

Corporate Credit Rating

New Update

Sector: Banking

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Analyst(s)

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RATINGS

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

*Affirmed by JCR on August 14, 2018

Creditwest Bank Limited

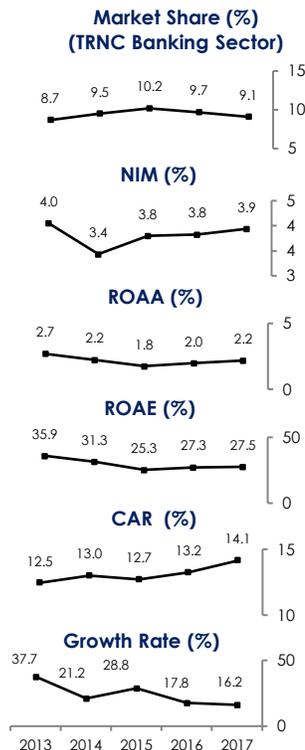
Company Overview

Financial Data	1H2018**	2017*	2016*	2015*	2014*
Total Assets (000,000 USD)	587	652	599	618	602
Total Assets (000,000 TRY)	2,676	2,459	2,116	1,797	1,395
Total Deposit (000,000 TRY)	2,285	2,132	1,851	1,635	1,227
Total Net Loans (000,000 TRY)	1,774	1,615	1,349	1,181	873
Equity (000,000 TRY)	201	201	162	121	101
Net Profit (000,000 TRY)	28	39	30	22	23
Market Share (%)	10.05	9.08	9.66	10.19	9.47
ROAA (%)	n.m.	2.18	1.97	1.76	2.25
ROAE (%)	n.m.	27.45	27.28	25.28	31.31
Equity/Assets (%)	7.52	8.19	7.67	6.73	7.24
CAR - Capital Adequacy Ratio (%)	13.94	14.14	13.25	12.71	12.99
Asset Growth Rate (Annual) (%)	-	16.17	17.76	28.80	21.16

* End of year ** Unaudited Figures

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 shifting its name to Creditwest Bank in 2006. The Bank offers modern banking services principally to privately owned enterprises as well as individuals through its 12-branch network in the cities of Nicosia (Lefkoşa), Famagusta (Gazimağusa), 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, jewelry, logistics and education. The Group's prime business activities are based in Turkey, the TRNC, Albania and Ukraine.

We affirmed the Bank's rating notes taking into consideration the improvement in profitability, capitalization and NPLs levels, high collateral level of loans and sound outcomes of the first half of the ongoing year along with continuity of growth performance in all core banking activity fields.



Strengths

- Enhancement in the principal profitability metrics in the last two consecutive years
- Sound return on asset and equity that surpassed the sector averages throughout the reviewed period
- Enhanced and satisfactory capitalization level above the regulatory level, despite staying below the sector average over the reviewed period, confirming a buffer against potential incidental losses
- High market presence coupled with competitive advantage as the third largest bank
- Collection success from non-performing loans portfolio
- Highly collateralized loan book with tangible assets contributing to asset quality
- Continuity of experienced management team and good operational track record

Constraints

- Despite the improvement in the NPLs ratio, its maintenance above the sector average
- Continuity of high cash credit risk concentration
- Sector-wide structural maturity mismatches and short maturity profile of funds
- Isolated economic and political structure of the TRNC coupled with the limitations of island economy mostly dependent on tourism and education representing a major complication for the sector's development
- Macroeconomic dependency on social, economic and political risks due to close ties with Turkey
- Increase in interest rates, accelerated depreciation of TRY against hard currencies, persistence of high geopolitical risks in the nearby region pressurizing the investment environment and asset quality