

## Corporate Credit Rating

New  Update

**Sector:** Banking

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**Head of Group**

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### RATINGS

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

\*Affirmed by JCR ER on April 26, 2019

## JSC West Finance and Credit Bank

Financial Data	1Q2019**	2018*	2017*	2016*	2015*	2014*
Total Assets (000 USD)	59,568	60,562	57,322	43,053	44,500	41,884
Total Assets (000 UAH)	1,623,165	1,676,872	1,608,460	1,170,614	1,067,99	660,459
Total Deposit (000 UAH)	967,119	583,746	649,926	354,189	219,258	197,860
Total Net Loans (000 UAH)	1,341,797	1,260,813	1,080,066	842,875	523,721	452,219
Equity (000 UAH)	409,870	398,745	354,736	255,590	182,678	146,535
Net Profit (000 UAH)	11,124	60,189	39,820	30,908	36,143	23,415
Market Share (%)	0.12	0.12	0.12	0.09	0.09	0.05
ROAA (%)	n.a	4.52	3.50	3.37	5.03	4.97
ROAE (%)	n.a	19.72	15.92	17.19	26.43	21.49
Equity/Assets (%)	25.25	23.78	22.05	21.83	17.10	22.19
CAR - Capital Adequacy Ratio (%)	30.02	30.47	36.25	39.44	42.79	45.18
Asset Growth Rate (Annual) (%)	n.a	4.25	37.40	9.61	61.70	30.55

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

### Overview

JSC - 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 87 people as of FYE2018 (FYE2017: 82).

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

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 affirmed mainly based on strong capitalization well above limits and sector averages providing capacity to absorb incidental losses; selective lending strategy while maintaining focus on industries with strong metrics; strong liquidity profile through cumulative surpluses across maturities; core banking income components settling at high levels bolstering sustainability of the Bank's revenue streams; and NIM still converging to acceptable boundaries despite recent decline.

### Strengths

- Strong capitalization well above limits & sector providing capacity to absorb incidental losses
- Sticking to selective lending to well-reputed clientele and maintaining focus on industries with strong metrics
- Strong liquidity profile through cumulative surpluses across maturities
- Core banking income components particularly NII bolstering sustainability of revenues
- NIM still converging to reference indices despite recent decline
- Asset quality maintained despite increasing NPLs via IFRS 9 transition & high collateral coverage
- Sustained asset growth with share of earning assets continuing to stay high
- Continuation of strong shareholder support abating needs for external long-term funding
- Improved managerial and risk management practices together with high level of transparency regarding corporate governance best practices

### Constraints

- 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 still weak creditor rights constraining lending expansion
- Macroeconomic vulnerabilities to external financial shocks eased to an extent but still persisting through geopolitical risks & structural adversities

