

Corporate Governance Rating Report

This Report has been prepared by JCR-ER in compliance with the Corporate Governance Code of Republic of Albania

Revised Report Banking

 BANKA KOMBETARE TREGTARE		87.96 AAA(Alb)/a (Stable)
Corporate Governance Score & Outlook	Board of Directors	86.63 AAA(Alb)/a (Stable)
	Auditing, Internal Control, Risk Management	91.00 AAA(Alb)/aa (Stable)
	Human Resources and Performance Evaluation	86.27 AAA(Alb)/a (Stable)
	Public Disclosure and Transparency	86.00 AAA(Alb)/a (Stable)
	Shareholders Relationship	91.00 AAA(Alb)/aa (Stable)

Analyst: Ceyhun KIR / +90 212 352 56 73

ceyhunk@jcrer.com.tr

Company Information	
Trade Name	BANKA KOMBETARE TREGTARE Sh. A.
Address	Bulevardi "Zhan D'Ark", Tirana, Albania
Chairman	Mehmet USTA
CEO	Seyhan PENCABLIGIL
Contact	Phone: +355/4/2250955 info@bkt.com.al
Web	www.bkt.com.al
Corporate Governance	Miranda CITOZI

Banka Kombetare Tregtare SH.A.					
Financial Data	1Q2017	2016*	2015*	2014*	2013*
Total Assets (EURO mn)	2,838	2,861	2,502	2,266	1,943
Total Assets (USD mn)	3,034	3,019	2,730	2,753	2,676
Equity (USD mn)	346	350	294	247	215
Loans to Customers (USD mn)	1,026	1,007	917	920	886
Customer Deposits (USD mn)	2,384	2,348	2,223	2,141	2,154
Net Profit (USD mn)	14	58	50	44	39
Market Share (%) **	27.28	27.23	25.90	24.33	21.92
ROAA (%)	n.a.	2.41	2.15	1.95	1.75
ROAE (%)	n.a.	21.58	21.78	22.91	21.96
Equity/Assets (%)	11.40	11.58	10.75	8.96	8.03
Capital Adequacy Ratio (%)	14.14	14.08	13.99	15.61	14.56
Annual Asset Growth Rate (%)	n.a.	10.58	-0.82	2.87	14.48

* End of year ** Based on BoA Reporting Standards

Overview

Bank Kombetare Tregtare Sh. A. ('BKT' or 'the Bank'), all shares of which are owned by the Turkish company Çalık Finansal Hizmetler A. Ş. (Çalık), is the largest bank in terms of total asset, equity, loan and deposit size in Albania, as of October 2017. The Bank was assigned a rating of BBB- on the Foreign Currency scale and AAA on the Local Currency scale along with a Stable outlook by JCR Eurasia Rating on June 12 2017.

The Bank's origins date back to the first headquarters established in Durres on November 30, 1925. After the merger of the Albanian Commercial Bank and the National Bank of Albania, BKT acquired its current name in January 1993 as a state-owned bank and transformed into a joint stock company in July 1997. All Bank shares were sold by the Ministry of Finance and approved by the Albanian Parliament to an International Consortium consisting of Kentbank (60%), International Finance Corporation (20%) and European Bank for Reconstruction and Development (20%) in 2000. Çalık Financial Services, which gradually bought all shares of the Bank between 2006 and 2009, currently holds 100% of the shares.

As of September 30, 2017, the Bank carried out its activities with 1305 staff and through a branch network of 93, including 67 in Albania and 26 in Kosovo. The Bank is managed by a Board of Directors that consists of 5 non-executive members, 3 independent members and the CEO.

Strengths

- Existence of a female member in the Board
- Investment to digitalize in field of internal audit, internal control and risk management
- Adequate transparency and disclosure on the Bank's web site in English and Albanian
- Well-educated, internationally experienced and skillful top management
- Presence of three independent member in the Board

Constraints

- Absence of Risk and Corporate Governance committees within the scope of the Board
- No performance evaluation system for the Board members
- Nondisclosure of documents related to the shareholder general meetings

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