

Banka Kombetare Tregtare sh.a.

**Independent Auditors' Review Report
and
Condensed Interim Financial Statements as of
30 September 2007**

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INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Banka Kombetare Tregtare sh.a. (the "Bank") as of 30 September 2007, and the related condensed interim income statement, statement of changes in equity and cash flow statement for the nine-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

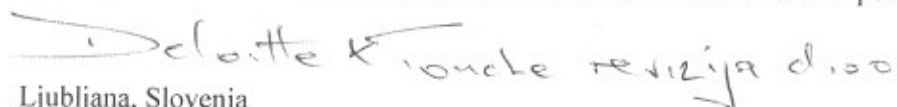
We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible 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

As explained in Note 3, 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, 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 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 had been translated using the historical rate, the reported net profit for the nine-month period ended September 30, 2007 would be lower by USD 3,355,650, the retained earnings would be lower by USD 9,314,912 and the balance of translation reserve would be higher by USD 12,670,562.

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 September 30, 2007, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche revizija d.o.o.

Ljubljana, Slovenia

October 12, 2007

Banka Kombetare Tregtare Sh.A.

Consolidated condensed interim balance sheet as of 30 September 2007

(amounts in USD, unless otherwise stated)

	30 September 2007	31 December 2006
Assets		
Cash and balances with Central Bank	126,354,663	105,268,862
Placement and balances with banks	215,244,336	140,613,900
Treasury bills held-to-maturity	251,460,308	241,343,691
Investment securities available-for-sale	11,747,244	7,444,820
Investment securities held-to-maturity	155,114,994	119,890,480
Loans and advances to customers	296,275,150	229,168,373
Property and equipment	13,664,797	11,442,960
Intangible assets	810,116	631,180
Deferred tax assets	-	75,246
Other assets	3,335,318	1,889,142
Total assets	1,074,006,926	857,768,654
Liabilities and shareholders' equity		
Liabilities		
Customer deposits	986,342,124	798,499,340
Due to banks	16,350,953	8,565,519
Due to third parties	4,524,393	-
Accruals and other liabilities	7,367,158	5,176,567
Deferred tax liability	77,710	-
Total liabilities	1,014,662,338	812,241,426
Shareholders' equity		
Share capital	44,700,000	33,000,000
Translation difference	840,743	450,372
Reserves	-	229,877
Retained earnings	1,056,610	(62,012)
Net profit for the period	12,747,235	11,908,991
Total shareholders' equity	59,344,588	45,527,228
Total liabilities and shareholders' equity	1,074,006,926	857,768,654

The financial statements were authorized for release by the Board of Directors on November 01, 2007.

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Consolidated condensed interim statements of operations for the nine-month and three-month periods ended 30 September 2007 and 2006

(amounts in USD, unless otherwise stated)

	Nine-month period ended 30 September 2007	Three-month period ended 30 September 2007	Nine-month period ended 30 September 2006	Three-month period ended 30 September 2006
Interest				
Interest income	49,662,181	18,423,635	33,632,914	12,065,763
Interest expense	(22,706,941)	(8,587,376)	(14,585,722)	(5,263,724)
Net interest margin	26,955,240	9,836,259	19,047,192	6,802,039
Non-interest income, net				
Fees and commissions, net	2,947,952	1,111,525	1,963,541	717,818
Foreign exchange revaluation gain (loss), net	(714,032)	(233,800)	(112,906)	65,850
Profit from FX trading activities, net	1,305,176	540,209	985,019	373,648
Other income, net	53,838	16,455	46,468	12,948
Total non-interest income, net	3,592,934	1,434,389	2,882,122	1,170,264
Operating expenses				
Personnel	(6,169,252)	(2,120,693)	(5,134,406)	(1,654,555)
Administrative	(5,353,486)	(1,959,309)	(4,554,619)	(1,883,281)
Depreciation and amortization	(1,744,672)	(646,422)	(1,326,735)	(485,443)
Total operating expenses	(13,267,410)	(4,726,424)	(11,015,760)	(4,023,279)
Impairment of loans	(1,302,475)	(991,803)	(890,813)	(384,034)
Profit before taxes	15,978,289	5,552,421	10,022,741	3,564,990
Income tax expense	(3,231,054)	(1,076,986)	(1,929,264)	(762,519)
Net profit for the period	12,747,235	4,475,435	8,093,477	2,802,471

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Consolidated condensed interim statements of changes in equity for the nine-month periods ended 30 September 2007 and 2006 and year ended 31 December 2006

(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)	-
Increase in share capital	8,355,750	-	-	(8,355,750)	-	-
Adjustment of retained earnings with 2006 September end exchange rate	-	-	-	515,733	-	515,733
Adjustment of reserves with 2006 September 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
Adjustment of retained earnings with 2006 December end exchange rate	-	-	-	(1,872)	-	(1,872)
Adjustment of reserves with 2006 December end exchange rate	-	-	6,939	-	-	6,939
Net profit for the period	-	-	-	-	3,815,514	3,815,514
Translation difference for the period	-	327,319	-	-	-	327,319
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)	-
Increase in share capital	11,700,000	-	(232,820)	(11,467,180)	-	-
Adjustment of retained earnings with 2007 September end exchange rate	-	-	-	226,439	-	226,439
Adjustment of reserves with 2007 September end exchange rate	-	-	2,943	-	-	2,943
Net profit for the period	-	-	-	-	12,747,235	12,747,235
Appropriation of 2006 year translation difference	-	(450,372)	-	450,372	-	-
Translation difference for the period	-	840,743	-	-	-	840,743
Balance as of 30 September 2007	44,700,000	840,743	-	1,056,610	12,747,235	59,344,588

See accompanying notes to the condensed interim financial statements

Banka Kombetare Tregtare Sh.A.

Consolidated condensed interim statements of cash flows for the nine-month periods ended

30 September 2007 and 2006

(amounts in USD, unless otherwise stated)

	Nine-month period ended 30 September 2007	Nine-month period ended 30 September 2006
Cash flows from operating activities:		
Profit before taxes	15,978,289	10,022,741
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest expense	22,706,941	14,585,722
Interest income	(49,662,181)	(33,632,914)
Depreciation and amortization	1,744,672	1,326,735
Gain on sale of property and equipment	(4,321)	(3,499)
Gain on sale of treasury bills	(14,548)	(15,791)
Write-off of property and equipment	45	2,375
Deferred tax asset / liability	149,472	(119,946)
Impairment of loans	1,302,475	890,813
Cash flows from operating profits before changes in operating assets and liabilities	<u>(7,799,156)</u>	<u>(6,943,764)</u>
(Increase)/decrease in operating assets:		
Placements and balances with banks	(58,221,257)	(53,952,111)
Loans and advances to customers	(45,719,072)	(51,419,021)
Other assets	(1,209,255)	(688,852)
	<u>(105,149,584)</u>	<u>(106,059,984)</u>
Increase/(decrease) in operating liabilities:		
Due to customers	109,909,603	109,415,971
Due to third parties	4,246,751	3,943,934
Accruals and other liabilities	914,762	1,814,229
	<u>115,071,116</u>	<u>115,174,134</u>
Interest paid	(18,859,389)	(12,601,585)
Interest received	44,608,752	32,539,110
Income taxes paid	(2,495,678)	(1,897,389)
Net cash flows from operating activities	<u>25,376,061</u>	<u>20,210,522</u>
Cash flows from investing activities		
Purchases of investment securities	(25,367,667)	(11,510,718)
Purchases of treasury bills	3,488,866	(12,813,909)
Purchases of property and equipment	(3,051,270)	(2,803,204)
Proceeds from sale of property and equipment	4,470	3,465
Proceeds from sale of treasury bills	7,869,717	5,164,669
Net cash used in investing activities	<u>(17,055,884)</u>	<u>(21,959,697)</u>
Cash flows from financing activities		
Proceeds from due to banks	6,563,596	18,328,883
Net cash from financing activities	<u>6,563,596</u>	<u>18,328,883</u>
Net increase in cash and cash equivalents	14,883,773	16,579,708
Translation difference	6,202,028	3,305,877
Cash and cash equivalents at the beginning of the year	<u>105,268,862</u>	<u>69,911,636</u>
Cash and cash equivalents at the end of the nine months	<u>126,354,663</u>	<u>89,797,221</u>

See accompanying notes to the condensed interim financial statements

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. Summary of accounting policies

a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities (branches) controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In September 3, 2007 BKT opened its first branch outside of the territory of the Republic of Albania. This branch was opened in Prishtina, Kosova.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in the presentation in the current year. As at September 30, 2007, the total amount of capital equivalency deposit, amounting to USD 7,083,333 (2006: 6,577,969) has been reclassified to cash and balances with Central Bank

3. 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 privatization. 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.

Banka Kombetare Tregtare Sh.A**Notes to the consolidated condensed interim financial statements for the nine-month period ended 30 September 2007***(amounts in USD, unless otherwise stated)***3. Share capital (continued)**

The Bank, upon the Shareholders Decision taken on 27 April 2007, 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 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	893,999	20	8,939,990
	4,470,000	100	44,700,000

4. 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:

	Nine-month period ended 30 September 2007	Nine-month period ended 30 September 2006
Directors	31,752	31,752
Executive officers	696,841	575,194
	728,593	606,946