

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	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	618,144	601,767	540,608	470,671	346,907
Total Assets (000 TRY)	1,797,317	1,395,438	1,151,712	836,665	655,272
Total Deposit (000 TRY)	1,634,985	1,226,624	982,689	725,799	543,465
Total Net Loans (000 TRY)	1,181,439	872,795	709,210	517,854	415,502
Equity (000 TRY)	120,943	101,042	81,751	67,037	55,389
Net Profit (000 TRY)	21,576	22,557	20,714	17,198	14,740
Market Share (%)	10.19	9.47	8.68	7.65	6.67
ROAA (%)	1.76	2.25	2.69	2.94	3.24
ROAE (%)	25.28	31.31	35.95	35.85	38.61
Equity/Assets (%)	6.73	7.24	7.10	8.01	8.45
Capital Adequacy Ratio (%)	12.71	12.99	12.45	12.66	13.15
Asset Growth Rate (Annual) (%)	28.80	21.16	37.66	27.68	24.72

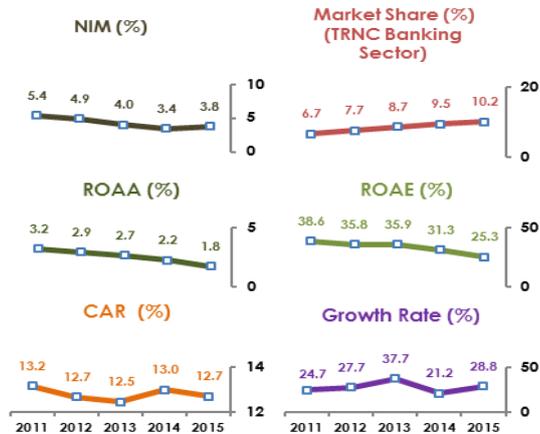
* End of year

Overview

Creditwest Bank Ltd. (hereinafter referred to as 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 of 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 (Mağosa), Kyrenia (Girne) and Güzelyurt. Furthermore, the Bank provides insurance, factoring, leasing, investment and credit card payments amenities via its five financial affiliates; Creditwest Insurance, Creditwest Finance, Creditwest Factoring, Euro-Mediterranean Investment Company Ltd. and Starcard Banka Kartları Ltd. All shares of the Bank belong to members of the Altınbaş Group, which carries out its operations principally in the sectors of energy, finance, jewellery, logistics and educations. The Group's prime business activities are based in Turkey, the TRNC, Albania and Ukraine.

In FY2015, despite sound growth rates in both assets and loan book as well as net interest income (NII), the Bank's net profit slightly contracted compared to the previous year due to growth in provision (TRY 6.9m in absolute values) and remarkable contraction in other operating income along with contraction in net fee and commission income. Though the profitability indicators, principally return on asset and equity ratios, exhibited a declining pattern over the reviewed period, stayed above the averages of TRNC Banking Sector. In the market, the Bank gradually amplified its efficiency and presence and fortified its second largest bank position among 22 banking institutions. Creditwest Bank projected growths of 10.41%, 11.59%, 25.90% and 28.61% in asset size, loans, equity base, and net profit, respectively, within the framework of projections and budgeting activities in FY2016. Based on unaudited financials as of the first half of 2016, the Bank recorded a net profit of TRY 17mn. In the event of continuity of profitability in the remainder of the ongoing year, the Bank's 2016-year end net profit projection (TRY 27.6mn) could be easily achievable.

*Assigned by Japan Credit Rating Agency, JCR on July 19, 2016
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Strengths

- Consistent growth in market share across the TRNC Banking Sector
- Profitability indicators - though declining - outperforming sectorial averages
- Satisfactory capitalization level beyond the regulatory level, despite staying below the sector average throughout the reviewed period, ensuring a shield against potential incidental losses
- High market influence through competitive strength as the second largest bank
- High internal resource generating capacity and Tier 1 capital share among the total shareholders' equity along with continuity of large percentage of profit retention policy contributing to the capital base and empowering sustainability and further growth
- Effective risk management exercises and collection success from non-performing loans book

Constraints

- Noticeable increase in NPL book in absolute values, despite improvement and below sector average NPL ratio
- Noteworthy growth in provision expenses and contraction in net fee and commission expenses along with significant increase in other operating expenses exerting pressure on profitability
- Isolated economic and political structure of the TRNC signifying a major complication for the sector's development
- Sector-wide structural maturity mismatches and short maturity profile of collected funds
- Macroeconomic dependency on social, economic and political risks due to close ties with Turkey

Publication Date: August 18, 2016 Global Knowledge supported by Local Experience

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