

**Banka Kombetare Tregtare sh.a.**

**Independent Auditors' Review Report  
and  
Condensed Consolidated Interim  
Financial Information  
as at and for the nine-month period ended  
30 September 2012**

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## Independent Auditors' Report on Review of Interim Financial Information

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

Tirana, 22 October 2012

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Banka Kombetare Tregtare sh.a. as at 30 September 2012, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 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.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*KPMG Albania Sh.p.k*

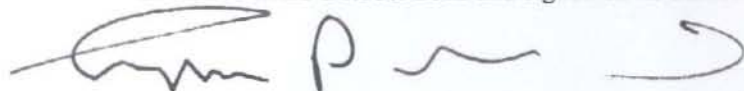
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## Banka Kombetare Tregtare sh.a.

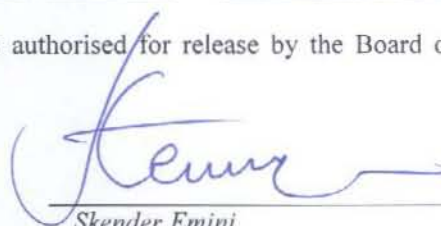
Condensed consolidated statement of financial position  
(amounts in USD)

	30 September 2012	31 December 2011
<b>Assets</b>		
Cash and balances with Central Bank	193,686,310	190,597,582
Placement and balances with banks	194,608,161	114,409,670
Treasury bills	256,411,636	209,153,101
Investment securities available-for-sale	327,153,927	143,171,647
Investment securities held-to-maturity	218,535,257	288,885,306
Loans and advances to banks	130,695,162	98,888,938
Loans and advances to customers	820,065,010	778,063,334
Property and equipment	29,633,435	18,722,658
Intangible assets	1,488,116	1,699,447
Other assets	16,076,539	21,097,162
<b>Total assets</b>	<b>2,188,353,553</b>	<b>1,864,688,845</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Customer deposits	1,793,695,359	1,581,303,036
Due to banks and financial institutions	206,019,808	130,867,465
Due to third parties	3,103,525	3,018,872
Deferred tax liabilities	3,122,400	2,374,663
Accruals and other liabilities	11,662,225	8,960,296
<b>Total liabilities</b>	<b>2,017,603,317</b>	<b>1,726,524,332</b>
<b>Shareholder's equity</b>		
Share capital	100,000,000	100,000,000
Legal reserve	3,410,723	-
Translation reserve	(358,189)	(2,748,295)
Fair value reserve	2,263,076	(7,222,165)
Retained earnings	65,434,626	48,134,973
<b>Total shareholder's equity</b>	<b>170,750,236</b>	<b>138,164,513</b>
<b>Total liabilities and shareholder's equity</b>	<b>2,188,353,553</b>	<b>1,864,688,845</b>

The condensed consolidated interim financial information was authorised for release by the Board of Directors on 22 October 2012 and signed on its behalf by:



Seyhan Pencapligil  
CEO and Board Member



Skender Emini  
Head of Financial and IT Group

## Banka Kombetare Tregtare sh.a.

Condensed consolidated statement of comprehensive income for the nine-month and three-month periods

(amounts in USD)

	Nine-month period ended 30 September 2012	Three-month period ended 30 September 2012	Nine-month period ended 30 September 2011	Three-month period ended 30 September 2011
Interest				
Interest income	102,957,314	34,249,056	89,365,444	31,834,830
Interest expense	(50,978,919)	(17,729,089)	(42,314,301)	(15,094,721)
Net interest margin	<b>51,978,395</b>	<b>16,519,967</b>	<b>47,051,143</b>	<b>16,740,109</b>
Non-interest income, net				
Fees and commissions, net	7,540,857	2,862,868	6,966,397	2,767,892
Foreign exchange revaluation gain (loss), net	92,838	131,492	(198,414)	1,148,247
Realised foreign exchange gain (loss), net	20,240	(473,194)	635,468	2,869
Other income/(expense), net	(201,795)	(78,692)	(1,420,890)	(564,050)
Total non-interest income, net	<b>7,452,140</b>	<b>2,442,474</b>	<b>5,982,561</b>	<b>3,354,958</b>
Operating expenses				
Personnel	(11,367,259)	(3,793,927)	(10,995,252)	(3,953,062)
Administrative	(13,741,483)	(4,735,648)	(12,980,745)	(4,949,281)
Depreciation and amortization	(3,650,696)	(1,214,585)	(3,362,290)	(1,145,604)
Total operating expenses	<b>(28,759,438)</b>	<b>(9,744,160)</b>	<b>(27,338,287)</b>	<b>(10,047,947)</b>
Impairment of loans	(4,197,503)	(2,981,164)	(2,870,568)	(1,002,517)
<b>Profit before taxes</b>	<b>26,473,594</b>	<b>6,237,117</b>	<b>22,824,849</b>	<b>9,044,603</b>
Income tax	(2,754,780)	(677,334)	(2,510,689)	(1,002,551)
<b>Net profit for the period</b>	<b>23,718,814</b>	<b>5,559,783</b>	<b>20,314,160</b>	<b>8,042,052</b>
Foreign currency translation differences	2,390,106	441,697	(924,803)	(1,156,196)
Net change in fair value reserves	9,485,241	4,312,538	(6,564,132)	(4,390,612)
<b>Other comprehensive income (loss) for the period, net of income tax</b>	<b>11,875,347</b>	<b>4,754,235</b>	<b>(7,488,935)</b>	<b>(5,546,808)</b>
<b>Total comprehensive income for the period</b>	<b>35,594,161</b>	<b>10,314,018</b>	<b>12,825,225</b>	<b>2,495,244</b>

## Banka Kombetare Tregtare sh.a.

Condensed consolidated statement of changes in equity for the nine-month period

(amounts in USD)

	Share capital	Legal reserve	Translation reserve	Fair value reserve	Retained earnings	Total
<b>Balance as at 1 January 2011</b>	<b>84,622,200</b>	-	<b>(34,349)</b>	<b>342,874</b>	<b>33,739,122</b>	<b>118,669,847</b>
<b>Transactions with owners recorded directly in equity</b>						
Contributions by and distributions to owners						
Creation of legal reserves	-	4,024,442	-	-	(4,024,442)	-
Increase in share capital	15,377,800	(4,112,047)	-	-	(11,265,753)	-
Adjustment for translation of legal reserve	-	87,605	-	-	(87,605)	-
Appropriation of 2010 year translation difference	-	-	-	-	(34,349)	(34,349)
Adjustment of retained earnings with September 2011 exchange rate	-	-	-	-	987,040	987,040
Total contributions by and distributions to owners	15,377,800	-	-	-	(14,425,109)	952,691
<b>Total comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	20,314,160	20,314,160
<b>Other comprehensive income (loss), net of income tax</b>						
Net change in fair value reserve	-	-	-	(6,564,132)	-	(6,564,132)
Foreign currency translation differences	-	-	(924,803)	-	-	(924,803)
Total other comprehensive income/(loss)	-	-	(924,803)	(6,564,132)	-	(7,488,935)
Total comprehensive income/(loss) for the period	-	-	(924,803)	(6,564,132)	20,314,160	12,825,225
<b>Balance as at 30 September 2011</b>	<b>100,000,000</b>	-	<b>(959,152)</b>	<b>(6,221,258)</b>	<b>39,628,173</b>	<b>132,447,763</b>

## Banka Kombetare Tregtare sh.a.

Condensed consolidated statement of changes in equity for the nine-month period (continued)

(amounts in USD)

	Share capital	Legal reserve	Translation reserve	Fair value reserve	Retained earnings	Total
<b>Balance as at 1 January 2012</b>	<b>100,000,000</b>	-	<b>(2,748,295)</b>	<b>(7,222,165)</b>	<b>48,134,973</b>	<b>138,164,513</b>
<b>Transactions with owners recorded directly in equity</b>						
Contributions by and distributions to owners						
Creation of legal reserves	-	3,410,723	-	-	(3,410,723)	-
Appropriation of 2011 year translation difference	-	-	-	-	(2,748,295)	(2,748,295)
Adjustment of retained earnings with September 2012 exchange rate	-	-	-	-	(260,143)	(260,143)
Total contributions by and distributions to owners	-	3,410,723	-	-	(6,419,161)	(3,008,438)
<b>Total comprehensive income for the period</b>						
Net profit for the period	-	-	-	-	23,718,814	23,718,814
<b>Other comprehensive income, net of income tax</b>						
Net change in fair value reserve	-	-	-	9,485,241	-	9,485,241
Foreign currency translation differences	-	-	2,390,106	-	-	2,390,106
Total other comprehensive income	-	-	2,390,106	9,485,241	-	11,875,347
Total comprehensive income for the period	-	-	2,390,106	9,485,241	23,718,814	35,594,161
<b>Balance as at 30 September 2012</b>	<b>100,000,000</b>	<b>3,410,723</b>	<b>(358,189)</b>	<b>2,263,076</b>	<b>65,434,626</b>	<b>170,750,236</b>

# Banka Kombetare Tregtare sh.a.

## Condensed consolidated statement of cash flows for the nine-month period

(amounts in USD)

	Nine-month period ended 30 September 2012	Nine-month period ended 30 September 2011
<b>Cash flows from operating activities:</b>		
Profit before taxes	26,473,594	22,824,849
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest expense	50,978,919	42,314,301
Interest income	(102,957,314)	(89,365,444)
Depreciation and amortization	3,650,696	3,362,290
Gain on sale of property and equipment	(9,711)	(2,385)
Gain on sale of treasury bills	(207,335)	(8,278)
Gain on recovery of lost loans	(1,237)	(9,617)
Gain on sale of non-current assets	(53,858)	(32,620)
Write-off of property and equipment	9,992	6,970
Loss on unrecoverable lost loans	84,560	95,128
Movement in the fair value reserve	9,433,653	(6,848,105)
Impairment of loans	4,197,503	2,870,568
Cash flows from operating profits before changes in operating assets and liabilities	(8,400,538)	(24,792,343)
(Increase)/decrease in operating assets:		
Placements and balances with banks	(80,966,139)	(542,678)
Loans and advances to banks	(32,465,441)	(60,823,563)
Loans and advances to customers	(50,965,086)	(164,939,496)
Other assets	4,919,594	(5,272,476)
	(159,477,072)	(231,578,213)
Increase/(decrease) in operating liabilities:		
Customer deposits	221,608,601	261,417,117
Due to third parties	106,965	(406,275)
Accruals and other liabilities	2,826,331	(920,401)
	224,541,897	260,090,441
Interest paid	(48,434,602)	(41,854,511)
Interest received	96,582,964	88,076,676
Income taxes paid	(2,047,094)	(1,485,342)
Net cash flows from operating activities	102,765,555	48,456,708
<b>Cash flows from investing activities</b>		
Purchases of investment securities	(112,870,960)	(72,910,889)
Purchases of treasury bills	(114,195,793)	(47,677,815)
Purchases of property and equipment	(14,627,897)	(3,529,477)
Proceeds from sale of property and equipment	124,672	7,341
Proceeds from sale of treasury bills	66,751,579	1,073,322
Net cash used in investing activities	(174,818,399)	(123,037,518)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	76,090,116	61,656,751
Net cash from financing activities	76,090,116	61,656,751
<b>Net increase/ (decrease) in cash and Central Bank</b>	<b>4,037,272</b>	<b>(12,924,059)</b>
Translation difference	(948,544)	1,301,525
<b>Cash and Central Bank at the beginning of the year</b>	<b>190,597,582</b>	<b>177,385,066</b>
<b>Cash and Central Bank at the end of the period</b>	<b>193,686,310</b>	<b>165,762,532</b>



# Banka Kombetare Tregtare sh.a.

Explanatory notes as of and for the nine-month period ended 30 September 2012

(amounts in USD, unless otherwise stated)

## 1. General

Banka Kombetare Tregtare sh.a (the “Bank”) is a commercial bank offering a wide range of universal services. The Bank provides banking services to state and privately owned enterprises and to individuals in Albania and in Kosovo.

## 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.

Upon the Shareholder’s Decision dated 28 March 2012, the Bank created legal reserves of Lek 358,706 thousand (equivalent of USD 3,410,723), using part of the retained earnings from previous years.

Upon the Shareholder’s Decision dated 31 March 2011, the Bank created legal reserves of Lek 398,581 thousand (equivalent of USD 4,024,442), using part of the retained earnings from the year 2010. Upon the Shareholder’s Decision dated 17 August 2011, the Bank increased its paid-up capital by Lek 1,490,570 thousand (equivalent of USD 15,377,800), using the legal reserves of Lek 398,581 thousand (equivalent of USD 4,112,047) and part of the retained earnings of Lek 1,091,989 thousand (equivalent of USD 11,265,753). The capital increase was translated into USD using the exchange rate published by Bank of Albania as at 17 August 2011 (96.93 Lek per USD).

At 30 September 2012 and 31 December 2011, the registered share capital was USD 100,000,000.10 divided into 8,097,166 shares with a nominal value of USD 12.35, while the shareholding structure was as follows:

	30 September 2012			31 December 2011		
	No. of shares	Total in USD	%	No. of shares	Total in USD	%
Calik Finansal Hizmetler A.S.	8,097,166	100,000,000.10	100	8,097,166	100,000,000.10	100

## 3. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Bank as at and for the year ended 31 December 2011.

## 4. Significant accounting policies

The accounting policies applied by the Bank in these condensed consolidated interim financial statements are the same as those applied by the Bank in its consolidated financial statements as at and for the year ended 31 December 2011.

The costs that are incurred evenly during the financial year are anticipated or deferred in the interim financial statements only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

## 5. Estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2011.

# **Banka Kombetare Tregtare sh.a.**

Explanatory notes as of and for the nine-month period ended 30 September 2012  
(amounts in USD, unless otherwise stated)

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## **6. Financial risk management**

During the nine months ended 30 September 2012 the Bank's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2011.

## **7. Impairment of loans**

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired.

As at 31 December 2011 the impairment for loan losses was USD 15,150,406. Following the assessments made by 30 September 2012, an additional allowance for impairment of USD 4,197,503 for the nine months ended 30 September 2012 (for the nine months ended 30 September 2011: USD 2,870,568) was charged.

## **8. Seasonality of operations**

The Bank's activity is not subject to seasonal fluctuations.

## **9. Income tax**

The Bank's effective tax rate for the nine months ended 30 September 2012 was 10.4 percent (for the nine months ended 30 September 2011: 11.0 percent), while the income tax rate in Albania is 10%.

## **10. Contingencies**

In the normal course of business the Bank is presented with legal claims and litigation; the Bank's management is of the opinion that no material losses will be incurred in relation to legal claims outstanding as at 30 September 2012.

## **11. Related party transactions**

### ***Identity of related parties***

The Bank has related party relationships with its shareholders and affiliates, directors and executive officers. The Bank's sole shareholder is Calik Finansal Hizmetler, which is owned by Calik Holding at 100% as at 30 September 2012.

ALBtelecom Sh.a., Eagle Mobile Sh.a., Aktif Yatirim Bankasi A.S. ("Aktifbank"), GAP Pazarlama FZE, Calik Elektrik Dagitim A.S, Calik Enerji Sanayi Ve. Ticaret A.S, and Lidya Madencilik San. ve. Tic A.S. are controlled by Calik Holding.

Anateks Anadolu Tekstil Fab. Tic. is an entity controlled by individuals that are close members of the family of the owner of Calik Holding.

# Banka Kombetare Tregtare sh.a.

Explanatory notes as of and for the nine-month period ended 30 September 2012

(amounts in USD, unless otherwise stated)

## 11. Related party transactions (continued)

### Balances and transactions with shareholders and affiliates

	30 September 2012	31 December 2011
<b>Assets</b>		
<i>Placement and balances with banks:</i>		
Current accounts with Aktifbank	154,118	131,977
<i>Investment securities available-for-sale:</i>		
Aktifbank	22,648,370	-
<i>Loans and advances to customers:</i>		
GAP Pazarlama FZE	-	17,996,167
Anateks Anadolu Tekstil Fab. Tic.	11,764,638	11,823,587
<b>Total assets</b>	<b>34,567,126</b>	<b>29,951,731</b>
<b>Liabilities</b>		
<i>Customer deposits:</i>		
ALBtelecom Sh.a.	3,443,143	759,729
Eagle Mobile Sh.a.	729,837	165,832
<i>Other liabilities:</i>		
Payables to Aktifbank	-	2,751
<b>Total liabilities</b>	<b>4,172,980</b>	<b>928,312</b>
<b>Commitments and contingencies</b>		
<i>Guarantees in favour of customers:</i>		
ALBtelecom Sh.a.	31,858	1,725,027
Calik Elektrik Dagitim A.S and Calik Enerji Sanayi Ve. Ticaret A.S	1,293,982	-
<i>Guarantees received from financial institutions</i>		
Aktifbank	-	345,193
	<b>Nine-month period ended 30 September 2012</b>	<b>Nine-month period ended 30 September 2011</b>
<b>Statement of comprehensive income</b>		
<i>Interest income from:</i>		
Aktifbank	577,906	78,944
Calik Holding	-	54,864
GAP Pazarlama FZE	177,500	494,333
Anateks Anadolu Tekstil Fab. Tic.	487,429	492,165
ALBtelecom Sh.a.	10,484	-
Eagle Mobile Sh.a.	6,140	-
<i>Interest expenses for:</i>		
ALBtelecom Sh.a. and Eagle Mobile Sh.a.	(27,100)	(166,593)
Aktifbank	(56,554)	-
<i>Fees and commissions:</i>		
Commissions charged by Aktifbank	(3,347)	(31,442)
Letters of guarantee: ALBtelecom Sh.a., Calik Elektrik Dagitim A.S and Calik Enerji Sanayi Ve. Ticaret A.S	20,459	39,128
Account maintenance and lending fees from ALBtelecom Sh.a. and Eagle Mobile Sh.a.	10,044	478
<b>Net</b>	<b>1,202,961</b>	<b>961,877</b>

# Banka Kombetare Tregtare sh.a.

Explanatory notes as of and for the nine-month period ended 30 September 2012  
(amounts in USD, unless otherwise stated)

## 11. Related party transactions (continued)

GAP Pazarlama FZE is an international company operating as a wholesale trader and is owned by the Bank's ultimate shareholder. The loan granted to this company, with an interest rate of 6.0% p.a., was sold to Aktifbank on 1 March 2012.

### *Balances and transactions with shareholders and affiliates (continued)*

The Bank has signed an agreement with Aktifbank for consultancy services in relation to lending to companies based in Turkey, under which the Bank paid service commission to Aktifbank. In addition, Aktifbank has offered a guarantee of 10% on the outstanding loans granted to these companies, which at 30 September 2012 is USD 21,567 (31 December 2011: USD 150,721).

In 2012 the Bank acquired the following assets from related parties:

Month	Related Party	Purchase price in USD '000	Asset purchased
January 2012	Lidya Madencilik San. Ve. Tic A.S.	16,500	Equity instruments available-for-sale
March 2012	Aktifbank	36,225	Asset Back Securities (1)
May 2012	ALBtelecom Sh.a.	9,432	Land and buildings (2)

(1) The Asset Backed Securities ('ABSs') were issued by 'Aktif Yatirim Bankasi A.S (2) No.lu Emek Varlik Finansman Fonu' (the 'Fund'). These ABSs, represent debt instruments secured by the underlying assets of the Fund. For the sake of clarity, these ABSs are not on the balance sheet of Aktifbank and do not represent its obligations. In April 2012, the Bank sold part of these securities with a value of USD 12,791 thousand.

(2) The transfer of ownership of the land and buildings from ALBtelecom Sh.a to the Bank was finalized on 9 October 2012.

### *Balances and 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 2012	Nine-month period ended 30 September 2011
Directors	80,000	80,000
Executive officers	1,440,595	1,524,473
	<b>1,520,595</b>	<b>1,604,473</b>

The remuneration of directors and executive officers for the year ended 31 December 2011 was USD 2,623,590.

As at 30 September 2012, the total deposits of directors held with the Bank were USD 1,569,885 (31 December 2011: USD 1,183,712), while there are no outstanding loans granted to directors.

## 12. Subsequent events

There are no subsequent events that would require either adjustments or additional disclosures in the financial statements.