Banka Kombetare Tregtare sh.a.

Independent Auditors' Review Report
and
Condensed Interim Financial Statements as of
30 September 2005

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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 at September 30, 2005, and the related condensed interim statements of income for the three-month and nine-month periods then ended, and changes in 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 the International Standard on Review Engagements ("ISRE") 2400 applicable to the review engagements. 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, 2005 in the statement of income which, 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. Accordingly, although this has no effect on total shareholders' equity, if share capital had been treated as a non-monetary item the reported net profit for the three-month and nine-month period ended September 30, 2005 would be higher by USD 235,588 and USD 1,749,684, respectively and balance of translation reserve as at September 30, 2005 would be lower by USD 235,588 and USD 1,749,684 , respectively.

Based on our review, except for the effects 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, October 25, 2005

Condensed Interim Balance sheets as at 30 September 2005 and 31 December 2004

(amounts in USD, unless otherwise stated)

	30 September 2005	31 December 2004
Assets	*(unaudited)*	*audited*
Cash and balances with Central Bank	87,293,221	65,338,886
Placement and balances with banks	76,837,561	71,298,527
Treasury bills held-to-maturity	222,050,310	254,681,395
Investment securities	52,360,714	30,731,107
Loans and advances to customers	106,043,233	69,724,672
Property and equipment	8,889,993	10,082,719
Intangible assets	731,820	279,063
Deferred tax assets	139,636	88,497
Other assets	2,933,531	1,523,057
Total assets	**557,280,019**	**503,747,923**
Liabilities and shareholders' equity		
Liabilities		
Customer deposits	519,694,407	472,212,104
Due to banks	742,579	994,225
Due to third parties	400,330	828,530
Accruals and other liabilities	5,715,236	4,433,452
Total liabilities	526,552,552	478,468,311
Shareholders' equity		
Share capital	24,644,250	14,644,250
Translation difference	(224,163)	535,713
Reserves	210,963	1,032,741
Retained earnings	(341,009)	3,964,427
Net profit for the period	6,437,426	5,102,481
Total shareholders' equity	30,727,467	25,279,612
Total liabilities and shareholders' equity	**557,280,019**	**503,747,923**

The financial statements were authorized for release by the Board of Directors on 17 October 2005.

See accompanying notes to the condensed interim financial statements

Condensed Interim Statements of Income
for the three and nine-month periods ended 30 September 2005 and 2004

(amounts in USD, unless otherwise stated)

	Nine-month period ended 30 September 2005	Three-month period ended 30 September 2005	Nine-month period ended 30 September 2004	Three-month period ended 30 September 2004
Interest				
Interest income	26,075,603	8,924,683	20,842,871	7,255,746
Interest expense	(11,920,355)	(3,843,272)	(11,211,408)	(3,848,118)
Net interest margin	**14,155,248**	**5,081,411**	**9,631,463**	**3,407,628**
Non-interest income, net				
Fees and commissions, net	1,611,643	587,967	1,235,855	444,273
Foreign exchange revaluation gain (loss), net	162,056	(141,814)	(89,149)	(70,533)
Profit from foreign exchange trading activities, net	883,409	344,648	807,148	349,836
Other income, net	71,488	29,017	101,964	21,844
Total non-interest income, net	**2,728,596**	**819,818**	**2,055,818**	**745,420**
Operating expenses				
Personnel	(3,889,112)	(1,235,520)	(2,713,812)	(1,050,745)
Administrative	(3,219,010)	(1,175,800)	(2,445,340)	(769,402)
Depreciation and amortization	(1,371,860)	(481,988)	(1,072,075)	(366,706)
Total operating expenses	**(8,479,982)**	**(2,893,308)**	**(6,231,227)**	**(2,186,853)**
Impairment of loans	(209,423)	(65,879)	(105,367)	(24,719)
Profit before taxes	**8,194,439**	**2,942,042**	**5,350,687**	**1,941,476**
Income tax expense	(1,757,013)	(650,759)	(1,297,345)	(463,895)
Net profit for the period	**6,437,426**	**2,291,283**	**4,053,342**	**1,477,581**

See accompanying notes to the condensed interim financial statements

Condensed Interim Statement of Changes in Equity for the nine-month periods ended 30 September 2005

(amounts in USD, unless otherwise stated)

	Share Capital	Translation Difference	Reserves	Retained Earnings	Net profit for the period	Total
Balance at 1 January 2004	**14,644,250**	**495,400**	**-**	**(114,096)**	**3,962,265**	**18,987,819**
Appropriation of prior year net Profit	-	-	-	3,962,265	(3,962,265)	**-**
Adjustment of retained earnings with 2004 year end exchange rate	-	-	-	653,599	-	**653,599**
Appropriation of retained earnings into reserves	-	-	1,032,741	(1,032,741)	-	**-**
Net profit for the year	-	-	-		5,102,481	**5,102,481**
Appropriation of 2003 year translation difference	-	(495,400)	-	495,400	-	-
Translation difference for the year	-	535,713	-	-	-	**535,713**
Balance at 31 December 2004	**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 2005 September end exchange rate	-	-	-	(702,263)	-	**(702,263)**
Adjustment of reserves with 2005 September end exchange rate	-	-	(63,145)	-	-	**(63,145)**
Appropriation of retained earnings into reserves	-	-	634,051	(634,051)	-	**-**
Capitalization of retained earnings into share capital	8,607,316	-	-	(8,607,316)	-	**-**
Capitalization of reserves into share capital	1,392,684	-	(1,392,684)	-	-	**-**
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 at 30 September 2005	**24,644,250**	**(224,163)**	**210,963**	**(341,009)**	**6,437,426**	**30,727,467**

See accompanying notes to the condensed interim financial statements

Condensed Interim Statements of Cash Flows for the nine-month periods ended 30 September 2005 and 2004

(amounts in USD, unless otherwise stated)

	Nine-month period ended 30 September 2005	Nine-month period ended 30 September 2004
Cash flows from operating activities		
Net profit after tax	6,437,426	4,053,342
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,371,860	1,072,075
Gain on sale of property and equipment	(56,955)	(2,165)
Gain on sale of treasury bills	(2,983)	(4,688)
Write-off of property and equipment	40,510	5,169
Impairment of loans	209,423	105,367
Deferred tax asset	(62,037)	-
Cash flows from operating profits before changes in operating assets and liabilities	7,937,244	5,229,100
(Increase)/decrease in operating assets:		
Placements and balances with banks	(12,931,957)	(17,799,733)
Loans and advances to customers	(44,959,487)	(24,405,179)
Other assets	(1,618,651)	(409,279)
	(59,510,095)	(42,614,191)
Increase/(decrease) in operating liabilities:		
Due to customers	96,865,739	71,786,665
Due to third parties	(361,445)	727,381
Accruals and other liabilities	1,777,941	(466,662)
	98,282,235	72,047,384
Net cash flows from operating activities	46,709,384	34,662,293
Cash flows from investing activities		
Purchases of investment securities	(25,564,435)	(2,617,636)
Purchases of treasury bills	4,573,050	(28,785,416)
Purchases of property and equipment	(1,687,892)	(99,748)
Proceeds from sale of property and equipment	58,119	2,107
Proceeds from sale of treasury bills	3,691,667	1,096,167
Net cash used in investing activities	(18,929,491)	(30,404,526)
Cash flows from financing activities		
Proceeds from due to banks	(161,346)	593,607
Net cash used in/(from) financing activities	(161,346)	593,607
Net increase in cash and cash equivalents	**27,618,547**	**4,851,374**
Translation difference	(5,664,212)	1,742,676
Cash and cash equivalents at the beginning of the year	**65,338,886**	**44,824,327**
Cash and cash equivalents at the end of the nine months	**87,293,221**	**51,418,377**

Notes to the Condensed Interim Financial Statements for the nine-month period ended 30 September 2005

(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 2004. 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 2004 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.

The Bank, upon the Shareholders Decision taken on 7 September 2005, increased its paid-up capital by USD 10,000,000 by allocation of the balance of retained earnings of Lek 859,526,584 and reserves of Lek 139,073,416 as at 31 August 2005 translated into USD with the exchange rate announced by Bank of Albania as at 7 September 2005 (1USD=99.86 Lek). As a result 1,000,000 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 2,464,425, and the composition is as follows:

	No. of shares	*%*	*Total USD*
Kent Bank	1,478,657	60	14,786,570
EBRD	492,884	20	4,928,840
IFC	492,884	20	4,928,840
	2,464,425	**100**	**24,644,250**

The increase of Paid-up Capital was registered in the Tirana Court on 19 September 2005 (Decision No. 17469/6).

Notes to the Condensed Interim Financial Statements for the nine-month period ended 30 September 2005

(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 2005.

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 2005	Year ended 31 December 2004
Directors	31,752	39,996
Executive officers	590,658	726,377
	622,410	**766,373**