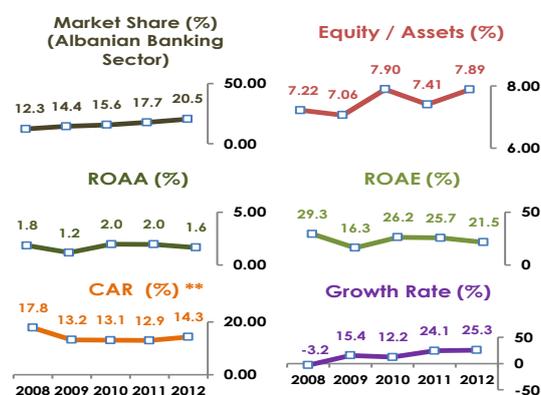


<b>BKT</b> BANKA KOMBETARE TREGTARE		<b>Long Term</b>	<b>Short Term</b>
<b>International</b>	<b>Foreign Currency</b>	<b>BB+</b>	<b>B</b>
	<b>Local Currency</b>	<b>BB+</b>	<b>B</b>
	<b>Outlook</b>	<b>FC</b>	<b>Stable</b>
<b>National</b>	<b>Local Rating</b>	<b>AAA(Alb)</b>	<b>A-1+ (Alb)</b>
	<b>Outlook</b>	<b>Stable</b>	<b>Stable</b>
<b>Sponsor Support</b>		<b>3</b>	<b>-</b>
<b>Stand-Alone</b>		<b>AB</b>	<b>-</b>
<b>Sovereign*</b>	<b>Foreign Currency</b>	<b>BB+</b>	<b>B</b>
	<b>Local Currency</b>	<b>BB+</b>	<b>B</b>
	<b>Outlook</b>	<b>FC</b>	<b>Stable</b>
		<b>LC</b>	<b>Stable</b>

\* Assigned by JCR-Eurasia on March 25, 2013

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<b>Banka Kombetare Tregtare SH.A.</b>					
<b>Financial Data</b>	<b>2012*</b>	<b>2011*</b>	<b>2010*</b>	<b>2009*</b>	<b>2008*</b>
<b>Total Assets (000,000 EURO)</b>	1,772	1,441	1,124	930	828
<b>Total Assets (000,000 USD)</b>	2,337	1,865	1,503	1,340	1,161
<b>Equity (000,000 USD)</b>	184	138	119	95	84
<b>Net Profit (000,000 USD)</b>	31	29	25	13	20
<b>Market Share (%)**</b>	20.51	17.73	15.62	14.43	12.28
<b>ROAA (%)</b>	1.65	1.96	1.97	1.16	1.84
<b>ROAE (%)</b>	21.50	25.65	26.19	16.31	29.33
<b>Equity/Assets (%)</b>	7.89	7.41	7.90	7.06	7.22
<b>CAR - Capital Adequacy Ratio (%)</b>	14.30	12.93	13.06	13.21	17.78
<b>Asset Growth Rate (Annual) (%)</b>	25.35	24.07	12.15	15.39	-3.20

\* End of year \*\* Based on BoA Reporting Standards

**Overview**

Banka Kombetare Tregtare Sh.A. (hereinafter referred to as “the Bank” or “BKT”) was incorporated as a state owned bank in January 1993 under its current name following the merger of the Albanian Commercial Bank and the National Bank of Albania. However, its root trace back to 1925 with the inaugurating of its first branch in Durres. The Bank is the second largest and the oldest commercial bank in Albania and provides a wide range of financial products and services to state and privately owned enterprises as well as individuals.

As a result of outstanding performance, BKT enhanced its market shares through all business segments and reinforced its second place position in the market. Within the last five year period, the Bank recorded a cumulative growth of 91.64%, 3.63 times the average sector growth. The bank illustrated similar success in profitability; ROAA and ROAE ratios were 4.33 and 6.18 times above the sector average.

The sector’s portfolio of non-performing loans reached risky levels and continued its increasing trend. Thanks to a risk oriented risk management approach, BKT relatively preserved its assets quality despite high NPL to gross loans ratio. However, high collateralization level alleviates the possible risk effect on the financials. The sector’s NPL ratio was almost double that of BKT.

BKT, principally operating in the Republic of Albania and Republic of Kosovo, had a widespread network of 59 branches in Albania and 24 branches in Kosovo at the end 2012.

**Strengths**

- Outperformance of the sector in assets, loans, deposits growth and gaining net profit,
- Market share increased in all major segments, reinforcing its second place position,
- Retention of profits policy contributing to the Bank equity and continuous growth in equity over the last decade,
- Competitive strength as the second largest bank and high customer confidence with an established franchise,
- Adequate capital and liquidity level along with solid and broad deposit customer base,
- Well established structure for generating sustainable profit,
- High level of compliance with the corporate governance principles
- Risk oriented, experienced and vision holding management team

**Constraints**

- Increase in non-performing loans threatens the assets quality and exerts pressure on profitability ratios; however, the NPLs were noticeably below sector averages,
- Low provisioning against non-performing loans,
- Sizeable proportion of total assets have been invested in treasury bills and securities issued by the Government of Albania (rated as speculative grade and high risk),
- Market and operational risks not included in CAR calculations and the CAR ratio of the Bank and the sector will be drawn down when implemented,
- Persistent deterioration in asset quality, which is the main challenge in the sector in general,
- Directing placement in more secure but lower yield instruments resulting in a decrease in NIM