

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: 27/11/2019

Sector: Banking

BANKA KOMBETARE TREGTARE Sh. A.

Ratings

Overall Score	89.69	AAA(Alb)/a (Positive)
Board of Directors	90.16	AAA(Alb)/aa (Positive)
Auditing, Internal Control, Risk Management	91.00	AAA(Alb)/aa (Stable)
HR and Performance Evaluation	90.52	AAA(Alb)/aa (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
Investor Contact	Phone: +355/4/2250955 info@bkt.com.al
Web	www.bkt.com.al
Corporate Governance	Ms. Miranda CITOZI

Analyst

Ceyhun Kir

+90 212 352 56 73

ceyhun.kir@jcrer.com.tr

Financial Data	2018*	2017*	2016*	2015*	2014*
Total Assets (EURO mn)	3,445	3,066	2,861	2,502	2,266
Total Assets (USD mn)	3,941	3,659	3,019	2,730	2,753
Equity (USD mn)	435	391	350	294	247
Loans to Customers (USD mn)	1,216	1,172	1,007	917	920
Customer Deposits (USD mn)	3,130	2,868	2,348	2,223	2,141
Net Profit (USD mn)	58	59	58	50	44
Market Share (%) ⁽¹⁾	29.42	27.87	27.23	25.90	24.33
ROAA, pre-tax (%)	1.85	2.09	2.41	2.15	1.95
ROAE, pre-tax (%)	17.04	18.80	21.58	21.78	22.91
Equity/Assets (%)	11.03	10.70	11.58	10.75	8.96
Capital Adequacy Ratio (%)	17.53	14.28	14.08	13.99	15.61
Annual Asset Growth Rate (%)	7.70	21.22	10.58	-0.82	2.87

* Audited financial statements 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 Çalık Finansal Hizmetler A. Ş. (Çalık), is the largest bank in terms of total asset, equity and deposit size in Albania, as of October 2019. 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 July 22, 2019.

The Bank's origins date back to the first headquarters established in Durrës 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, 2019, the Bank carried out its activities with 946 staff and through a branch network of 67 (including 65 branches and 2 agency). 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

1. Rating Methodology and Executive Summary

This revised compliance report, prepared in light of JCR Eurasia Rating's original methodological procedures in accordance with the Corporate Governance Code (Code) for unlisted joint-stock companies in Albania set by the Ministry of Economy, Trade and Energy Competitiveness Department, states the Bank's Compliance level with the Code as of November 2019.

This report should be evaluated taking into consideration the previous reports to better understand the Bank's compliance level.

The code, which contains 14 principles, was published in the beginning of 2012 based on OECD Corporate Governance Principles. Principle number 9 regarding family-controlled companies was omitted and the remaining 13 principles were incorporated into the rating model.

JCR Eurasia Rating categorized the 13 principles under five sections: eight principles covering the Board of Directors, one principle on Auditing, Internal Control and Risk Management, two principles covering Human Resources and Performance Evaluation, and one principle on each the Public Disclosure and Transparency and the Shareholder Relationships.

Findings and assessments within the content of the report are based on information and documents disclosed by the Bank to the public through various channels and submitted to JCR Eurasia Rating verbally and in writing.

BKT's first Corporate Governance Principles Compliance ratings as published on October 12, 2012 can be seen in the table below:

October 12, 2012

Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Board of Directors	80.44	AA (Alb) (Merit)	(bbb) (Outstanding)	Positive
Auditing, Internal Control, Risk Management	87.00	AAA (Alb) (Distinctive)	(a) (Superior)	Stable
HR and Performance Evaluation	68.77	A (Alb) (Satisfactory)	(ccc) (Average)	Stable
Public Disclosure and Transparency	73.00	AA (Alb) (Merit)	(b) (Adequate)	Positive
Shareholders Relationship	90.00	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
Overall	80.71	AA(Alb) (Merit)	(bbb) (Outstanding)	Positive

Last year, the bank's compliance notes as published on November 22, 2018 also can be seen in the table below:

November 22, 2018

Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Board of Directors	90.16	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
Auditing, Internal Control, Risk Management	91.00	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
HR and Performance Evaluation	86.27	AAA (Alb) (Distinctive)	(a) (Excellent)	Stable
Public Disclosure and Transparency	86.00	AAA (Alb) (Distinctive)	(a) (Excellent)	Stable
Shareholders Relationship	91.00	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
Overall	88.84	AAA(Alb) (Distinctive)	(a) (Excellent)	Stable

Finally, through both 12 months of observation from November 22, 2018 as well as a comprehensive review done in November 2019, the conclusions reached by JCR Eurasia Rating and corresponding notations are shown in the following table:

November 27, 2019

Fields	Numerical Value	Convergence Level	Notch degree	Outlook
Board of Directors	90.16	AAA (Alb) (Distinctive)	(aa) (Superior)	Positive
Auditing, Internal Control, Risk Management	91.00	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
HR and Performance Evaluation	90.52	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
Public Disclosure and Transparency	86.00	AAA (Alb) (Distinctive)	(a) (Excellent)	Stable
Shareholders Relationship	91.00	AAA (Alb) (Distinctive)	(aa) (Superior)	Stable
Overall	89.69	AAA(Alb) (Distinctive)	(a) (Excellent)	Positive

JCR Eurasia Rating's notation system may be viewed at: http://www.jcrer.com.tr/Administrator/files/436_kyder_notation.pdf

Through the analysis of JCR Eurasia Rating’s original methodology, The Bank’s overall compliance score with the Code as of November 2019, has been raised to 89.69 from 88.84. The Bank provides safer and healthier working environments for its staff and improved its human resources practices.

This development led to an increase in the Human Resources and Performance Evaluation main section’s note and Overall score of the Bank.

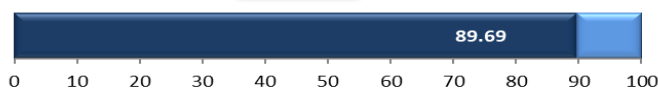
The corresponding levels within the JCR Eurasia Rating’s notation have been determined as follows;

- Numerical value is **89.69**,
- Convergence Level **AAA(Alb)** representing the category of **“Distinctive Compliance”**,
- Notch degree **(a)** representing the category of **“Excellent”**,
- Outlook **(Positive)**,

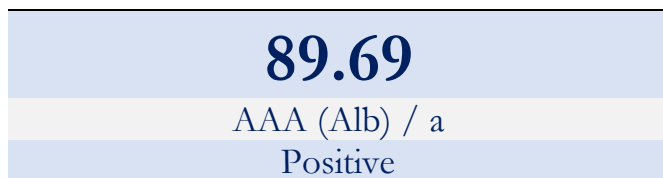
Corporate Governance Score %



Overall %



Overall Result



Outlook

JCR Eurasia Rating is of the opinion that the Bank will maintain its level of compliance with the Code during the upcoming monitoring period. Additionally; the Bank

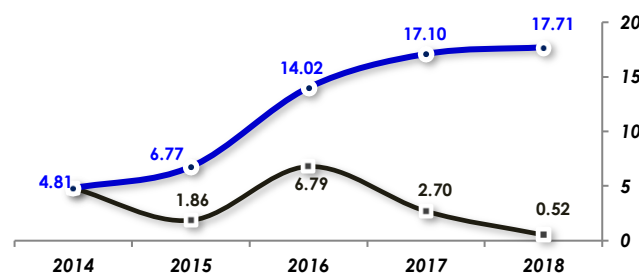
undertook a re-organizing in the senior management and began the practices of rotation among executive managers. It was concluded that the mentioned re-organizing would positively affect the management quality, thus the outlook of the Bank was assigned as **(Positive)**.

2. Banking Sector in Albania and BKT Overview

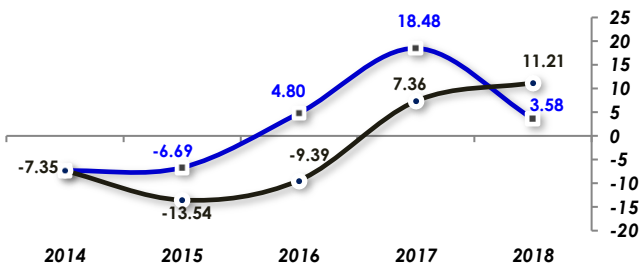
The Albanian Banking System, regulated by the ‘Bank of Albania’, is principally controlled by foreign-owned banks. The Sector is going through a phase of consolidation, such that 2 acquisitions are completed in 2018 with the trend expected to continue in 2019.

The total asset size of Albanian Banking Sector was USD 13,475mn as of FYE2018 and up from the previous year’s figure of USD 13,009mn. Similar to previous year, appreciation of LEK against USD (2.95%, YoY) is the main driver of asset growth. The Sector is highly concentrated, with top four banks accounting for 69.31% of the total assets of the Albanian Banking System as of 1Q2019: BKT Bank (Turkey), Raiffeisen Bank (Austria), Credins Bank (Albania) and Intesa Sanpaolo Bank (Italy). Intesa Sanpaolo Bank acquired Veneto Bank in 4Q2018.

per ALL, 2013 as base



per USD, 2013 as base



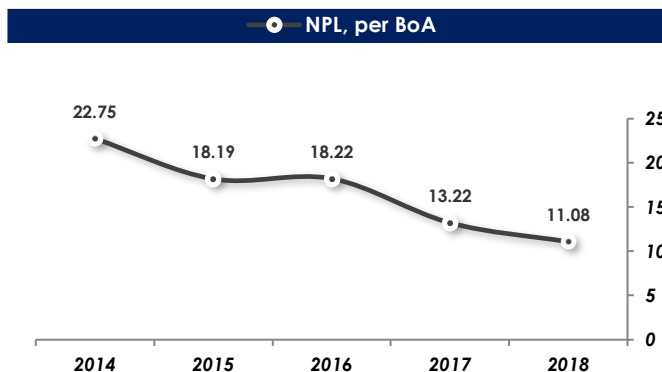
According to data by BoA, banking system assets to GDP reached 96.8% and the credit/GDP gap was around -0.12, resulting in Bank of Albania abrogating the counter cyclical capital buffer, in May 2018.

Conventional funding sources-deposits, composed of 81.23% of total resources as of FYE2018, increased by 4.33% YoY basis and reached the level of USD 10,946mn. Strong remittance flow Albanians working in Germany, Italy and other countries are driving the Euro denominated deposits upwards, despite of very low yields.

Credit portfolio of the banks declined in 2018, YoY, as loan repayments and write-offs, exceeded additional loans. However, the breakdown of the loans with respect to the beneficiaries are not uniform, with loans to households actually growing by 3.8% YoY, as opposed to -4.4% contraction in loans to enterprises.

As of YE2018, the sector's Loan-to-Deposit ratio was 49.20% (YE2017: 51.55%), notably lower than that of developed economies. At the same period, 63% of the loans were underwritten to enterprises, followed by loans to individuals (32%).

Impaired loans balance continues to decline, with write-offs and collections reducing the delinquent loan balance. However, negative to small loan growth naturally translates into slower recovery, due to lack of denominator support. Depressed outlook in the Eurozone could pressurize the domestic credit profile of the borrowers, therefore the accommodative policies of ECB will be instrumental for the further reduction of NPL levels.

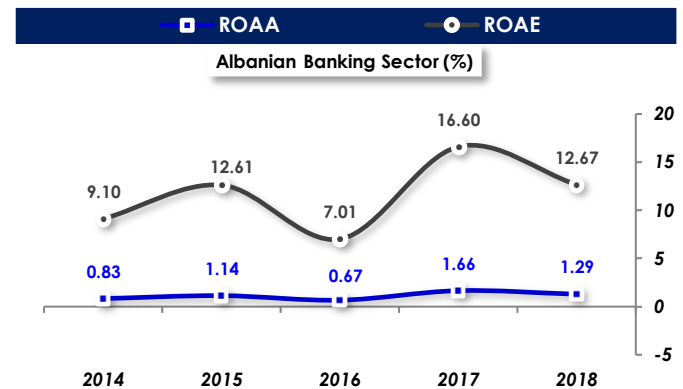


Albanian Banking Sector's capitalization level is resilient, with CAR levels of 18%. The current capitalization level, well above the required minimum level of 12%, indicates the banks are able to absorb moderate shocks. In this

perspective, the banks in the system do not face hurdles with respect to capital adequacy ratio.

	2014	2015	2016	2017	2018
CAPITAL ADEQUACY RATIO %	16.8	15.7	15.7	17.0	18.2

In FY2018, the sectors' net profits were USD 170.41mn, lower compared to previous year's USD 198.68mn, due to losses from financial instruments and provision expenses, as per BoA figures.



Our overview and long-term position with regards to Albanian Banking sector hinges on the resilience of domestic demand & loan growth, sound legal framework for delinquent loan collection and policy anchor as in EU programme and international guidance. Monetary policy is expansionary to support growth, however, the macroeconomic prospects in the European Union will be instrumental.

Banka Kombetare Tregtare Sh.A. 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, while its historical origins trace back to 1925 with the inauguration of its first branch in Durres.

The Bank was privatized in 2000 and fully acquired by Çalık Group in June 2009. Currently, Çalık Finansal Hizmetler A.Ş. holds a 100% stake in BKT. Calik Finansal Hizmetler A.Ş. is fully owned by Çalık Holding A.Ş. and the ultimate controlling shareholder is Mr. Ahmet Calik. Çalık Holding operates principally in the sectors of energy, mining, construction & real estate, finance, textiles and telecommunications. Its operations have spanned across 17 countries on 3 continents in the Middle East, North Africa, Central Asia and Europe.

BKT operates principally in the Republic of Albania through 67 branches (including 2 custom agencies). The Bank's Kosovo operations have gained a separate legal person status and they are consolidated within BKT structure as a subsidiary in 2018.

In addition to the widespread branch network, the Bank facilitates the use of alternative delivery channels (ADC), including a call centre, ATMs and mobile and internet banking facilities. As of September 30, 2019, the Bank employed a staff of 946.

The Bank's organizational structure is formed under seven Groups; Business & Retail Banking, Central Marketing & Operations, Treasury & Financial Institutions, Risk Management, Finance, Financial Technologies and Internal Audit.

BKT is the oldest and largest commercial bank in Albania with USD4,026bn in total assets, USD3,189bn in deposits, USD1,209bn in total loans and USD31,313mn in net profit according to the consolidated financial statements based IFRS as of June 2019.

BKT reached the largest market share in terms of total asset, deposit and loan size in the Albanian banking sector respectively with 26.75%, 25.52% and 16.69% as of June 30, 2019.

BKT has a two-tier system of governance. The Board of Directors includes the CEO and 4 non-executive members, one of which serves as the chairman. Information regarding members is shown in Table: 2 in the appendix. The Executive Board includes the CEO and 7 Group Heads. Authorities and responsibilities are separately defined. CVs of the top management are publicly disclosed on the Bank's web site.

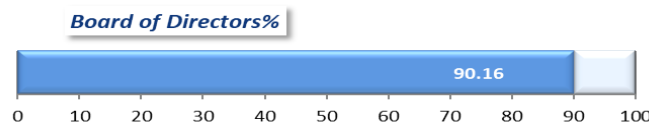
Euromoney Magazine has recognized BKT, as "The Best Bank in Albania for 2019" in its annual Awards for Excellence. This is the seventh time that BKT receives this most respected award in the financial service industry. BKT also was awarded with The Best Bank in Albania by the prestigious British magazine EMEA Finance in 2019. Additionally, The Bank awarded "The Best Bank in Albania for 2019" by Global Finance Magazine.

3. Board of Directors

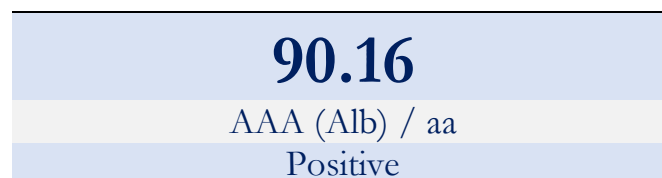
Through the analysis of JCR Eurasia Rating's original methodology, the Bank has maintained this main section's compliance level in the previous 12 months.

The general compliance level of the section with the Code as of November 2019 and the corresponding levels within the JCR Eurasia Rating's notation have been confirmed as follows;

- Numerical value is **90.16**
- Convergence Level **AAA(Alb)** representing the category of "**Distinctive Compliance**",
- Notch degree **(aa)** representing the category of "**Superior**",
- Outlook (**Positive**)



Board of Directors Result



Activities carried out during the monitoring period in this field:

- ✓ The 2018 activities of the Board of Directors were approved at the general meeting held on March 20, 2019.
- ✓ The Bank's Organizational structure has been reorganized starting from 1 October 2019 approved by the Board of Directors. The aim of this reorganization is to comply with the digital transformations, banking regulative framework and business needs, in order to accelerate the banking processes and increase the staff work efficiency.
- ✓ Financial & IT Group has been divided into two groups named: Finance Group and Financial Technologies Group effective on 01 March 2019. Mr. Ugur Tadik was appointed as the Financial Technologies Group Head and Mr. Skender Emini, was appointed as Finance Group Head.
- ✓ The Retail Banking Group is merged under Corporate & Commercial Banking Group as Business & Retail

Banking Group and Mr. Aydın Arçın was appointed as the head of group.

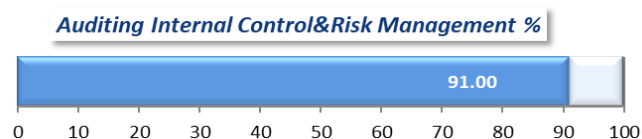
- ✓ Some departments of the Retail Banking Group (i.e., CRM & Central Marketing Department, a new Process and Product Development Department) and HRD are merged into the Central Marketing & Operations Group and Mr. Fatih Karlı was appointed as the head of group.
- ✓ Mrs. Miranda Çitozi and Mr. İbrahim Yaşar changed their post in the scope of rotation. Mrs. Miranda Çitozi, Operations Group Head has been appointed as Internal Audit Group Head. Mr. İbrahim Yaşar, Internal Audit Group Head has been appointed as Operations Group Head.
- ✓ There are no any important warnings, reprimands or penalties from public authorities regarding the misuses of corporate governance practices in Albania.
- ✓ Board of Directors' meeting was held once two in months in the monitoring period. The Board members' participation has been almost 100% with some exceptions. Decisions have been taken unanimously.
- ✓ Audit and Risk Committees were established within scope of the Board.

4. Auditing, Internal Control and Risk Management

Through the analysis of JCR Eurasia Rating's original methodology, the Bank has maintained this main section's compliance level in the previous 12 months.

The general compliance level of the section with the Code as of November 2019, and the corresponding levels within the JCR Eurasia Rating's notation have been confirmed as follows;

- Numerical value is **91.00**
- Convergence Level **AAA(Alb)** representing the category of **"Distinctive Compliance"**
- Notch degree **(aa)** representing the category of **"Superior"**
- Outlook **(Stable)**



Auditing, Internal Control, Risk Management Result

91.00
AAA (Alb) / aa
Stable

Activities carried out during the monitoring period in this field:

- ✓ The Internal Audit Group successfully performed the 2018 audit plan and prepared regularly periodic reports during 2018.
- ✓ The Internal Audit Group prepared and submitted to the Board the 2019 Audit's Plan of the Bank.
- ✓ The Internal Audit Group also prepared and submitted to the Board the 2019 Internal Control Department's activity plan.
- ✓ The Internal Control Department produced the quarterly "Continuous Monitoring Report" and submitted to the Board regularly during the monitoring period.
- ✓ BKT's 2018 financial tables were audited by the independent audit firm Grant Thornton Ltd.
- ✓ Grant Thornton Ltd. was re-appointed by shareholder as the new external auditor of the Bank for the financial year ending December 31, 2019.
- ✓ The Bank was awarded the effective grade from the Deposit Insurance Agency in the 2018 yearly inspection.
- ✓ The Risk Management Group, which monitors the risk such as credit, market, liquidity, operational risks, prepared regularly reports and submitted to the top management and the board of directors.

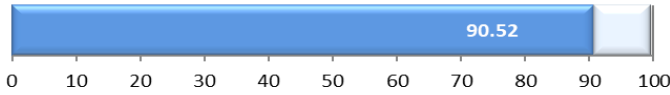
5. Human Resources and Performance Evaluations

Through the analysis of JCR Eurasia Rating's original methodology, this main section's compliance score has been raised to 90.52 from 86.27. Providing safer and healthier working environments for its staff and improving its human resources practices have been effective in this increase.

The general compliance level of the section with the Code as of November 2019, and the corresponding levels within the JCR Eurasia Rating's notation have been determined as follows;

- Numerical value is **90.52**
- Convergence Level **AAA(Alb)** representing the category of **“Distinctive Compliance”**
- Notch degree **(aa)** representing the category of **“Superior”**
- Outlook **(Stable)**

HR and Performance Evaluation %



Human Resources and Performance Evaluation Result

90.52
AAA (Alb) / aa
Stable

Activities carried out during the monitoring period in this field:

- ✓ The Bank hired 130 new employees, 118 employees left the Bank, one employee retired and 4 employees were dismissed.
- ✓ There is no remarkable lawsuit were opened against the Bank by employees during the monitoring period.
- ✓ The Bank has not yet established an approved written performance appraisal system for the Board of Directors and top management.
- ✓ The remuneration of directors and executive officers was totally disclosed to the public, not per person, in the annual report of 2018 and in internet site.

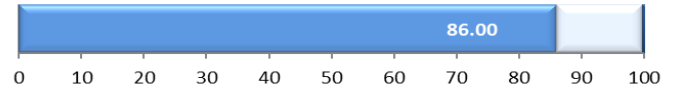
6. Public Disclosure and Transparency

Through the analysis of JCR Eurasia Rating’s original methodology, the Bank has maintained this main section’s compliance level in the previous 12 months.

The general compliance level of the section with the Code as of November 2019, and the corresponding levels within the JCR Eurasia Rating’s notation have been confirmed as follows;

- Numerical value is **86.00**
- Convergence Level **AAA(Alb)** representing the category of **“Distinctive Compliance”**
- Notch degree **(a)** representing the category of **“Excellent”**
- Outlook **(Stable)**

Public Disclosures and Transparency %



Public Disclosure and Transparency Result

86.00
AAA (Alb) / a
Stable

Activities carried out during the monitoring period in this field:

- ✓ BKT’s website is kept up to date in English and Albanian. Significant improvements in the Bank’s organizational structure and operations are published in a timely manner.
- ✓ The bank publishes the regularly “compliance report” which explains its compliance with the corporate governance code of Albania in its web site every year.
- ✓ The Bank’s quarterly financial statements were regularly released to the public on the internet site.
- ✓ The Bank’s management prepared the 2018 Annual Report which is eco friendly with rich content.

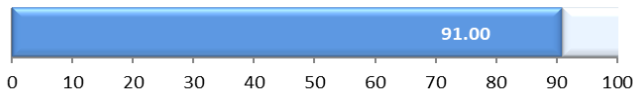
7. Shareholders Relationships

Through the analysis of JCR Eurasia Rating’s original methodology, the Bank has maintained this main section’s compliance level in the previous 12 months.

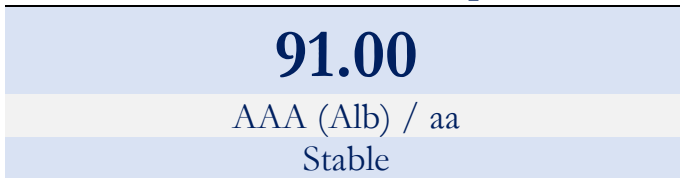
The general compliance level of the section with the Code as of November 2019, and the corresponding levels within the JCR Eurasia Rating’s notation have been confirmed as follows;

- Numerical value is **91.00**
- Convergence Level **AAA(Alb)** representing the category of **“Distinctive Compliance”**
- Notch degree **(aa)** representing the category of **“Superior”**
- Outlook **(Stable)**

Shareholder Relationship %



Shareholder Relationship Result



Activities carried out during the monitoring period in this field:

- ✓ The 2018 ordinary general meeting was held on March 20, 2019, at 4.00 p.m., in the Headquarters building in Tirana.
- ✓ The extraordinary general meeting was held on July 30, 2019 at 3.00 a.m., in the Headquarters building in Tirana.
- ✓ Following the meeting, relevant documents such as invitations, list of attendants and minute were not disclosed to the public on the internet site.
- ✓ The net profit of year 2018, Lek 7,427,178,647 be allocated as follow: Lek 371,358,932 as obligatory reserve, Lek 1,485,435,729 as general reserve and Lek 1,707,083,986 as retained earnings.
- ✓ The Bank distributed \$35million from 2018's net profits as dividends to Çalik Finansal Hizmetler A. Ş., as a sole shareholder of BKT.

8. The Other Good Governance Practices

BKT successfully implements several practices not part of the corporate governance code of Albania and not affecting the Bank's score but which are recommended by the OECD Corporate Governance Principles. However, the successful implementation of these practices by the Bank's management positively influences the governance quality of the Bank.

Activities carried out during the monitoring period in other fields:

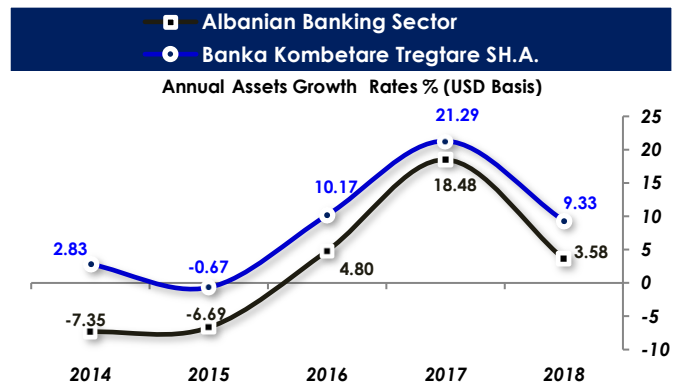
- ✓ During 2019 there are treated in total 1197 customers complaints. In this period, only 19 complaints are still

in process. There is an ongoing communication and verification regarding these claims.

- ✓ 118 clients' suggestions have been followed and treated with related structures/departments while 169 clients have shared their compliments regarding products and services received.
- ✓ Bank has many channels such as suggestion boxes, direct mail, social media, call center etc. that customers can use to load their feedback. All the information received from these channels is analyzed and reported from Customer Complaints structure.
- ✓ No lawsuits were filed against the Bank by service providers.
- ✓ The Bank has maintained to sponsor to many projects regarding health care, education, culture, sports and environment. The details of these sponsorships are disclosed on the web site.

9. Financial Efficiency

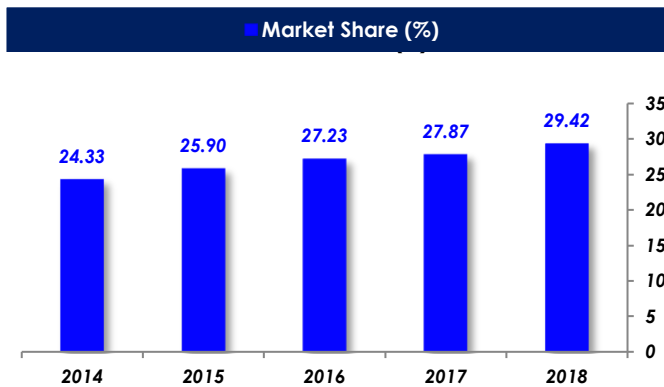
Asset growth figures are calculated in both local currency and USD, and thus show discrepancies stemming from depreciation of USD as opposed to the former by 2.95%. We note that more than half of the Bank's assets, (56%) are denominated in either EUR or USD, thus the asset base shows sensitivity to the measured currency.



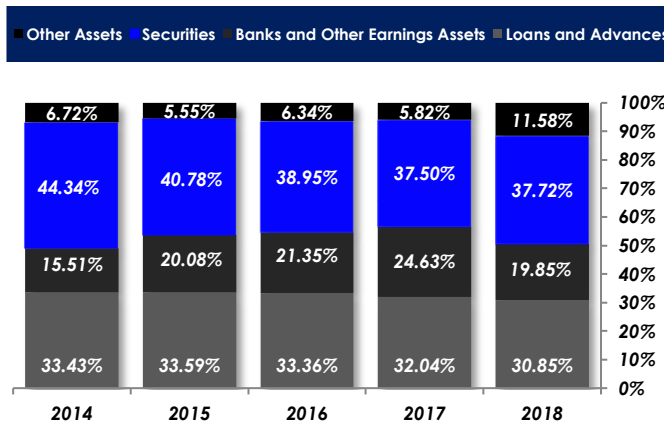
BKT preserves its largest bank status in terms of assets within the Albanian banking sector. The Bank dominates the sector and enjoys its leading position with a 27.87% share by assets.

According to BoA figures, BKT maintains 29% market share in the system with respect to assets, as of YE2018. The Bank reports its comparative position in Albanian system on both solo and consolidated basis, since

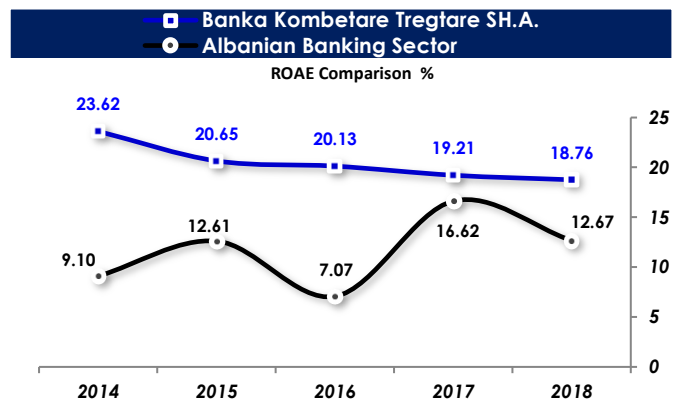
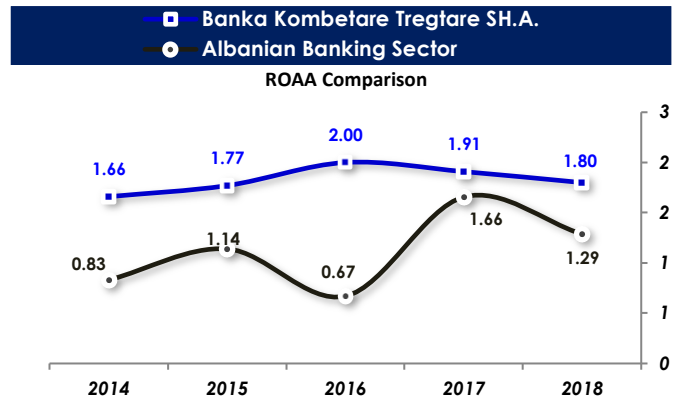
transformation of BKT Kosovo into a subsidiary. On solo basis, its market share in the Albanian banking system was 27% as of 1Q2019, per BoA figures. Given the Bank's risk-view, the size of its loan portfolio does not mirror the asset base, as BKT prefers lower comparative credit risk on its securities portfolio instead of lending. It should also be noted that the Bank's retail lending is the market leader, with approx. 25% market share.



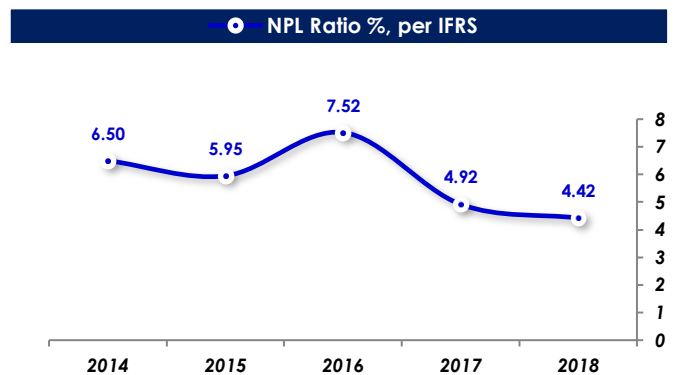
Both Albanian banking system and BKT carries sizable non-loan earning asset balance, due to systemic issues such as weak credit demand, high delinquency despite improvement. BKT in particular, carries a material security and placement balance, which consist of accounts held in non-resident banks and corresponding banks.



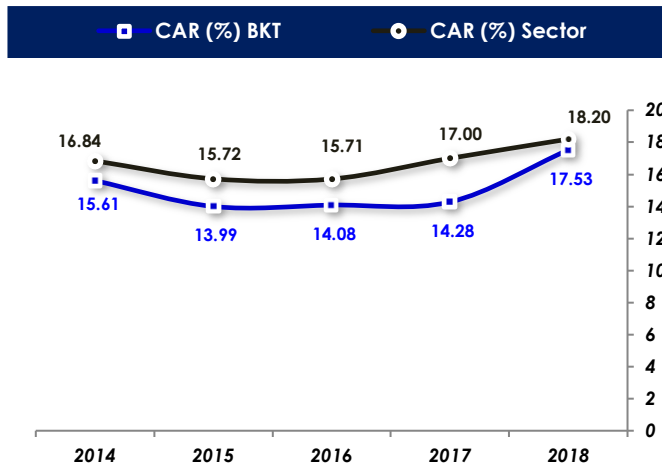
BKT and the Sector's profitability figures in the following graphs are measured with after-tax income and average assets & equity.



As of YE2018, BKT's gross overdue loans portfolio was USD 191.84mn as per IFRS based financials (YE2017: 184.45mn). The ratio of the non-performing loans (over 90 days) to gross loans were to 4.42% at FYE2018 (YE:2017 4.92%).



BKT's Capital Adequacy Ratio (CAR), measured in BoA terms, increased to 17.54% in 2018, due to regulatory changes in the risk weighted exposures, as seen in the increasing CAR for the Sector.



The Bank made a continuous profit over the last decade and sustained higher profitability ratios. Furthermore, a policy of retention of profits has contributed to Bank equity and experience of continuous growth in equity. As a result, the Bank's equity level, generated profit, deposit base, assets quality and management practices provide adequate support for the retention of the current level of compliance with corporate governance best practices.

TABLE:1

SHAREHOLDING STRUCTURE					
Years	2015	2016	2017	2018	1H2019
Consolidated Total Equity (USD 000)	293,568	349,684	391,400	434,733	451,497
Shareholders					Share %
ÇALIK FİNANSAL HİZMETLER A.Ş.	100	100	100	100	100
Total	100	100	100	100	100

TABLE: 2
BOARD OF DIRECTORS

Name	Task	Expertise	Date Elected	Experience (Year)	Education	Executive/Non-Executive	Independent/Not Independent	Committee Membership
Mehmet USTA	Chairman	Banker	December 2008	51	BA	Non-Executive	Independent	
Mehmet Ertuğrul GÜRLER	Vice -Chairman	Manager	July 2009	42	BA	Non-Executive	Not Independent	Audit Committee Chairman
Galip TÖZGE	Member	Banker	February 2017	26	MA	Non-Executive	Not Independent	
Ayşegül ADACA	Member	Banker	October 2017	22	MSc	Non-Executive	Independent	Risk Committee Chairwoman, Audit Committee Member
Seyhan PENCABLIĞİL	Member CEO	Banker	October 2000	28	MA	Executive	Not Independent	