

Banka Kombetare Tregtare sh.a.

**Independent Auditor's Review Report
and
Condensed Interim Financial Statements
as of and for
the three-month period ended 31 March 2007**

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the shareholders and management of Banka Kometare Tregtare sh.a.

Introduction

We have reviewed the accompanying condensed interim balance sheet of Banka Kometare Tregtare sh.a. (the "Bank") as of 31 March 2007, and the related condensed interim income statement, statement of changes in equity and cash flow statement for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Based on information provided to us by management, the Bank has treated its share capital issued in United States Dollars as a monetary item in the condensed interim financial statements and recognized the revaluation difference during the three-month period ended 31 March 2007 in the income statement 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 profit for the three-month period ended March 31, 2007 would be higher by USD 289,515, the retained earnings and reserves would be lower by USD 9,837,678 and the balance of translation reserve would be higher by USD 9,548,163.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Bank as at March 31, 2007, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche d.o.o

Ljubljana, Slovenia

May 11, 2007

Banka Kombetare Tregtare sh.a.

Condensed interim balance sheet as of 31 March 2007

(amounts in USD, unless otherwise stated)

	31 March 2007	31 December 2006
Assets		
Cash and balances with Central Bank	91,645,190	98,690,893
Placement and balances with banks	151,286,604	140,613,900
Treasury bills held-to-maturity	239,513,890	241,343,691
Investment securities available-for-sale	10,740,781	7,444,820
Investment securities held-to-maturity	131,595,493	119,890,480
Loans and advances to customers	251,322,709	229,168,373
Capital equivalency deposit	6,657,717	6,577,969
Property and equipment	11,378,301	11,442,960
Intangible assets	559,227	631,180
Deferred tax assets	6,728	75,246
Other assets	1,070,141	1,889,142
Total assets	895,776,781	857,768,654
Liabilities and shareholders' equity		
Liabilities		
Customer deposits	834,169,275	798,499,340
Due to banks	1,321,564	8,565,519
Due to third parties	4,767,490	-
Accruals and other liabilities	5,963,335	5,176,567
Total liabilities	846,221,664	812,241,426
Shareholders' equity		
Share capital	33,000,000	33,000,000
Translation difference	31,456	450,372
Reserves	227,844	229,877
Retained earnings	12,188,594	(62,012)
Net profit for the period	4,107,223	11,908,991
Total shareholders' equity	49,555,117	45,527,228
Total liabilities and shareholders' equity	895,776,781	857,768,654

The financial statements were authorised for release by the Board of Directors on 26 April 2007.

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Condensed interim income statement
for the three-month periods ended 31 March 2007
(amounts in USD, unless otherwise stated)

	Three-month period ended 31 March 2007	Three-month period ended 31 March 2006
Interest		
Interest income	14,835,399	10,356,110
Interest expense	(6,659,501)	(4,454,056)
Net interest margin	8,175,898	5,902,054
Non-interest income, net		
Fees and commissions, net	796,260	598,315
Foreign exchange revaluation loss, net	60,368	(33,357)
Profit from FX trading activities, net	323,707	285,899
Other income (expense), net	17,316	17,334
Total non-interest income, net	1,197,651	868,191
Operating expenses		
Personnel	(2,061,344)	(1,921,206)
Administrative	(1,456,191)	(1,087,689)
Depreciation and amortization	(515,562)	(412,493)
Total operating expenses	(4,033,097)	(3,421,388)
Impairment of loans	(174,913)	(70,650)
Profit before taxes	5,165,539	3,278,207
Income tax expense	(1,058,316)	(535,556)
Net profit for the period	4,107,223	2,742,651

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Condensed interim statement of changes in equity
for the three-month period ended 31 March 2007
(amounts in USD, unless otherwise stated)

	Share capital	Translation difference	Reserves	Retained earnings	Net profit for the period	Total
Balance as of 1 January 2006	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 2006 year end exchange rate	-	-	-	513,861	-	513,861
Capitalization of retained earnings into share capital	8,355,750	-	-	(8,355,750)	-	-
Adjustment of reserves with 2006 year end exchange rate	-	-	20,950	-	-	20,950
Net profit for the year	-	-	-	-	11,908,991	11,908,991
Appropriation of 2005 year translation difference	-	277,955	-	(277,955)	-	-
Translation difference for the year	-	450,372	-	-	-	450,372
Balance as of 31 December 2006	33,000,000	450,372	229,877	(62,012)	11,908,991	45,527,228
Appropriation of prior year net profit	-	-	-	11,908,991	(11,908,991)	-
Adjustment of retained earnings with March 2007 end exchange rate	-	-	-	(108,757)	-	(108,757)
Adjustment of reserves with March 2007 end exchange rate	-	-	(2,033)	-	-	(2,033)
Net profit for the period	-	-	-	-	4,107,223	4,107,223
Appropriation of 2006 year translation difference	-	(450,372)	-	450,372	-	-
Translation difference for the period	-	31,456	-	-	-	31,456
Balance as of 31 March 2007	33,000,000	31,456	227,844	12,188,594	4,107,223	49,555,117

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Condensed interim cash flow statement
for the three month periods ended 31 March 2007
(amounts in USD, unless otherwise stated)

	Three-month period ended 31 March 2007	Three-month period ended 31 March 2006
Cash flows from operating activities		
Profit before taxes	5,165,539	3,278,207
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest expense	6,659,501	4,454,056
Interest income	(14,835,399)	(10,356,110)
Depreciation and amortization	515,562	412,493
Gain on sale of property and equipment	(4,055)	(462)
Gain on sale of treasury bills	(8,334)	(628)
Write-off of property and equipment	-	189
Deferred tax asset	174,913	(84,504)
Impairment of loans	67,335	70,650
Cash flows from operating profits before changes in operating assets and liabilities	(2,264,938)	(2,226,109)
(Increase)/decrease in operating assets:		
Placements and balances with banks	(11,763,869)	(9,513,053)
Loans and advances to customers	(23,890,327)	(12,021,695)
Other assets	796,174	(125,805)
	(34,858,022)	(21,660,553)
Increase/(decrease) in operating liabilities:		
Due to customers	41,413,857	20,396,889
Due to third parties	4,731,127	1,947,573
Accruals and other liabilities	520,156	105,925
	46,665,140	22,450,387
Interest paid	(5,670,452)	(4,030,627)
Interest received	11,960,233	9,779,276
Income taxes paid	(752,272)	(484,250)
Net cash flows from operating activities	15,079,689	3,828,124
Cash flows from investing activities		
Purchases of investment securities	(14,668,044)	(15,816,027)
Decrease/(increase) of treasury bills	(4,633,284)	23,623,144
Investment in affiliates	(136,872)	-
Purchases of property and equipment	(486,003)	(1,026,148)
Proceeds from sale of property and equipment	4,099	464
Proceeds from sale of treasury bills	5,535,621	216,332
Net cash used in investing activities	(14,384,483)	6,997,765
Cash flows from financing activities		
Proceeds from short term borrowings	(7,110,523)	18,305,367
Net cash from financing activities	(7,110,523)	18,305,367
Net increase/(decrease) in cash and cash equivalents	(6,415,317)	29,131,256
Translation difference	(630,386)	1,098,746
Cash and cash equivalents at the beginning of the year	98,690,893	69,911,636

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Condensed interim cash flow statement
for the three month periods ended 31 March 2007
(amounts in USD, unless otherwise stated)

Cash and cash equivalents at the end of the three months	<u><u>91,645,190</u></u>	<u><u>100,141,638</u></u>
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Banka Kombetare Tregtare sh.a.

Notes to the Condensed Interim Financial Statements
as of and for the three-month period ended 31 March 2007
(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 2006. The 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 2006 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.

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 2007.

Transactions with directors and executive officers

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

	Three-month period ended 31 March 2007	Three-month period ended 31 March 2006
Directors	10,584	10,584
Executive officers	229,669	207,649
	240,253	218,233

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Notes to the Condensed Interim Financial Statements
as of and for the three-month period ended 31 March 2007
(amounts in USD, unless otherwise stated)

4. Post balance sheet event

After the balance sheet date, upon the Shareholders Decision taken on 27 April 2007, the Bank increased its paid-up capital by USD 11,700,000 by allocation of the balance of retained earnings of Lek 1,065,874,370 and of the remained balance of reserves of Lek 21,640,630 as at 31 March 2007 translated into USD using the exchange rate announced by Bank of Albania as of 27 April 2007 (1USD=92.95 Lek). As a result 1,170,000 shares were issued to the existing 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 4,470,000, and the composition is as follows:

	<i>No. of shares</i>	<i>%</i>	<i>Total USD</i>
Calik/Seker Consortium	2,682,002	60	26,820,020
EBRD	893,999	20	8,939,990
IFC	<u>893,999</u>	<u>20</u>	<u>8,939,990</u>
	<u>4,470,000</u>	<u>100</u>	<u>44,700,000</u>

There are no other events after the balance sheet date that would require either adjustments or additional disclosures in the financial statements.