

## Corporate Credit Rating

New  Update

**Sector:** Banking

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AAA (alb)	J1+ (alb)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB+	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	AAA (alb)	J1+ (alb)
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB+ (Stable)	-
	Local Currency	BB+ (Stable)	-

\* Assigned by JCR-ER on Nov 15, 2024

## Banka Kombetare Tregtare Sh.A.

JCR Eurasia Rating, has evaluated the consolidated structure of "Banka Kombetare Tregtare Sh.A." in the investment-level category with highest credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AAA (alb)' and the Short-Term National Issuer Credit Rating at 'J1+ (alb)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been revised to 'BB+/Stable' from 'BB' in line with the sovereign ratings and outlooks of Albania.

**Banka Kombetare Tregtare Sh.A.** (referred to as "the Bank" or "BKT") is a consolidated entity comprising banking operating in Albania, Kosovo and Albania Leasing. The history of the Bank dates back to 1993 in its current name, when it was founded after the merger of the Albanian Commercial Bank and the National Bank of Albania. The Bank is owned by Çalık Holding A.Ş. (hereinafter referred to as 'Çalık Holding'), a leading Türkiye based conglomerate which acquired BKT in 2009. As the oldest and largest commercial bank in Albania, the Bank offers a wide range of products and services to the public & private sectors as well as retail banking services for individuals.

The Bank maintains its leading position in the highly concentrated Albanian banking sector, consistently ranked first with respect to assets and net income until 1H2024. Due to its considerable asset size and scale of its operations, BKT is a systemically important bank in Albania. The Bank is well-capitalized maintains sound profitability indicators.

As of December 31, 2023, BKT operates principally in the Republic of Albania through 60 branches and 3 custom agencies, in addition to 22 branches in Kosovo, organized under subsidiary BKT Kosovo Sh.A. The Bank had a workforce of app. 1,516.

Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Reasonable profitability indicators despite a retreat in the latest examined period,
- Prevailing dominant position in the market compared to peer banks,
- Fulfilling the capital requirement ratios way above the legal regulations,
- Plausible funding structure despite the concentration by deposits with long-term maturity,
- Policy and IT infrastructure supporting risk management processes and controls,
- Compliance in corporate governance policies,
- Experienced management team and well-organized management structure.

### Constraints

- Loan to deposit ratio standing below sector average,
- Volatile and challenging economic backdrop given the high share of domestic public debt in banking sector.

Considering the aforementioned points, the Bank's the Long-Term National Issuer Credit Rating has been affirmed at 'AAA (alb)'. Taking into account systematically important position, reasonable profitability indicators, liquidity level, senior management's ability to manage the risks undertaken and growth projections as well as the possible negative effects of the fluctuations in macroeconomic environment on the Albanian banking sector were the main inputs of the affirmation of BKT's outlooks as 'Stable' in the long and short-term perspectives.

