

Corporate Credit & Issue Rating

New Update

Sector: Banking

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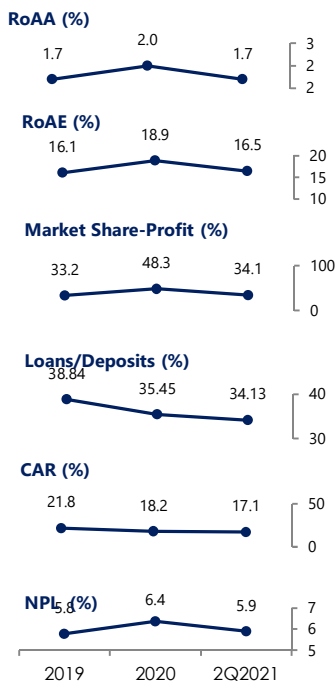
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RATINGS

		Long Term	Short Term	
National	Local Rating	AAA (Aib)	A-1+ (Aib)	
	Outlook	Stable	Stable	
	Issue Rating	AAA	A-1+ (Aib)	
International	Foreign Currency	BB	B	
	Local Currency	BB	B	
	Outlook	FC	Stable	Stable
		LC	Stable	Stable
Sponsor Support	2	-		
Stand-Alone	A	-		
Sovereign*	Foreign Currency	BB	-	
	Local Currency	BB	-	
	Outlook	FC	Stable	-
		LC	Stable	-

*Assigned by JCR-ER on November 10, 2021



Based on solo figures, per statutory statements.

Loans/Deposits based on IFRS based consolidated figures

Banka Kombetare Tregtare Sh.A.

JCR Eurasia Rating has affirmed Banka Kombetare Tregtare Sh.A.'s National Local Rating Notes of **'AAA (Aib)'** in the long term, which denotes the highest investment grade, and **'A-1+ (Aib)'** in the short term with a **'Stable'** outlook on both ratings.

The Bank's Long Term International Local and Foreign Currency ratings are mapped as **"BB/Stable"** to the country ceiling of the principal shareholder, Turkey (**BB/Stable**) and the country ceiling of BKT's primary country of operation, Albania (**BB/Stable**).

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., a leading Turkey 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. 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.

BKT operates principally in the Republic of Albania through 61 branches and 2 custom agencies, in addition to 21 branches in Kosovo, organized under subsidiary BKT Kosovo Sh.A. The group has a workforce of approx. 1,300.

Strengths

- Strong financial standing with formidable profitability & asset quality
- Strong market position in the Sector with dominant shares in core metrics
- Long-term, low-cost and diversified deposit base
- Policy and IT infrastructure supported risk management processes and controls
- Established corporate governance policies and implementations, increasing efficiency of internal systems
- Competent and experienced management team

Constraints

- Suppressed interest margins with respect to loans across Europe and Albania, countered with investment securities portfolio
- Challenging operating environment with respect to impaired loans & collections in addition to political uncertainties
- Constrained economic outlook due to unforeseen effects of the pandemic on real sector and financial conditions

Banka Kombetare Tregtare Sh.A.'s Sponsor Support Rating reflects the financial strength and support willingness of Çalık Holding A.Ş., the sole owner of the Bank. The Holding is rated **'A+ (Trk)'** on the National Scale and **'BB'** on the International LC and FC Scales by JCR-ER. As of YE2020, the Holding's assets and revenues were 10,600mn and USD 1,375mn and employs a workforce of more than 9K.

Çalık Holding is considered to have the willingness to supply liquidity and equity within its financial capability when financial needs arise in the short or long term and have the sufficient experience to provide operational support to the Bank if required. Regarding the above factors, JCR Eurasia Rating has affirmed the Bank's Sponsor Support Note as **"2"** denoting adequate external support.

The Stand Alone Note of the Bank has been upgraded to **"A"** in the light of the Bank's strong business position, reasonable profitability indicators, liquidity level, senior management's ability to manage the risks undertaken and growth projections. The Bank's systemically important status in the Albanian Banking Sector is a further pillar for support.