

Banka Kombetare Tregtare sh.a.

**Independent Auditors' Review Report
and
Condensed Interim Financial Statements
as of and for the three-month period ended 31 March 2006**

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INDEPENDENT AUDITORS' REVIEW REPORT**To the shareholder 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 31 March 2006, and the related condensed interim statement of operations, changes in shareholders' equity and cash flows for the three-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 recognized the revaluation difference during the three-month period ended 31 March 2006 in the statement of income 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. 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 period ended 31 March 2006 would be lower by USD 494,235, the balance of translation difference accumulated by 31 March 2006 would be higher by USD 5,926,822 and accumulated retained earnings would be lower by USD 5,432,587.

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

17 April 2006

Audit. Tax. Consulting. Financial Advisory.

Banka Kombetare Tregtare sh.a.

Condensed interim balance sheets as of 31 March 2006 and 31 December 2005
(amounts in USD, unless otherwise stated)

	31 March 2006	31 December 2005
Assets		
Cash and balances with Central Bank	100,141,638	69,911,636
Placement and balances with banks	83,761,009	72,737,414
Treasury bills held-to-maturity	215,464,522	234,781,917
Investment securities available-for-sale	5,565,600	8,112,500
Investment securities held-to-maturity	86,235,412	65,732,227
Loans and advances to customers	140,228,051	125,542,176
Property and equipment	9,551,654	8,836,714
Intangible assets	733,811	639,776
Deferred tax assets	195,903	108,631
Other assets	4,017,672	3,814,004
Total assets	645,895,272	590,216,995
Liabilities and shareholders' equity		
Liabilities		
Customer deposits	583,193,063	551,131,662
Due to banks	19,446,040	968,364
Due to third parties	1,960,809	-
Accruals and other liabilities	5,752,941	5,483,915
Total liabilities	610,352,853	557,583,941
Shareholders' equity		
Share capital	24,644,250	24,644,250
Translation difference	5,411	(277,955)
Reserves	213,146	208,927
Retained earnings	7,936,961	(337,717)
Net profit for the period	2,742,651	8,395,549
Total shareholders' equity	35,542,419	32,633,054
Total liabilities and shareholders' equity	645,895,272	590,216,995

The financial statements were authorised for release by the Board of Directors on 24 April 2006.

Banka Kombetare Tregtare sh.a.

Condensed interim statements of operations
for the three-month periods ended 31 March 2006 and 2005
(amounts in USD, unless otherwise stated)

	Three-month period ended 31 March 2006	Three-month period ended 31 March 2005
Interest		
Interest income	10,356,110	8,343,936
Interest expense	<u>(4,454,056)</u>	<u>(4,113,210)</u>
Net interest margin	5,902,054	4,230,726
Non-interest income, net		
Fees and commissions, net	598,315	472,622
Foreign exchange revaluation loss, net	(33,357)	84,332
Profit from FX trading activities, net	285,899	258,604
Other income (expense), net	<u>17,334</u>	<u>13,412</u>
Total non-interest income, net	868,191	828,970
Operating expenses		
Personnel	(1,921,206)	(1,439,310)
Administrative	(1,087,689)	(942,262)
Depreciation and amortization	<u>(412,493)</u>	<u>(439,949)</u>
Total operating expenses	(3,421,388)	(2,821,521)
Impairment of loans	<u>(70,650)</u>	<u>(44,612)</u>
Profit before taxes	<u>3,278,207</u>	<u>2,193,563</u>
Income tax expense	<u>(535,556)</u>	<u>(466,225)</u>
Net profit for the period	<u>2,742,651</u>	<u>1,727,338</u>

Banka Kombetare Tregtare sh.a.

Condensed Interim Statements of changes in shareholders' equity
for the three-month period ended 31 March 2006 and year ended 31 December 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 2005 year end exchange rate	-	-	-	(705,093)	-	(705,093)
Adjustment of reserves with 2005 year end exchange rate	-	-	(59,059)	-	-	(59,059)
Appropriation of retained earnings into reserves	-	-	627,929	(627,929)	-	-
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 year	-	-	-	-	8,395,549	8,395,549
Appropriation of 2004 year translation difference	-	(535,713)	-	535,713	-	-
Translation difference for the year 2005	-	(277,955)	-	-	-	(277,955)
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 March 2006 end exchange rate	-	-	-	157,084	-	157,084
Adjustment of reserves with March 2006 end exchange rate	-	-	4,219	-	-	4,219
Net profit for the period	-	-	-	-	2,742,651	2,742,651
Appropriation of 2005 year translation difference	-	277,955	-	(277,955)	-	-
Translation difference for the period	-	5,411	-	-	-	5,411
Balance as of 31 March 2006	24,644,250	5,411	213,146	7,936,961	2,742,651	35,542,419

Banka Kombetare Tregtare sh.a.

Condensed Interim Statements of cash flows
for the three month periods ended 31 March 2006 and 2005
(amounts in USD, unless otherwise stated)

	Three-month period ended 31 March 2006	Three-month period ended 31 March 2005
Cash flows from operating activities		
Net profit after tax	2,742,651	1,727,338
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	412,493	439,949
Gain on sale of property and equipment	(462)	(4,380)
Gain on sale of treasury bills	(628)	(2,863)
Write-off of property and equipment	189	-
Deferred tax asset	(84,504)	-
Impairment of loans	70,650	44,612
Cash flows from operating profits before changes in operating assets and liabilities	3,140,389	2,204,656
(Increase)/decrease in operating assets:		
Placements and balances with banks	(9,490,451)	(6,193,067)
Loans and advances to customers	(12,139,672)	(13,424,107)
Other assets	(125,804)	(1,437,486)
	(21,755,927)	(21,054,660)
Increase/(decrease) in operating liabilities:		
Due to customers	20,792,156	61,486,685
Due to third parties	1,947,573	4,559,056
Accruals and other liabilities	157,231	406,228
	22,896,960	66,451,969
Net cash flows from operating activities	4,281,422	47,601,965
Cash flows from investing activities		
Purchases of investment securities	(16,354,138)	(18,134,577)
Decrease/(increase) of treasury bills	23,679,795	(31,779,886)
Purchases of property and equipment	(1,026,148)	(452,834)
Proceeds from sale of property and equipment	464	4,323
Proceeds from sale of treasury bills	216,332	283,891
Net cash used in investing activities	6,516,305	(50,079,083)
Cash flows from financing activities		
Proceeds from short term borrowings	18,333,529	2,516,385
Net cash from financing activities	18,333,529	2,516,385
Net increase/(decrease) in cash and cash equivalents	29,131,256	39,267
Translation difference	1,098,746	(2,354,554)
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 three months	100,141,638	63,023,599

Banka Kombetare Tregtare sh.a.

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

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:

	Three-month period ended 31 March 2006	Year ended 31 December 2005
Directors	10,584	42,336
Executive officers	207,649	793,030
	218,233	835,366