

Corporate Credit Rating

New Update

Sector: Banking

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RATINGS

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

*Affirmed by JCR ER on July 10, 2018

PJSC West Finance and Credit Bank

Financial Data	1Q2018**	2017*	2016*	2015*	2014*	2013*
Total Assets (000 USD)	56,372	57,322	43,053	44,500	41,884	63,295
Total Assets (000 UAH)	1,496,107	1,608,460	1,170,614	1,067,991	660,459	505,917
Total Deposit (000 UAH)	961,109	649,926	354,189	219,258	197,860	226,593
Total Net Loans (000 UAH)	1,174,159	1,080,066	842,875	523,721	452,219	326,932
Equity (000 UAH)	358,166	354,736	255,590	182,678	146,535	123,120
Net Profit (000 UAH)	13,410	39,820	30,908	36,143	23,415	14,314
Market Share (%)	0.12	0.12	0.09	0.09	0.05	0.04
ROAA (%)	n.a	3.50	3.37	5.03	4.97	4.23
ROAE (%)	n.a	15.92	17.19	26.43	21.49	15.47
Equity/Assets (%)	23.94	22.05	21.83	17.10	22.19	24.34
CAR - Capital Adequacy Ratio (%)	31.43	36.25	39.44	42.79	45.18	39.69
Asset Growth Rate (Annual) (%)	n.a	37.40	9.61	61.70	30.55	47.68

* End-of-year audited IFRS financials ** End-of-period unaudited financials

Overview

PJSC - West Finance and Credit Bank (hereinafter to be referred to as “the Bank”) began banking operations in Ukraine in March, 2007 and currently offers local banking services including deposits, loans, investment and transfers to individuals and companies via its staff force of 82 people as of FYE2017 (FYE2016: 82).

The Bank, maintaining its small-scale, has primarily focused its activities on well-reputed corporate / commercial clients representing the majority of its loan book and treasury operations.

Altınbaş Holding A.Ş. had become the major shareholder of the Bank owning 100% of the Bank's shares following the share transfer of the former shareholders in March, 2015, namely ‘Creditwest Factoring Hizmetleri A.Ş.’ and ‘Onsa Mücevherat İmalatı ve Dış Tic. A.Ş.’. On the other hand, the ultimate major shareholder of all of the group companies has remained to be the Altınbaş Family, which has established one of the largest conglomerates in Turkey operating in several diverse fields ranging from finance and energy to jewellery.

The Bank's ratings were upgraded mainly based on sustenance of robust growth together with high level of earning assets; NIM having recovered and converged to acceptable boundaries; improvement of core banking income components particularly share of NII also supported by its net fee and commission income in bolstering sustainability and predictability of the Bank's revenue streams; strengthened liquidity profile; and continuing focus in extending loans to industries with strong metrics.

Strengths

- Strong capitalization well above requirements & sector averages supporting sustainability and providing capacity to absorb incidental losses
- NIM having recovered to the extent of converging to acceptable boundaries
- Improvement of core banking income components particularly share of NII
- Asset quality maintained regarding well-below-the-sector NPL ratios & high coverage
- Sticking to selective lending to well-reputed clientele and maintaining focus on industries with strong metrics
- Liquidity profile strengthened through cumulative surpluses across maturities
- Sustained asset growth with share of earning assets continuing to expand
- Continuation of strong shareholder support abating needs for external long-term funding
- Competent managerial practices, internal written documentation and risk management organization together with high level of transparency regarding corporate governance best practices

Constraints

- Declining share of non-costly liabilities within the funding base
- Loan book with low granularity on client and sector bases together with high level of concentration of deposit customers
- Maintenance of small scale impeding potential advantages of franchise strength and continuing to exert pressure on OPEX - though providing the Bank with agility in tackling the sector wide adversities
- Historically high sector NPLs and weak creditor rights constraining lending expansion
- Ongoing macroeconomic vulnerabilities to external financial shocks through geopolitical risks & structural adversities

