

# Corporate Credit Rating Update

# Banking

creditwest Creditwest Bank Kıbrıs		Long-Term	Short-Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	Stable	Stable	
National	Local Rating	AA+ (Trk)	A-1+ (Trk)	
	Outlook	Stable	Stable	
Sponsor Support		2	-	
Stand Alone		A	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Stable	-
		LC	Stable	-

Creditwest Bank Limited					
Financial Data	2014*	2013*	2012*	2011*	2010*
Total Assets (000 USD )	601,767	540,608	470,671	346,907	341,709
Total Assets (000 TRY)	1,395,438	1,151,712	836,665	655,272	525,412
Total Deposit (000 TRY)	1,226,624	982,689	725,799	543,465	408,030
Total Net Loans (000 TRY)	872,795	709,210	517,854	415,502	291,891
Equity (000 TRY)	101,042	81,751	67,037	55,389	43,649
Net Profit (000 TRY)	22,557	20,714	17,198	14,740	11,705
Market Share (%)	9.41	8.62	7.59	6.61	6.24
ROAA (%)	2.25	2.69	2.94	3.24	3.21
ROAE (%)	31.31	35.95	35.85	38.61	39.26
Equity/Assets (%)	7.24	7.10	8.01	8.45	8.31
Capital Adequacy Ratio (%)	12.99	12.45	12.66	13.15	13.34
Asset Growth Rate (Annual) (%)	21.16	37.66	27.68	24.72	27.22

\* End of year

### Overview

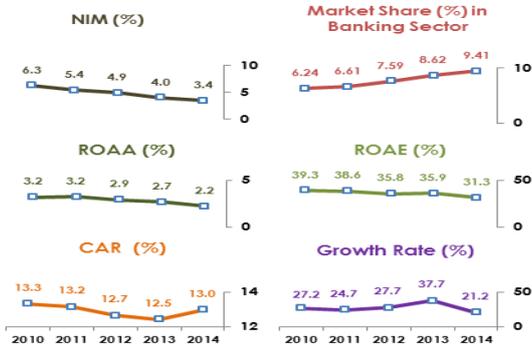
Creditwest Bank Ltd. (hereinafter Creditwest Bank or the Bank), the Altınbaş Family's first financial institution, was established in the Turkish Republic of Northern Cyprus (TRNC) under the name Altınbaşbank in 1994 before changing its name to Creditwest Bank in 2006. The Bank offers modern banking services predominantly to privately owned enterprises as well as individuals through its 14 branch network in the cities of Nicosia (Lefkoşa), Famagusta (Magosa), Kyrenia (Girne) and Güzelyurt. Furthermore, the Bank provides insurance, factoring, leasing and credit card payments amenities via its four financial affiliates; Creditwest Insurance, Creditwest Finance, Creditwest Factoring and Starcard Banka Kartları Ltd. All shares of the Bank belong to members of the Altınbaş Group, which carries out its operations in nine countries, with prime business activities based in Turkey, the TRNC, Albania and Ukraine. The Group focuses principally on the sectors of energy, finance, jewellery and logistics.

FY2014 was another successful year for the Bank, in which it achieved a sound growth performance of 2.62 times the average cumulative sector growth rate in terms of assets over the last five year period. Profit wise, the Bank also surpassed the sector average regarding return on assets and equity throughout the reviewed period. As a result of this solid performance, the Bank progressively augmented its efficiency and presence in the market and become the second largest bank among 22 banking institutions (FYE2013: it was third largest bank).

According to the unaudited financial statements of 1H2015, assets, loans, deposits and equity growth rates were 8.79%, 15.53%, 10.34% and 12.93%, respectively, indicating the continuity of the Bank's rigorous growth performance even under stressful economic conditions.

\*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014  
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### Strengths

- Established earnings power with above the Sector average profitability indicators
- Enhanced capitalization level beyond the requirements, providing a buffer to absorb incidental losses and support sustainability
- High market dominance through strong growth performance and competitive strength as the second largest bank
- High internal resources engendering capacity with recurring revenues components coupled with retention of large percentage of profits donating to the equity level and empowering sustainability and further growth
- Effective risk management practices associated with collection success from non-performing loans book and continuity of visionary management team

### Constraints

- Isolated economic and political structure of the TRNC signifying a major complication for the sector's development
- Continuously tapering net interest margin pressuring profitability figures
- Sector-wide structural maturity mismatches and short maturity profile of collected funds
- Likely tension of upside risks via weakened and fluctuated TRY along with downside risks to growth in economic activities on profit margins due to deteriorating asset quality through weakened debt-servicing capabilities of the real sector stemming from dependency on development in Turkey and insulated economy

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