



**JCR
Eurasia Rating
affirms**

**JSC – West Finance
and Credit Bank’s**

**Long-Term National
Note at
‘AA (Ukr)’**

and

**Long-Term
International FC and
LC notes at
‘BB-’**

while upgrading
the outlook on the
Long-Term National
Scale to ‘Positive’.



NOTES

		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	-

Sector:
Banking

Report Date:
June 24, 2019

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Press Release

Istanbul – June 24, 2019

JCR Eurasia Rating has affirmed the ratings of JSC – West Finance and Credit Bank at ‘AA (Ukr)’ on the Long-Term National Scale denoting a very high level of investment grade and affirmed ‘A-1+ (Ukr)’ on the Short-Term National Scale while upgrading the outlook on the Long-Term National Scale to “Positive”. JCR Eurasia has also affirmed the Long-Term International Foreign and Local Currency ratings as ‘BB-’ positioned above the country ceiling. Other notes and details of the ratings are given in the left column.

JSC – West Finance and Credit Bank was founded in Ukraine in 2007 by the ownership of Altınbaş Holding A.Ş. from Turkey. The Bank has maintained its activities with primary focus on corporate and commercial borrowers with increasing share of earning assets within its balance sheet structure while continuing to record sustained robust growth rates cumulatively above the averages of the banking sector. While the Bank has been exposed to some impediments in enjoying the advantages of franchise strength through economies of scale in view of its small-scale segment, this, on the other hand, has gained the Bank the agility through the support of managerial practices and sustainable profitability in developing expeditious strategic actions in tackling the sector wide adversities as currently happen in Ukraine through historically highest level of non-performing loans and weak creditor rights constraining lending expansion.

Strong capitalization well above limits and sector averages supporting sustainability and providing capacity to absorb incidental losses; asset quality maintained through selective lending strategy while maintaining focus on industries with strong metrics despite increasing NPLs and its loan book indicating low granularity; strong liquidity profile through cumulative surpluses across maturities; core banking income components particularly share of NII also supported by its net fee and commission income settling at high levels in bolstering sustainability and predictability of the Bank’s revenue streams; bolstering sustainability of the Bank’s revenue streams; and NIM still converging to acceptable boundaries despite recent decline were the key factors effective in the assignment of the Bank’s rating notes.

On the other hand, the Bank’s sustenance of growth together with high level of earning assets; and continuation of strong shareholder support abating needs for external long-term funding were also effective in the affirmation of its Long-Term National note. The Bank was assigned a “Positive” outlook on the Long-Term National Scale particularly regarding: (i) the Bank’s upward trend in the rankings within the sector and expected improvement therein, (ii) the Bank’s guidance figures for FY2019, which have been evaluated to be in line with the recent improvements in its financial statements, and (iii) increasing probabilities in attaining the medium-term capital requirements of the NBU.

Continuation of currently observed compliance level with the NBU’s recapitalization plans increasing minimum regulatory capital requirements for the banks in Ukraine to UAH500 mn by July, 2024 on a phased basis; sustenance and further improvement of profitability items particularly through enhancement in core banking revenues to the extent of generating internal equity; and level and direction of non-performing loans both in sectoral and the Bank level will be the monitoring issues in the following periods.

The long-term international foreign and local currency ratings continue to be evaluated above the country ceiling of Ukraine, which is B-/Stable by taking into consideration the existence of Altınbaş Group, with business activities in several diverse fields in Turkey (*the sovereign rated (BBB-) in investment grade category by JCR*), in the shareholder structure, well-capitalized funding mix of the Bank and the magnitude of the Bank’s assets ranking relatively low with regard to that of the Group together with considering the sustained exceptional immunity of the Bank to the ongoing countrywide banking crisis as evidenced by its further improved main financial indicators.

The willingness of the shareholders to provide funds to the Bank and their history of doing so in previous years and the continuing expectation of financial support to the sector to a certain extent by the local authorities in the case of emergence of systemic risks, the ‘Sponsor Support’ grade of the Bank has been affirmed at (2). The current senior management’s ability and competent and stable managerial practices together with its moderate risk profile to administer the risks undertaken to absorb possible adversities given the capacity of the Bank’s strong equity base and capitalization level corresponds to the affirmed level of (AB) in ‘Stand Alone’ category under JCR Eurasia’s notation system.

For more information regarding the rating results you may visit our internet site <http://www.jcrer.com.tr> or contact our Head of Group Mr. Zeki M COKTAN.

JCR EURASIA RATING
Administrative Board