

## Corporate Credit Rating

New  Update

Sector: Banking

Publishing Date: 29/08/2019

### Analysts

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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 November 27, 2018

## Creditwest Bank Limited

### Company Overview

Financial Data	1H2019**	2018*	2017*	2016*	2015*
Total Assets (000,000 USD)	663	582	652	599	618
Total Assets (000,000 TRY)	3,817	3,064	2,459	2,116	1,797
Total Deposit (000,000 TRY)	3,350	2,639	2,132	1,851	1,635
Total Net Loans (000,000 TRY)	2,313	1,886	1,615	1,349	1,181
Equity (000,000 TRY)	249	260	201	162	121
Net Profit (000,000 TRY)	36	61	39	30	22
Market Share (%)	10.35	9.73	9.08	9.66	10.19
ROAA (%)	n.m.	2.94	2.18	1.97	1.76
ROAE (%)	n.m.	35.17	27.45	27.28	25.28
Equity/Assets (%)	6.53	8.47	8.19	7.67	6.73
CAR - Capital Adequacy Ratio (%)	14.03	14.62	14.14	13.25	12.71
Asset Growth Rate (Annual) (%)	-	24.62	16.17	17.76	28.80

\* 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 Güzeyurt. 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. In line with the need to respond to the fastest developments in fintech area and increase the digitalization in banking processes along with intentions to pioneer in this field, Creditwest Engine Solitons Technology - a subsidiary of the Bank, was established. 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, JCR-ER, affirmed the Bank's rating notes taking into consideration the above sector average sound profitability metrics, well capitalization, improvement in NPL ratio & loans loss coverage, high collateral level of cash loans and sound outcomes in the first half of the ongoing year along with the continuity of strong growth performance in all core banking activity fields.

### Strengths

- Improved and below sector average NPL ratio coupled with high loans loss coverage contributing asset quality
- Amelioration in net profit and the principal profitability indicators
- Sound return on asset and equity that outperformed the sector averages throughout the reviewed period
- Well capitalization level, above the regulatory level, notwithstanding remaining below the sector average over the reviewed period, confirming an adequate shield against potential incidental losses
- High market power coupled with competitive advantage as the third largest bank
- Highly collateralized loan book with tangible assets contributing to asset quality

### Constraints

- Permanency of high cash and non-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
- Further improvement needed in compliance with corporate governance

