

Banka Kombetare Tregtare sh.a.

**Independent Auditors' Review Report
and
Condensed Interim Financial Statements as of
30 September 2006**

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INDEPENDENT AUDITORS' REVIEW REPORT**To the shareholders and management of Banka Kombetare Tregtare sh.a.**

We have reviewed the accompanying condensed interim balance sheet of Banka Kombetare Tregtare sh.a. (the "Bank") as of September 30, 2006, and the related condensed interim statement of operations for the three-month and nine-month periods then ended, and changes in shareholders' equity and cash flows for the nine-month period then ended. These condensed interim financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

As explained in Note 2, the Bank has treated its share capital issued in United States Dollars as a monetary item in the financial statements and recognised the revaluation difference during the nine-month period ended September 30, 2006 in the statement of operations and translated retained earnings and reserves using the balance sheet rate which in our opinion, is not in accordance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates". Share capital should be treated as a non-monetary item and carried at the exchange rate at the date of transaction and retained earnings and reserves should be translated using the historical rate. Accordingly, although this has no effect on total shareholders' equity, if share capital had been treated as a non-monetary item, and retained earnings and reserves had been translated using the historical rate, the reported net profit for the nine-month period ended September 30, 2006 would be lower by USD 1,651,071, the retained earnings and reserves would be lower by USD 6,557,237 and the balance of translation reserve would be higher by USD 8,208,308.

Based on our review, except for the effect on the condensed interim financial statements of the matter referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.

DELOITTE & TOUCHE D.O.O.

Ljubljana, Slovenia

October 23, 2006

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Banka Kombetare Tregtare Sh.A.

Condensed interim balance sheets as of 30 September 2006 and 31 December 2005

(amounts in USD, unless otherwise stated)

	30 September 2006	31 December 2005
	(unaudited)	
Assets		
Cash and balances with Central Bank	89,797,221	69,911,636
Placement and balances with banks	132,409,566	72,737,414
Treasury bills held-to-maturity	258,770,041	234,781,917
Investment securities available-for-sale	3,002,100	8,112,500
Investment securities held-to-maturity	87,964,446	65,732,227
Loans and advances to customers	185,754,640	125,542,176
Property and equipment	10,938,682	8,836,714
Intangible assets	674,055	639,776
Deferred tax assets	238,025	108,631
Other assets	4,771,061	3,814,004
Total assets	774,319,837	590,216,995
Liabilities and shareholders' equity		
Liabilities		
Customer deposits	701,486,270	551,131,662
Due to banks	19,708,122	968,364
Due to third parties	4,015,037	-
Accruals and other liabilities	7,731,080	5,483,915
Total liabilities	732,940,509	557,583,941
Shareholders' equity		
Share capital	33,000,000	24,644,250
Translation difference	123,053	(277,955)
Reserves	222,938	208,927
Accumulated losses	(60,140)	(337,717)
Net profit for the period	8,093,477	8,395,549
Total shareholders' equity	41,379,328	32,633,054
Total liabilities and shareholders' equity	774,319,837	590,216,995

The financial statements were authorized for release by the Board of Directors on 31 October 2006.

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Condensed interim statements of operations
for the three and nine-month periods ended 30 September 2006 and 2005
(amounts in USD, unless otherwise stated)

	Nine-month period ended 30 September 2006 (unaudited)	Three-month period ended 30 September 2006 (unaudited)	Nine-month period ended 30 September 2005 (unaudited)	Three-month period ended 30 September 2005 (unaudited)
Interest				
Interest income	33,632,914	12,065,763	26,075,603	8,924,683
Interest expense	(14,585,722)	(5,263,724)	(11,920,355)	(3,843,272)
Net interest margin	19,047,192	6,802,039	14,155,248	5,081,411
Non-interest income, net				
Fees and commissions, net	1,963,541	717,818	1,611,643	587,967
Foreign exchange revaluation gain (loss), net	(112,906)	65,850	162,056	(141,814)
Profit from foreign exchange trading activities, net	985,019	373,648	883,409	344,648
Other income, net	46,468	12,948	71,488	29,017
Total non-interest income, net	2,882,122	1,170,264	2,728,596	819,818
Operating expenses				
Personnel	(5,134,406)	(1,654,555)	(3,889,112)	(1,235,520)
Administrative	(4,554,619)	(1,883,281)	(3,219,010)	(1,175,800)
Depreciation and amortization	(1,326,735)	(485,443)	(1,371,860)	(481,988)
Total operating expenses	(11,015,760)	(4,023,279)	(8,479,982)	(2,893,308)
Impairment of loans	(890,813)	(384,034)	(209,423)	(65,879)
Profit before taxes	10,022,741	3,564,990	8,194,439	2,942,042
Income tax expense	(1,929,264)	(762,519)	(1,757,013)	(650,759)
Net profit for the period	8,093,477	2,802,471	6,437,426	2,291,283

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Condensed interim statements of changes in equity for the nine-month periods ended 30 September 2006 and 2005 (amounts in USD, unless otherwise stated)

	Share capital	Translation difference	Reserves	Retained earnings	Net profit for the period	Total
Balance as of 1 January 2005	14,644,250	535,713	1,032,741	3,964,427	5,102,481	25,279,612
Appropriation of prior year net profit	-	-	-	5,102,481	(5,102,481)	-
Adjustment of retained earnings with September 2005 end exchange rate	-	-	-	(702,263)	-	(702,263)
Adjustment of reserves with September 2005 end exchange rate	-	-	(63,145)	-	-	(63,145)
Appropriation of retained earnings into reserves	-	-	634,051	(634,051)	-	-
Increase in share capital	10,000,000	-	(1,392,684)	(8,607,316)	-	-
Net profit for the period	-	-	-	-	6,437,426	6,437,426
Appropriation of 2004 year translation difference	-	(535,713)	-	535,713	-	-
Translation difference for the period	-	(224,163)	-	-	-	(224,163)
Balance as of 30 September 2005	24,644,250	(224,163)	210,963	(341,009)	6,437,426	30,727,467
Adjustment of RE with December 2005 end exchange rate	-	-	-	3,292	-	3,292
Adjustment of reserves with December 2005 end exchange rate	-	-	(2,036)	-	-	(2,036)
Net profit for the period	-	-	-	-	1,958,123	1,958,123
Translation difference for the period	-	(53,792)	-	-	-	(53,792)
Balance as of 31 December 2005	24,644,250	(277,955)	208,927	(337,717)	8,395,549	32,633,054
Appropriation of prior year net profit	-	-	-	8,395,549	(8,395,549)	-
Adjustment of retained earnings with September 2006 end exchange rate	-	-	-	515,733	-	515,733
Increase in share capital	8,355,750	-	-	(8,355,750)	-	-
Adjustment of reserves with September 2006 end exchange rate	-	-	14,011	-	-	14,011
Net profit for the period	-	-	-	-	8,093,477	8,093,477
Appropriation of 2005 year translation difference	-	277,955	-	(277,955)	-	-
Translation difference for the period	-	123,053	-	-	-	123,053
Balance as of 30 September 2006	33,000,000	123,053	222,938	(60,140)	8,093,477	41,379,328

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Condensed interim statements of cash flows
for the nine-month periods ended 30 September 2006 and 2005
(amounts in USD, unless otherwise stated)

	Nine-month period ended 30 September 2006 (unaudited)	Nine-month period ended 30 September 2005 (unaudited)
Cash flows from operating activities		
Net profit after tax	8,093,477	6,437,426
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,326,735	1,371,860
Gain on sale of property and equipment	(3,499)	(56,955)
Gain on sale of treasury bills	(15,791)	(2,983)
Write-off of property and equipment	2,375	40,510
Impairment of loans	890,813	209,423
Deferred tax asset	(119,946)	(62,037)
Cash flows from operating profits before changes in operating assets and liabilities	10,174,164	7,937,244
(Increase)/decrease in operating assets:		
Placements and balances with banks	(53,823,672)	(12,931,957)
Loans and advances to customers	(51,766,591)	(44,959,487)
Other assets	(688,852)	(1,618,651)
Increase/(decrease) in operating liabilities:	(106,279,115)	(59,510,095)
Due to customers	111,384,888	96,865,739
Due to third parties	3,943,934	(361,445)
Accruals and other liabilities	1,846,104	1,777,941
Net cash flows from operating activities	21,069,975	46,709,384
Cash flows from investing activities		
Purchases of investment securities	(11,953,914)	(25,564,435)
Purchases/sale of treasury bills	(13,245,387)	4,573,050
Purchases of property and equipment	(2,803,204)	(1,687,892)
Proceeds from sale of property and equipment	3,465	58,119
Proceeds from sale of treasury bills	5,164,669	3,691,667
Net cash used in investing activities	(22,834,371)	(18,929,491)
Cash flows from financing activities		
Proceeds from due to banks	18,344,104	(161,346)
Net cash used in/(from) financing activities	18,344,104	(161,346)
Net increase in cash and cash equivalents	16,579,708	27,618,547
Translation difference	3,305,877	(5,664,212)
Cash and cash equivalents at the beginning of the year	69,911,636	65,338,886
Cash and cash equivalents at the end of the nine months	89,797,221	87,293,221

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Notes to the condensed interim financial statements
for the nine-month period ended 30 September 2006
(amounts in USD, unless otherwise stated)

1. Basis of preparation

These condensed interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2005. Costs that are incurred evenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year. These condensed interim financial statements should be read in conjunction with the 2005 annual financial statements.

2. Share capital

The Bank's share capital is issued and maintained in USD as allowed by the legislation in Albania as well as by a special Law no.8634 between the Bank's shareholders and the Republic of Albania on the Bank's privatisation. Furthermore, the Operating Policy Guidelines of the Bank require that the share capital be hedged by USD assets and it is therefore treated as a monetary item, with the revaluation difference being taken to the profit and loss account together with the revaluation difference of the corresponding USD asset, which offset each other in a natural hedge.

On 19 December 2005, the Bank convened an extraordinary general meeting of shareholders to transfer the 60 per cent of the Bank's shares to Calik/Seker Investment Consortium. The transfer was finalized and registered in the Tirana Court on June 09, 2006, following the approvals by the Bank of Albania and Competition Authority.

The Bank, upon the new Shareholders Decision taken on 22 June 2006, increased its paid-up capital by USD 8,355,750 by allocation of the balance of retained earnings of Lek 811,677,555 as at 31 May 2006 translated into USD using the exchange rate announced by Bank of Albania as of 22 June 2006 (1USD=97.14 Lek). As a result 835,575 shares were issued to the shareholders with a nominal value of USD 10 per share.

The total number of issued and paid-up shares of the Bank following this increase in capital is 3,300,000, and the composition is as follows:

	<i>No. of shares</i>	<i>%</i>	<i>Total USD</i>
Calik/Seker Consortium	1,980,002	60	19,800,020
EBRD	659,999	20	6,599,990
IFC	<u>659,999</u>	<u>20</u>	<u>6,599,990</u>
	<u>3,300,000</u>	<u>100</u>	<u>33,000,000</u>

The increase of Paid-up Capital was registered in the Tirana Court on 27 July 2006 (Decision No. 17469/8).

Banka Kombetare Tregtare Sh.A.

Notes to the condensed interim financial statements
for the nine-month period ended 30 September 2006
(amounts in USD, unless otherwise stated)

3. Related party transactions

In accordance with IAS 24 “*Related Party Disclosures*”, a related party is any party that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Identity of related parties

The Bank has related party relationships with its shareholders, directors and executive officers.

Transactions with shareholders

The Bank did not have any related party transactions during 2006.

Transactions with directors and executive officers

The remuneration of directors and executive officers is included in personnel expenses. It can be detailed as follows:

	Nine-month period ended 30 September 2006 (unaudited)	Nine-month period ended 30 September 2005 (unaudited)
Directors	31,752	31,752
Executive officers	575,194	590,658
	606,946	622,410