

Corporate Governance Rating

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

Publication Date: 22/11/2018

Sector: Banking

BANKA KOMBETARE TREGTARE Sh. A.

Ratings

Overall Score	88.84	AAA(Alb)/a (Stable)
Board of Directors	90.16	AAA(Alb)/aa (Stable)
Auditing, Internal Control, Risk Management	91.00	AAA(Alb)/aa (Stable)
HR 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)

Company Profile

Trade Name	BANKA KOMBETARE TREGTARE Sh. A.
Address	Bulevardi "Zhan D'Ark", Tirana, Albania
Chairman	Mr. Mehmet USTA
CEO	Mr. Seyhan PENCABLIGIL
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Financial Data

	1Q2018 **	2017*	2016*	2015*	2014*
Total Assets (EURO mn)	3,106	3,066	2,861	2,502	2,266
Total Assets (USD mn)	3,829	3,659	3,019	2,730	2,753
Equity (USD mn)	414	391	350	294	247
Loans to Customers (USD mn)	1,215	1,172	1,007	917	920
Customer Deposits (USD mn)	3,006	2,868	2,348	2,223	2,141
Net Profit (USD mn)	15	59	58	50	44
Market Share (%) ⁽¹⁾	27.99	27.87	27.23	25.9	24.33
ROAA, pre-tax (%)	n.a	2.09	2.41	2.15	1.95
ROAE, pre-tax (%)	n.a	18.80	21.58	21.78	22.91
Equity/Assets (%)	10.82	10.70	11.58	10.75	8.96
Capital Adequacy Ratio (%)	15.00	14.28	14.08	13.99	15.61
Annual Asset Growth Rate (%)	n.a	21.22	10.58	-0.82	2.87

* Audited financial statements ** Unaudited figures ⁽¹⁾ Based on BoA Reporting Standards

Bank Overview

Bank Kombetare Tregtare Sh. A. ("BKT" or "the Bank"), all shares of which are owned by the Turkish company Çalk Finansal Hizmetler A. Ş. (Çalk), is the largest bank in terms of total asset, equity, loan and deposit size in Albania, as of October 2018. 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 20, 2018.

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. Çalk Financial Services, which gradually bought all shares of the Bank between 2006 and 2009, currently holds 100% of the shares.

As of September 30, 2018, the Bank carried out its activities with 1304 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 4 non-executive members, 2 independent members and the CEO.

Strengths

- Existence of an Audit and a Risk Committees within the scope of the Board
- 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

Constraints

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