

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: 20/11/2020

Sector: Banking

BANKA KOMBETARE TREGTARE Sh. A.

Ratings

Overall Score	89.92	AAA(Alb)/a (Stable)
Board of Directors	90.16	AAA(Alb)/aa (Stable)
Auditing, Internal Control, Risk Management	91.50	AAA(Alb)/aa (Stable)
HR and Performance Evaluation	90.52	AAA(Alb)/aa (Stable)
Public Disclosure and Transparency	86.50	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
Investor Contact	Phone: +355/4/2250955 info@bkt.com.al
Web	www.bkt.com.al
Corporate Governance	Ms. Miranda CITOZI

Analyst

Merve Hayat

+90 212 352 56 73

merve.hayat@jcrer.com.tr

Financial Data	2020/6*	2019*	2018*	2017*	2016*
Total Assets (EURO mn)	3,882	3,824	3,445	3,066	2,861
Total Assets (USD mn)	4,347	4,293	3,941	3,659	3,019
Equity (USD mn)	469	485	435	391	350
Loans to Customers (USD mn)	1,178	1,209	1,216	1,172	1,007
Customer Deposits (USD mn)	3,380	3,409	3,130	2,868	2,348
Net Profit (USD mn)	38	56	58	59	58
Market Share (%) ⁽¹⁾	26.88	27.05	29.42	27.87	27.23
ROAA, pre-tax (%)	n.a	1.60	1.85	2.09	2.41
ROAE, pre-tax (%)	n.a	14.32	17.04	18.8	21.58
Equity/Assets (%)	10.80	11.31	11.03	10.7	11.58
Capital Adequacy Ratio (%)	15.66	18.62	17.53	14.28	14.08
Annual Asset Growth Rate (%)	n.a	8.92	7.7	21.22	10.58

* Audited & consolidated financial statements ⁽¹⁾ Based on BoA Reporting Standards, excludes Kosovo operations since January 1, 2019

Bank 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 and deposit size in Albania, as of June, 2020. BKT's Long Term National Rating is affirmed as '**AAA (Alb)/Stable**' and its Long Term International LC and FC ratings are affirmed as '**BB+ /Stable**' by JCR Eurasia Rating on September 25, 2020.

The Bank's origins date back to the first headquarters established in Dures 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, 2020, the Bank carried out its activities with 928 staff and through a branch network of 64 (including 62 branches and 2 agency). The Bank is managed by a Board of Directors that consists of 5 non-executive members, 2 independent members and the CEO.

Strengths

- Existence of an Audit and a Risk Committee within the scope of the Board
- Comprehensive and effective risk management framework through expanded responsibilities in the field of information security and physical security management
- High level of effectiveness in internal audit group activities through Internal Audit Department and Internal Control Department
- Including a female and independent member in the Board
- Investment to digitalize in field of internal audit, internal control and risk management
- Transparent and adequate web site in English and Albanian
- Well-educated, internationally experienced and skillful top management
- Extension of the product and services range with new digital applications that provide a faster service for the customers

Constraints

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