

**Corporate Credit Rating**

Annual Update

**Insurance**

<b>creditwest</b> Creditwest Insurance Kıbrıs		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	A+ (Trk)	A-1 (Trk)
	Outlook	Positive	Stable
Sponsor Support		2	-
Stand Alone		A	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

\*Affirmed by Japan Credit Rating Agency, JCR on July 19, 2016

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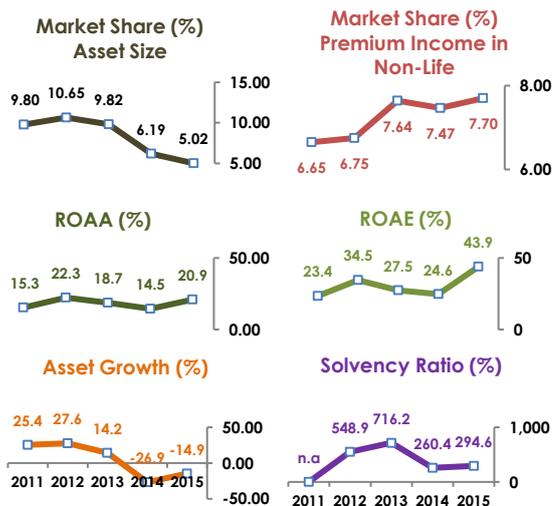
<b>CreditWest Insurance Ltd.</b>						
Financial Data	1H2016	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	5,221	4,394	6,474	9,637	10,118	7,464
Total Assets (000 TRY)	15,061	12,775	15,013	20,530	17,985	14,098
Equity (000 TRY)	6,752	6,815	6,452	14,484	11,733	9,005
Net Profit (000 TRY)	1,185	2,230	1,968	2,751	2,729	1,470
Technical Profit (000 TRY)	2,132	4,063	3,705	3,928	3,625	2,417
GWP & Oth. Tech. Income (000 TRY)	8,656	13,692	13,270	10,890	9,846	8,275
Market Share in Asset Size (%)**	n.a.	5.02	6.19	9.82	10.65	9.80
Market Share in Premium Income (%)***	n.a.	7.70	7.47	7.64	6.75	6.65
ROAA (%)	n.a.	20.94	14.51	18.71	22.28	15.30
ROAE (%)	n.a.	43.86	24.63	27.49	34.47	23.44
Solvency Ratio (%)****	419.09	294.62	260.36	716.22	548.88	n.a.
Asset Growth (%)*****	17.89	-14.90	-26.88	14.15	27.57	25.45
GWP & Oth. Tech. Income Growth (%)	n.a.	3.18	21.85	10.61	18.98	6.72

(\* ) FYE, (\*\* ) In Non-Life Sector, (\*\*\*) In Non-Life Sector Regarding GWP and Other Technical Income, (\*\*\*\*) Risk Based, (\*\*\*\*\* ) 1H2016 Figure is Semi-Annual

**Overview**

**Creditwest Insurance Ltd.** (hereinafter Creditwest Insurance or the Company) is one of the leading non-life insurance companies operating in the **Turkish Republic of Northern Cyprus (TRNC)**. The Company, wholly owned by the **Altınbaş Group** companies (Creditwest Bank and Creditwest Finance) and Altınbaş Family members, provides insurance services since 1996. was founded and began providing **non-life insurance** services in 1996. 60% of Company shares are held by six **Altınbaş Family** members. The remaining shares belong to the Altınbaş Group companies of **Creditwest Bank** and **Creditwest Finance**, with respective stakes of 30% and 10%. The Company, with its product range and innovative practices such as namely the 'Time Out', held market shares of approximately 5.02% and 7.70% as of FYE2015 regarding asset size and GWP including other technical income, respectively.

The Company carried out its operations through its headquarters and 24 agents, 14 of which are Creditwest Bank branches, and a work force of 20 as of the report date. The Company maintained its position in the top four of the sector and improved its market share regarding 'gross written premiums (GWP)' including other net technical income despite the deteriorated market share regarding asset size derived from dividend payments.


**Strengths**

- Continuously rising premiums production and increasing market share regarding GWP and other technical income
- Improved technical profit generation capacity contributing positively to profitability indicators
- Continuously increasing share of segments with relatively low loss ratio levels in the portfolio structure together with increased reinsurer share in segments with comparatively high loss ratios, contributing to technical profit generation capacity
- Above sector equity level supported with internal resources despite dividend payment
- Innovative products and services contributing positively to customer loyalty
- Benefits of being a bank related company regarding market recognition, clientele, network externalities, liquidity, funding costs and support level

**Constraints**

- Downtrend in market share regarding asset size due to continuing dividend payments over the last two years with their effects on liquidity absorbed via robust shareholding structure
- Sector-wide need for progress in corporate governance practices and obtaining and compiling relevant sector data
- Redundancy in the number of companies together with the motor own damage and third party liability insurance weighted structure of TRNC non-life insurance sector, leading to fierce price-based competition throughout the sector
- Sector-wide inability to generate non-technical income restraining profitability
- Increasing pressure on the premium production development in the overall sector due to geographic and population limitations of island economy together with insurance awareness need to be improved in TRNC

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