one of the directly interested groups connected to it and with the small depositors.

Implementing this important document in 2008, the Agency launched, in cooperation with the Albanian Association of Banks, an awareness campaign, organising in Tirana and in some main cities of the country a cycle of seminars on the topic "Issues of deposits insurance in Albania".

These seminars were organised in the form of open forums, where the employees of the Agency dealt with the issues of deposits insurance, where there were held discussions with the second level banks representatives operating in different cities of the country.

The main aim of this initiative of the Agency was the presentation of the recent developments in the field of deposits insurance and exchange of information and strengthening of dialogue among the parties involved in the schema of deposits insurance, to the effect of boosting the professional performance in line with the law no 8873, dated 29.03.2002 “On Deposits Insurance”. Among the issues being dealt with priority in the cycle of seminars was the information of depositors on the rights they enjoy in line with the law “On deposits insurance”, as well as the management of communication with the depositors under the circumstances of a financial crisis.

6. Main directions of the development plan for 2009

- 1.1 In the course of 2009, the Agency shall focus its plan of development on:
 - a. Review and improvement of the policies for insuring and compensating the deposits based on the eventual changes of the legal framework in the field of deposits insurance.
 - b. Cooperation with specialised institutions for technical assistance to the effect of further improvement of the infrastructure for conducting the process of compensation.

ALBANIAN DEPOSIT INSURANCE AGENCY

BALANCE SHEET at December 31

In lek

	ASSETS	N 31.12.2008	N-1 31.12.2007
A	Monetary means and their equivalents	208.842.616,31	19.625.637,78
	1- Cash	71.464,46	15.702.615,12
	2- Cash Equivalents	205.500.000,00	0,00
	3- Administrative accounts with banks	3.268.608,85	3.923.022,66
	* In lek (Raiffeisen Bank)	1.879.151,92	492.659,04
	* in lek (BKT Tirana 3)	455,24	454,78
	* in lek (CREDINS)	121.054,85	
	* in currency (RaiffeisenBank)	516.423,01	1.695.660,06
	* in currency (BKT Tirana 3)	323.728,12	310.799,40
	* in currency (State Treet Bank)	427.795,71	1.423.449,38
	4- Cash box	2.543,00	0,00
B	Investments in securities of Government	5.787.902.496,64	4.646.858.825,43
	1- Investmens in securities of Albanian government	4.850.947.756,00	3.943.116.500,00
	2- Investments in securities of foreign governments	1.036.148.230,00	830.647.697,43
	3- Interest receivable (Treasury Bonds)	-102.654.260,00	-126.905.372,00
	4- Discount, price, premium securities	3.460.770,64	0,00
C	Accounts receivable	270.205.504,81	246.439.862,61
	1- Premiums receivable	251.156.305,77	229.616.719,00
	2- Interest calcaulated as revenues (sec)	18.969.463,04	16.743.407,61
	3- Requests for collection to bankrupt banks	0,00	0,00
	4- (-) Develuation of collection requests	0,00	0,00
	5- Other receivables (debtors)	79.736,00	79.736,00
D	Other assets	67.475.997,17	70.311.469,90
	1-Fixed assets	66.485.853,70	69.100.871,60
	a- Fixed intangible assets	1.083.600,00	1.083.600,00
	b- Fixed tangible assets	91.488.792,30	89.644.037,30
	(-) Accumulated depreciation FA	-26.086.538,60	-21.626.765,70
	2- Materials	793.894,47	1.078.957,30
	3- Expenses to be distributed	196.249,00	131.641,00
	T O T A L (A+B+C+D)	6.334.426.614,93	4.983.235.795,72
	Accounts off balance sheet		
	Requests for collection		
	Other commitment accounts		
	TOTAL ASSETS	6.334.426.614,93	4.983.235.795,72

			In lek
	LIABILITIES AND CAPITAL	N 31.12.2008	N-1 31.12.2007
A	LIABILITIES	1.831.555,00	1.410.139,00
	I. Short term liabilities	1.831.555,00	1.410.139,00
	1. Compensation of insured deposits	0,00	0,00
	2. Short term credits / loans	0,00	0,00
	3. Other creditors	1.831.555,00	1.410.139,00
	* Calculated expenses	129.857,00	165.000,00
	* Creditor for contracts	1.002.574,00	646.136,00
	* Liabilities for social/health insurance	337.367,00	272.182,00
	* Liabilities on income tax	361.757,00	326.821,00
	II. Long term liabilities	0,00	0,00
	1. Long term credits/loans		
	2. Other creditors		
	III. Provisions	0,00	0,00
	1. General provisions		
	2. Provisions for losses in bankruptcy		
	3. Other provisions		
B	Revenues collected in advance	0,00	0,00
C	Subsidies and donations	0,00	0,00
D	Funds	6.332.595.059,93	4.981.825.656,72
	I. Main capital (foundation capital)	400.000.000,00	400.000.000,00
	II. Reserves		
	III. Accumulated fund	4.581.825.656,72	3.502.689.127,30
	IV. Profit and loss of financial year (-)	1.350.769.403,21	1.079.136.529,42
	TOTAL (A+B+C+D)	6.334.426.614,93	4.983.235.795,72
	Accounts off balance sheet		
	Revenues receivable		
	Other commitment accounts		
	TOTAL LIABILITIES	6.334.426.614,93	4.983.235.795,72

**REVENUES AND EXPENSES STATEMENT
for the years ended December 31**

N R	STATEMENT OF REVENUES AND EXPENSES (in lek)	N	N-1
		31.12.2008	31.12.2007
	REVENUE	1.407.669.955,27	1.185.611.480,28
	Out of these:		
A	From insurance activity	1.008.527.981,89	919.121.000,80
	1. Revenues from initial contribution	0,00	0,00
	2. Revenues from premiums	1.008.508.332,00	919.105.972,66
	3. Other revenues connected to them	19.649,89	
	* for transaction with treasury and inter-banks (commissions in lek)	19.649,89	15.028,14
	* for transaction with treasury and inter-banks (commissions in currency)	0,00	0,00
	* for transactions with clients	0,00	0,00
B	From operational activity	365.501.743,93	266.490.479,48
	1. Revenues from deposits interests	9.637.812,55	542.244,97
	2. Revenues from securities interests	355.863.931,38	265.948.234,51
	a- of Albanian Government	318.012.821,00	230.311.107,00
	b. of foreign governments	35.852.088,60	32.317.966,21
	c. Other revenues connected to them (discounts)	1.999.021,78	3.319.161,30
	3. Differences in conversion	0,00	0,00
C	Re-collection of provisions	0,00	0,00
D	Revenues from bankruptcy	0,00	0,00
E	Other revenue (re-evaluation securities + others)	33.640.229,45	0,00
1	TOTAL A+ B+ C+ D+ E	1.407.669.955,27	1.185.611.480,28
	EXPENSES	56.900.552,06	106.474.950,86
	Out of these:		
A	Operating expenses	26.667.546,06	23.127.169,95
	1. Expenses for materials and others	13.379.890,37	10.919.159,46
	2. Financial expenses	8.827.882,79	7.524.070,99
	a. Interests for credits/loans (kom)	0,00	0,00
	b. bank commissions (lek+currency)	1.583.923,45	1.579.556,28
	c. others (contingency)	0,00	0,00
	d. expenses for devaluation of securities	7.243.959,34	5.944.514,71
	3. Depreciation of Fixed Assets	4.459.772,90	4.683.939,50
	4. Rate of expenses to be distributed	0,00	0,00
B	Expenses of personnel	26.757.432,00	23.916.074,00
	1. Salaries + rewards	22.983.095,00	20.886.783,00
	2. Social insurance	2.320.102,00	2.262.126,00
	3. Similar others	1.454.235,00	767.165,00
C	Taxes and similar	0,00	0,00
D	Provisions	0,00	0,00
E	Other operative	3.475.574,00	3.246.572,00
	Board expenses	3.475.574,00	3.246.572,00
F	Bankruptcy expenses	0,00	0,00
G	Expenses of previous periods	0,00	0,00
H	Contingency expenses	0,00	784.220,00
K	Other	0,00	0,00
	TOTAL A+ B+ D+ E+ F+ G+ H+ K	56.900.552,06	51.074.035,95
E1	Other operative (conversion difference)	0,00	55.400.914,91
	Re-evaluation difference of securities in EURO	0,00	29.243.134,91
	Re-evaluation difference of securities in USD	0,00	26.157.780,00
2	TOTAL A+ B+ D+ E+ F+ G+ H+ K+E1	56.900.552,06	106.474.950,86
	NET INCOME	1.350.769.403,21	1.079.136.529,42

DEPOSITS INSURANCE AGENCY

STATEMENT OF CASH FLOWS for the years ended December 31
(as of 31.12.2008)

(in lek)

	CASH FLOWS STATEMENT	31.12.2008 N	31.12.2007 N-1
1	OPERATING ACTIVITIES		
	* Collected premiums	1.008.508.332,00	919.105.972,66
	* Collected requests	-	-
	* Received loans		
	* Interest revenues	365.501.743,93	265.948.234,51
	* Recover of previously devaluated amounts	-	-
	* Other collected amount	2.369.663,43	557.273,11
	* Salaries for employees	- 30.233.006,00	- 24.001.531,00
	* Payments to suppliers	- 3.870.148,32	- 2.916.617,00
	* Other payments	- 10.599.851,13	- 13.484.164,16
	Net Cash Flow from the Operating Activities	1.331.676.733,91	1.145.209.168,12
2	INVESTING ACTIVITIES		
	* Purchase of fixed assets (material)	- 1.559.692,17	- 1.442.899,30
	* Purchase of securities	- 1.113.331.788,57	- 1.277.427.933,33
	* (Interest receivable)	- 24.251.112,00	- 16.743.407,61
	* Long term deposits	- 3.317.162,64	0
	* Sale of securities	-	-
	* Collection out of sale of FTAssets	-	-
	Net Cash Flow used in Investing Activities	- 1.142.459.755,38	- 1.295.614.240,24
	Net increase (Decrease) in cash over the year (1 +2)	189.216.978,53	- 150.405.072,12
	Cash and Cash Equivalents- Beginning	19.625.637,78	170.030.709,90
	Cash and Cash Equivalents- Ending	208.842.616,31	19.625.637,78