

Corporate Credit Rating

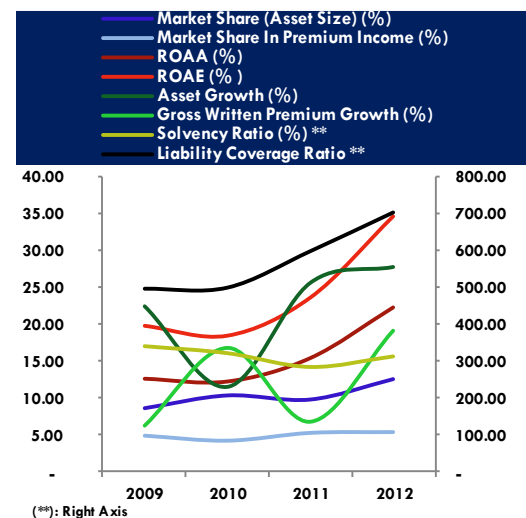
Annual Review

Insurance

creditwest Creditwest Insurance Kıbrıs		Long Term	Short Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	A+ (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
Sponsor Support		2	-
Stand Alone		A	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

Analyst: Gökhan IYIGUN/+90 212 352 56 74

gokhan.iyigun@jcrer.com.tr


(**): Right Axis

CreditWest Insurance Ltd.						
Financial Data	2012*	2011*	2010*	2009*	2008*	2007*
Total Assets (000 USD)	10,118	7,531	7,272	6,695	5,319	5,647
Total Assets (000 TRY)	17,985	14,098	11,238	10,081	8,044	6,577
Equity (000 TRY)	11,733	9,005	7,534	6,550	4,990	4,294
Net Profit (000 TRY)	2,729	1,470	984	1,560	696	1,422
Technical Profit (000 TRY)	3,625	2,417	1,965	2,396	962	1,851
Premium Income (000 TRY)	9,846	8,275	7,754	6,646	6,259	4,860
Market Share in Asset Size (%) **	10.65	9.80	10.34	9.31	8.65	7.27
Market Share in Premium Income (%)	7.53	5.36	5.24	4.09	4.83	4.13
ROAA (%)	22.28	15.30	12.07	22.34	12.45	23.21
ROAE (%)	34.47	23.44	18.27	35.09	19.61	36.02
Solvency ratio (%)	311.93	283.80	320.50	367.47	339.11	256.87
Liability Coverage Ratio (%)	698.18	594.60	532.18	497.16	494.23	490.87
Asset Growth Rate (%)	27.57	25.45	11.48	25.32	22.30	38.75
Gross written premium Growth (%)	18.98	6.72	16.67	6.19	28.78	36.70

*End of year ** Non-Life only

Overview

Creditwest Insurance Ltd. (hereinafter Creditwest Insurance or the Company) began providing non-life insurance services in 1996 in the Turkish Republic of Northern Cyprus (TRNC). The company, wholly owned by the Altınbaş Group (Creditwest Bank and Creditwest Finance) and Altınbaş family members, is one of the largest and most prominent non-life insurance companies operating in the Turkish Republic of Northern Cyprus (TRNC) with a market share of 12.50% as of FYE2012.

Creditwest Insurance, with a total of 21 agents (14 Creditwest Bank's branches, 6 individual (exclusive) agents and Creditwest Finance Ltd.) located in Girne, Lefkoşa, Magosa, Güzelyurt and Gemikonagı, is ranked fourth in terms of 'gross written premiums (GWP)' amongst the 27 non-life insurance companies operating in the TRNC.

Creditwest Insurance achieved almost one-third of the total pre-tax profit of the TRNC Insurance Sector in FY2012 and expanded its product range to 16 with two new insurance products of 'legal protection' and 'golf'. The Company carries out its activities via the cooperation of AON RE Benfield Insurance and Reinsurance Brokerage.

The Company's long term national grade was upgraded one notch to 'A+ (Trk)' with a 'Stable' outlook.

Strengths

- Above sector average year-end asset growth along with continuously above sector cumulative growth figures and upward trend in market share during the last six years
- Ongoing above sector average equity level backed by a continuing profit retention policy
- Continuous improvement in GWP over the years despite downward trend in the sector figure in the last three years
- Successive two years of noteworthy improvements in profitability ratios along with remarkably above sector year-end figures
- Decreasing shares of both technical and non-technical expenses in GWP contributing to profitability
- Evolving portfolio structure in favor of branches with relatively low loss ratio levels

Constraints

- Below sector average net premium generation capacity of equity
- Prevalent sector-wide inadequacy of non-technical income level
- Improvement needs in corporate governance practices in both the company and sector
- High competition amongst sector players

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"Global Knowledge supported by Local Experience"

1. Rating Rationale

The Turkish Republic of Northern Cyprus (TRNC), in which Creditwest Insurance operates, declared its independence in 1983 and is at present officially recognized only by Turkey. Since its establishment, the TRNC has been supported by the Turkish Republic in economic, politic, trade and military issues.

Creditwest Insurance is one of the most prominent amongst the 27 non-life insurance companies operating in the TRNC with a 10.65% (FY2011: 9.80%) asset size market share. The Company ranked 4th in premium production and 10th in paid losses.

The population of the TRNC speaks Turkish and their local currency is the Turkish Lira (TRY). As the TRNC and the Turkish Republic have strong collaboration in many fields JCR Eurasia Rating has paired the sovereign risk assessment of the TRNC with that of the Republic of Turkey.

JCR Eurasia Rating has utilized independent audit reports complying with local regulations for this rating assignment. Moreover, statistical data by the Insurance and Reinsurance Association of the TRNC have also been drawn upon for analysis purposes despite some difficulties in obtaining and compiling relevant sector data.

As of FY2012;

- Creditwest Insurance's pre-tax profit comprised 30.30% of the total sector's pre-tax profit (FYE2011: 30.00%),
- The Company's pre-tax profit increased by 84.41% on a YoY basis, almost equal to the sector figure of 82.59%,
- The Company profitability ratios ROAA and ROAE outperformed the sector indices mainly due to decreasing share of expenses, both technical and non-technical, in GWP,
- Company premium production increased remarkably by 19.98% (FYE2011: 6.72%) while the non-life sector's increased by 0.67%,
- The Company's asset size growth was 27.57% (FYE2011: 25.45%) while the sector's asset size growth was 17.38% (FYE2011: 32.40%),
- The Company had no doubtful receivables despite deterioration in the sector figure from 2.88% to 4.80%,
- Equity to total asset ratio of the Company increased to 65.24% from 63.87% in FY2012, above the sector figure of 51.13% (FY2011: 50.65%),
- The Company ratio of 'net premium to equity' decreased to 32.06% from 35.24%, a figure below the sector's average of 63.21% (FYE2011: 74.08%),
- Solvency ratio of the Company was 311.93% while the sector's was 158.19%,
- Creditwest Insurance's 'loss and paid' ratio was 33.54% while the sector's was 70.67%,
- 17.02% of the Company's total assets were allocated to tangible assets while the sector's figure was 5.01%.

The driving forces behind the upgrade of the long-term national grade of the Company were;

- i. Successive two years of remarkable improvements in profitability ratios,
- ii. Continuing improvement in GWP over the years despite a downward trend in sector figure in the last three years,
- iii. Noteworthy increase in liquid assets level contributing to risk level,
- iv. Decreasing trend in the ratio of 'expenses to GWP'.

With respect to the above mentioned factors, JCR Eurasia Rating has assigned the long term international foreign currency and local currency ratings as '**BBB-**', the same as that of the sovereign ratings of the Republic of Turkey, and upgraded the long term national local ratings one notch to '**A+ (Trk)**' in JCR Eurasia Rating's notation system, which denotes a high investment grade.

2. Outlook

A '**Stable**' outlook has been assigned for the Company's short and long term national grades with the expectation of minimal changes in existing conditions, state of affairs and development trends due to exhibited trends and realized improvements in the main financial performance indicators, changing trend in the portfolio structure on behalf of branches with relatively low loss ratio levels, decreasing liquidity risk level as well as the decreasing premium production throughout the sector, improvement needs in corporate governance principals both in the sector and the Company and high competition in the sector.

Additionally, JCR Eurasia Rating has affirmed and assigned '**Stable**' outlooks on the international long and short term local currency rating perspectives of Creditwest Insurance. The outlook regarding the long-term is that of the sovereign rating's outlook of the Republic of Turkey.

The main driving forces that can call forth a revision in the current outlook status include Company related issues affecting asset quality and liability profile, along with Turkey's sovereign rating which is highly responsive to domestic and foreign political and economic uncertainties, tensions and developments. The management of additional risks combined with the growth and improvement in Turkey, the Turkish Republic of Northern Cyprus and the global financial climate are the substantial factors that may be taken into consideration for any future change in ratings and outlook status.

3. Sponsor Support and Stand Alone

Sponsor support grades and their risk estimations reflect the financial and non-financial states and expected support of the main shareholders of Creditwest Insurance. It is considered that the Company's shareholders, the Altınbaş Family, have the capacity to provide financial and operational support as and when required. The Altınbaş Family's business activities are principally based in Turkey, the Turkish Republic of Northern Cyprus, Albania and Ukraine in the field of finance, jewelry, logistics and energy.

The Stand Alone Grade has been constituted particularly with respect to Creditwest Insurance's asset quality, premium generation capacity, equity level, liquidity level,

profitability ratios and growth potential and the development of existing risks in the markets and business environment.

Under these assessments, JCR Eurasia Rating has affirmed the Sponsor Support Grade as '2', reflecting the financial and non-financial states and expected support by the shareholders, and a Stand Alone Grade of 'A' with the opinion that Creditwest Insurance has reached the level of adequate experience and facilities to manage the incurred risks on its balance sheet successfully without any assistance from its shareholders, on condition that it maintains the current customer level and efficiency in the market. Group company synergy and support are forceful components behind the Company's effectiveness.

The following table provides the Company's 2012 year-end shareholder structure and realized changes over the last three years. The Company increased its paid-capital to TRY 4mn from TRY 1.1 in 2011.

CreditWest Insurance Ltd. Shareholders Structure	Share %		
	2012	2011	2010
Creditwets Bank Ltd.	30.00	30.00	30.00
Creditwest Finance Ltd.	10.00	10.00	10.00
Ali ALTINBAŞ	10.00	10.00	10.00
Aliye ALTINBAŞ	10.00	10.00	10.00
Hüseyin ALTINBAŞ	10.00	10.00	10.00
Sofu ALTINBAŞ	10.00	10.00	10.00
İmam ALTINBAŞ	10.00	10.00	10.00
Nusret ALTINBAŞ	10.00	10.00	10.00
TOTAL	100.00	100.00	100.00
Paid Capital (TRY/000)	4,000	4,000	1,100

• **Creditwest Bank Ltd.**

Creditwest Bank Limited, fully owned by members of the Altınbaş Family, was incorporated under the name Altınbaşbank in 1994 and renamed Creditwest Bank in 2006. The Bank is fully licensed to carry out all banking operations in the TRNC. The Bank provides a wide range of banking services, including deposit acceptance, the granting of corporate and personal loans as well as other banking services through its fourteen branches. Creditwest Bank had a market share of 7.59% at the end of FY2012 and was the 5th largest bank among the 23 banking institutions in the TRNC.

• **Creditwest Finance Ltd.**

Creditwest Finance Limited was established in 1994 to offer services in the consumer financing sector. It focuses on providing finances through leasing. 48.91% of shares of Creditwest Finance Limited are owned by Creditwest Bank Limited.

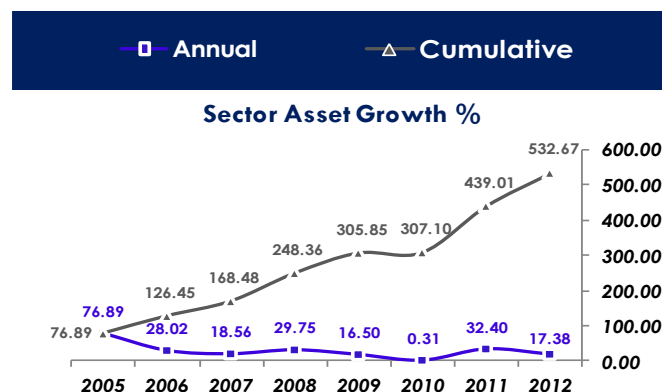
• **Altınbaş Group**

The Altınbaş Group, one of the most prominent groups in Turkey, has operations in seven countries on three continents. Prime business activities are based in Turkey, the Turkish Republic of Northern Cyprus, Albania and Ukraine. The Group has diversified its geographical and business risks by

holding interests in seven different sectors i.e. energy, finance, jewelry, logistics, real estate, education and sports.

4. Sector Analysis

The insurance sector in TRNC, involving 29 companies two of which operate in the life-segment, exhibited, with the exception of 2010 the year of great flood disaster, an ongoing assets size growth since 2005 and a cumulative growth of 532.67% as of FYE2012.

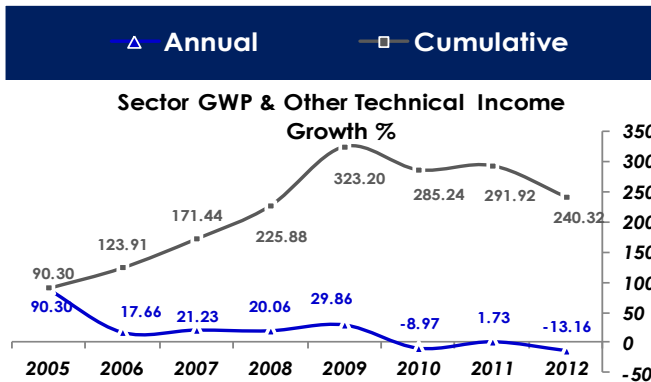


The TRNC's insurance sector premium volume exhibited a decreasing trend following 2009 and decreased to TRY 130.69mn in 2012 from TRY 162.51mn in 2009. Although the total sector premiums decreased by 13.16% in 2012, the non-life insurance premium volume rose by 0.67% (FYE2011: 1.88%). The decrease in total sector figure derived from a 79.47% decrease in life-segment premiums.

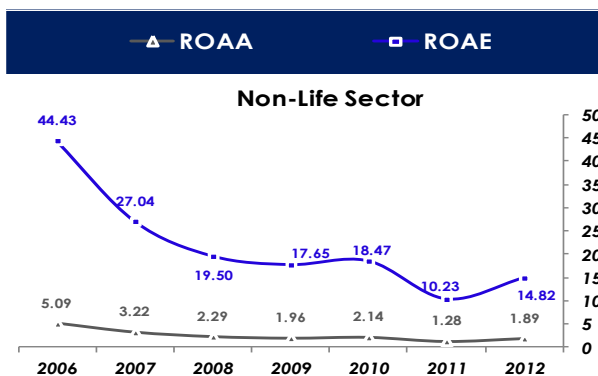
The increasing unemployment rate and decreasing disposable income due to changing consumer preference and concern for the future derived from slowed down economic growth in most advanced and emerging markets and recession in Western Europe has reduced the demand for life insurance and decelerated the growth of non-life insurance. World-wide life insurance premiums increased 2.30% in 2012 following a contraction of 3.30% in the previous year. Emerging markets' life-segment premiums increased 4.90% in 2012 after a remarkable decline in 2011 due to shrinkages in India and China. The related growth in advanced markets was 1.80% in 2012 (2011: -3.00%) with the support of well performance in US and Asian markets despite ongoing contraction Western Europe. World-wide non-life insurance premium volume increased 2.60% in 2012, below pre-crisis average growth rate, while that of emerging markets was 8.60%. The healing in the advanced markets accelerated with the growth of 1.5% (2011: 0.9%), the fourth consecutive year of rising premiums following the decline in 2008.

During FY2012 the non-life and life insurance companies wrote total premiums of TRY 125.35mn (FYE2011: TRY 124.52mn) and TRY 5.34mn (FYE2011: TRY 25.98mn), respectively, including administrative charges. Of the sector wide total written premiums, 95.92% was realized by non-life insurance (FYE2011: 81.68%) and 4.08% by life insurance transactions. The decrease in the last year derived mainly from shrinking GWP in the non-life segment.

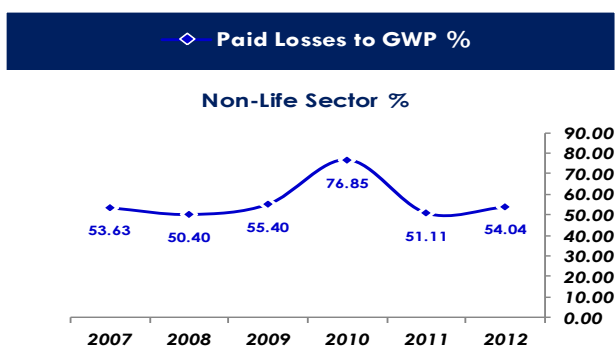
For the period between FY2005 and FY2012 the industry experienced a two and a half-fold growth in total premiums and a more than five-fold growth in asset size in cumulative terms.



As for the profitability of the non-life insurance sector, the high catastrophe losses during 2011 adversely affected the underwriting profitability while the low interest rates impeded the generation of investment activity returns. On the other hand, both the ROAA and ROAE ratios recorded an almost 50% improvement in 2012 due to 82.59% increase in pre-tax profit derived from a 47.34% increase in technical profit against a 10.71% increase in overhead expenses.



The ratio of 'paid & outstanding losses to GWP and other income' increased but stayed in the usual range between 50% and 55% over the years. The large increase in incurred claims during FY2010 was due to natural catastrophes (flood, hail and fire).



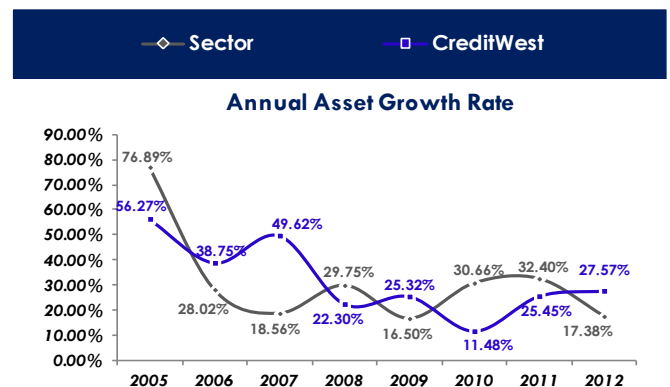
The TRNC Insurance Sector is regulated by the Insurance Services (Regulation and Supervision) Law no.60/2010 effectuated on January 01, 2012, with a view to improve the

harmonization level with EU regulations. On the other hand, some advances envisaged by the Law could not be put into full effect due to uncompleted terms of references. However, the following regulatory statutes were published under the Law no.60/2010; (i) insurance agencies regulation dated August 12, 2011, (ii) regulation on the establishment and operating principles of insurance and reinsurance companies, (iii) regulation on insurance information center dated March 5, 2012, (iv) regulation on the assets of insurance and reinsurance companies to be invested as technical provisions, (v) regulation on the capital adequacy requirements of insurance and reinsurance companies, (vi) regulation on the collaterals and (vii) regulation on compulsory insurance guarantee fund.

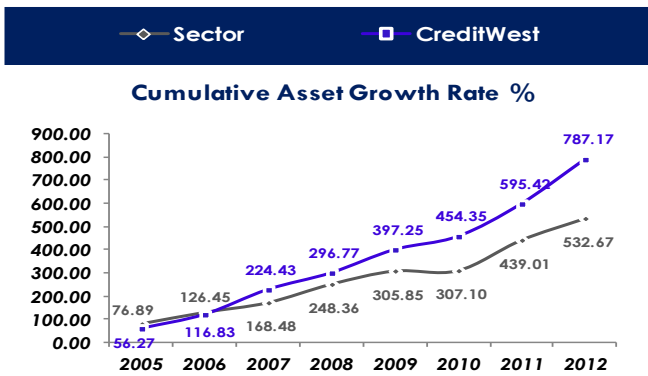
It is expected that the sector's effectiveness and accountability will improve and the destructive competition will reduce through the capital adequacy and licence requirements and the regular supervision and compliance monitoring activities envisaged by the Law. Moreover, the establishment of a traffic information center in the near future is projected to increase the effectiveness, traceability and formality of the motor vehicle physical damage segment holding an approximately 70% share in the TRNC insurance sector.

5. Financial Analysis

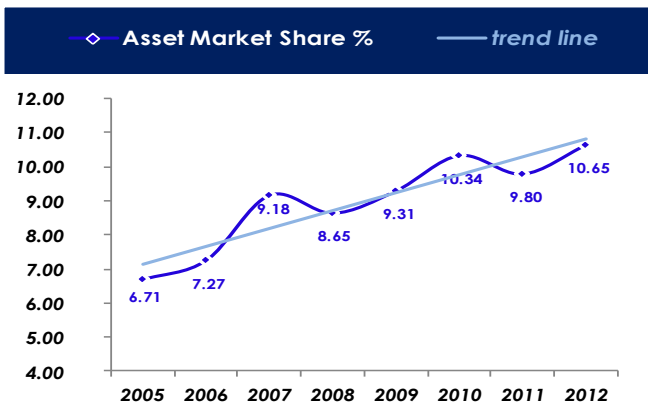
The Company posted its highest annual asset growth over the last five years in 2012 with an above sector (17.38%) year-end value of 27.57%. Both the Company and sector figures exhibited an oscillating pattern during the review period.



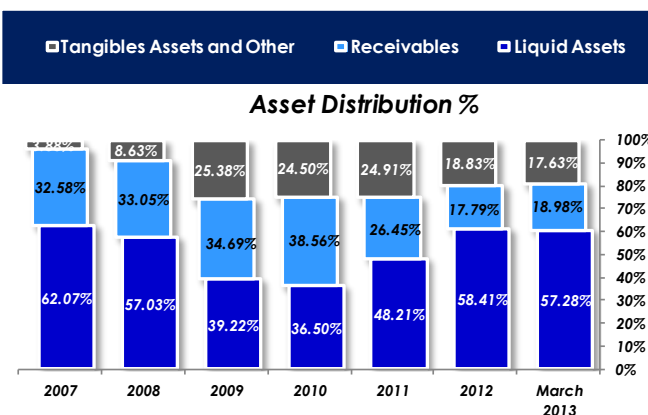
The Company's cumulative asset growth rate exhibited a continuously above sector average pattern and increasingly differentiating trend with a cumulative increase of 787.17% during the eight year period between 2005 and 2012 while the sector's stated growth rate was 532.67% for the same period.



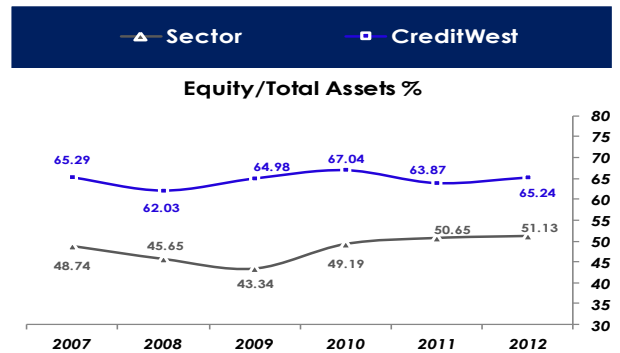
As a natural consequence of the above stated performance, the Company's market share in asset size also exhibited an increasing trend throughout the same period. Creditwest Insurance's asset base market share displayed a fluctuating pattern over the period under reviewed and increased to 10.65% FY2012 from 9.80% FY2011.



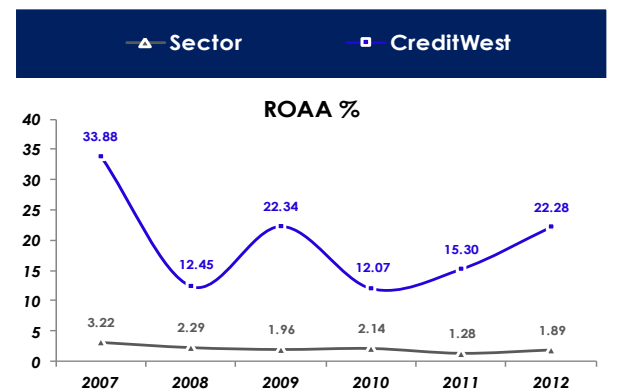
The Company's financial statements had a total assets size of TRY 17.99mn with a dispersion of 58.41% cash and cash equivalent assets, 17.79% receivables with a high collection capacity from agencies and insurance holders and 18.83% tangible and other assets as of FYE2012. The increase in liquid assets from 48.21% to 58.41% (above sector average of 51.36%) along with decreases in receivables and tangible assets contributed to the Company's risk level, liquidity management and profitability. On the other hand, the Company ratio of 'tangible assets to equity' stood at the above sector figure (5.01%) of 18.83% despite improvements, pressuring the profitability.



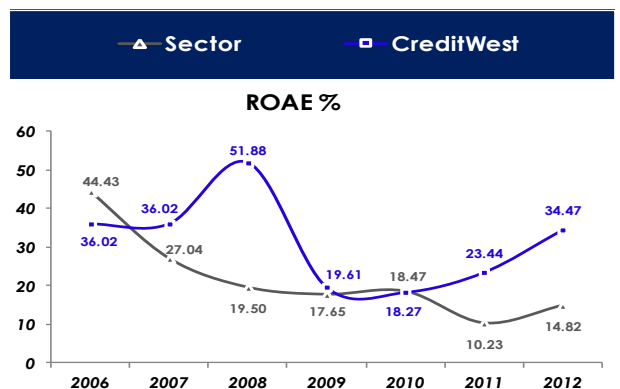
Equity to total assets ratio of the Company exhibited a continuously and remarkably above sector average pattern over the years and stood at 65.24% against the sector figure of 51.13% as of FYE2012. Moreover, the Company's ongoing retention policy of profits contributes to equity level.



One of the principal profitable ratios, ROAA, was markedly above the sector averages for the entire period under review and improved to 22.28% from 15.30% in 2012. The stated Company ratio was approximately eleven times higher than the sector average at the end of FY2012.

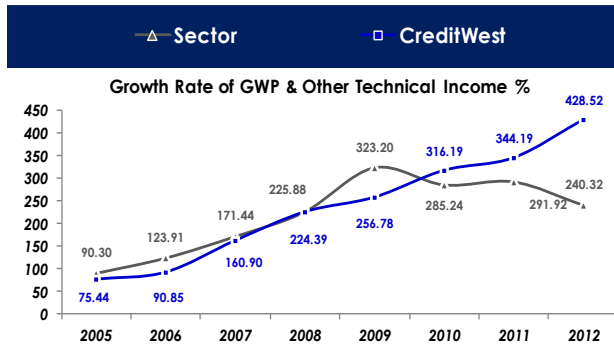


Both the Company's and sector's return on average equity (ROAE) figures improved in 2012. The Company's ROAE ratio stood at almost 2.32 times that of the sector as of FYE2012 with a year-end value of 34.47%.



The Company outperformed the sector in the growth of gross written premium (GWP) over the last three years. Accordingly, the related below sector figure ratio in 2010

improved and stood remarkably above the sector average with an eight-year growth ratio of 428.52% as of FYE2012. The decreasing trend since 2009 and the deterioration in the last year in the sector figure derived mainly from the declining GWP in the life segment.

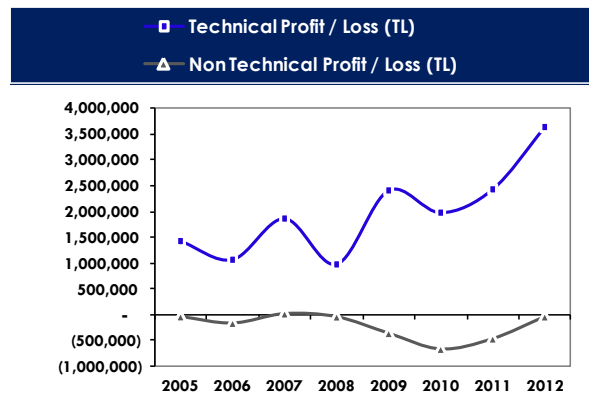


Creditwest Insurance operates in non-life segments of fire, transportation, accident, engineering and motor vehicle. The Company's GWP demonstrated an 18.98% growth at the end of FY2012 on a year-on-year basis. The GWP of motor vehicle physical damage segment still contributes the largest share although its portion decreased to 51.18% from 62.07% FYE2012. In the same period the contribution of the accident segment increased to 34.09% from 26.36% FYE2012 and took the second largest share in GWP. A paid loss to written premium ratio of the motor vehicle physical damage segment was 75.53% FYE2012 while the ratio of the accident segment was 16.02%, demonstrating that the increase in the accident share of total GWP will contribute to future profitability levels as in the last three years.

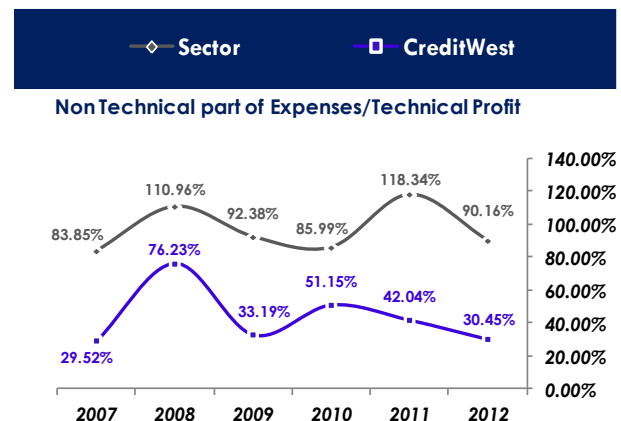
Distribution of GWP %	Premium (CreditWest)							
	2005	2006	2007	2008	2009	2010	2011	2012
Fire	4.56	5.79	15.69	58.63	8.77	9.11	9.09	11.27
Transportation	15.78	10.39	2.6	0.05	3.55	3.77	2.34	3.29
Motor Vehicle								
Physical Damage	77.29	80.86	81.12	32.22	78.22	72.28	62.07	51.18
Accident (Incl. MTPL)	2.37	2.96	0.5	1.48	9.37	14.89	26.36	34.09
Engineering	-	-	0.1	7.62	0.09	-0.04	0.14	0.17
Health	-	-	-	-	-	-	-	-
Total Non-Life	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Life	-	-	-	-	-	-	-	-
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Gross Written Premium (GWP) of Creditwest Insurance followed an increasing trend over the last six year period and the Company generated continuous profit from its operations, improving over the last two years. The Company's net profit amounted to TRY 2.73mn as of FYE2012 (FYE2011: TRY 1.47mn) with a significant increase of 85.61% compared to the previous year.

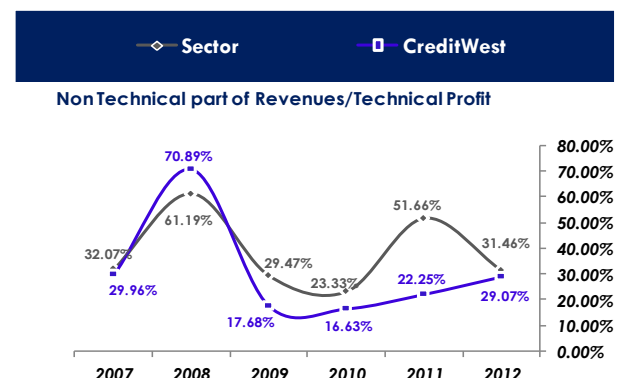
Creditwest Insurance recorded a TRY 3.64mn 2.42mn technical profit (FY2011: TRY 2.42mn, FYE2012: TRY 1.96mn) and faced a non-technical loss of TRY 50.13k as of FY2012 (FYE2011: TRY 478.31k). Under the reviewed period, the technical profit of the Company exhibited an upward trend with a fluctuating pattern. Moreover, the Company did not achieve a non-technical profit between 2008 and 2012, despite improvement in the last year.



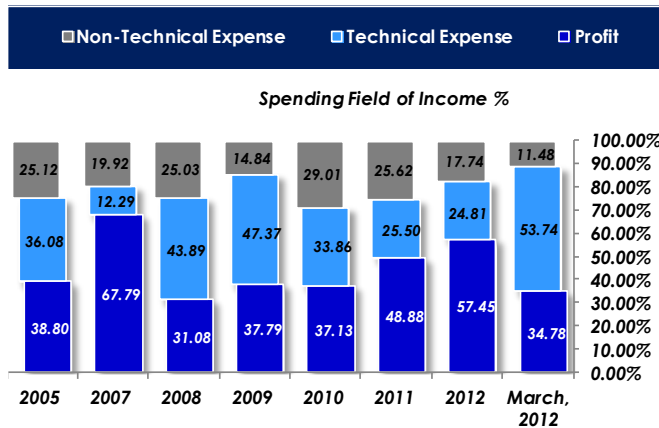
The non-technical part expenses, which are generally comprised of personnel and administrative expenses, to technical profits ratio was 30.45% FY2012, remarkably below the sector figure of 90.16%. The pressure of non-technical expenses on technical profit has exhibited a decreasing trend over the last two years, contributing to the Company's profitability. The stated figures indicate that the Company keeps personnel and administrative expenses under control and generates profits from its main activities.



The Company's ratio of 'non-technical part revenues/technical profit' exhibited an increasing trend over the last two years. The stated ratio increased to 29.07% and approximated to sector figure (31.46%) as of FYE2012 as an outcome of a 95.99% increase in non-technical part of revenues against a 49.98% increase in technical profit. The figure of 29.07% implies that 70.93% of the Company's profits were generated through its main operations.



Both the shares of non-technical and technical expenses in total income decreased over the last two years and contributed to the Company's profitability. Moreover, the share of non-technical expenses realized its lowest level as of FYE2012.



6. Risk Management

The Insurance Services (Regulation and Supervision) Law no.60/2010 stipulates that Insurance and Reinsurance companies should establish internal control, internal audit and risk management systems. However, regulations have not yet been set up by authorities. Thus, internal control, internal audit and risk management systems have not yet been established by the Company.

The Company's liquidity ratios sustained improvement starting in 2011 as of FYE2012 through remarkable increases in the ratios of 'current assets to short term liabilities' and 'cash and similar assets to total assets'. A 62.46% increase in current assets along with a 38.63% decrease in short term liabilities and a 120.56% increase in cash and similar assets against a 27.57% increase in total assets led to above stated remarkable improvements in the stated ratios. Accordingly, the Company advanced its ability to cover its debts and losses in the future.

Some selected financial and operational ratios of Creditwest Insurance are provided in the table below to ease comparison.

%	2007	2008	2009	2010	2011	2012
Loss Ratio (Gross)	47.56	76.94	111.33	80.76	67.76	57.48
Loss Ratio (Net)	18.68	69.26	68.74	43.21	27.77	20.46
Technical Profit & Loss Ratio (Gross)	46.86	19.12	43.97	33.37	38.33	51.83
Technical Profit & Loss Ratio (Net)	129.18	70.25	152.59	89.43	82.94	109.04
Combined ratio (Gross)	47.85	77.23	111.42	80.76	67.76	62.65
Combined ratio (Net)	19.39	70.12	68.91	43.21	27.77	29.23
Conversion Ratio = Reinsurance retention ratio	36.28	27.21	28.82	37.32	46.22	47.53
Loss and Paid Ratio	43.24	33.37	29.18	33.29	30.45	33.54
Premiums Ceded to Reinsurer/Total Premium	59.14	66.64	51.29	57.62	48.23	40.99
Incurred Losses (Gross) Ceded to Reinsurer/Incurred Losses	83.95	69.97	69.93	77.32	78.78	78.99
Solvency Ratio = Net Assets/ Written Net Premiums	250.12	339.11	367.47	320.50	283.80	311.93

The solvency ratio, one of the most essential ratios of the insurance sector, indicates the financial soundness of the Company as well as shows its capability to meet claims payment. Creditwest Insurance's solvency ratio was quite high, indicating that the Company has a high capability to meet claims payment.

The reinsurance retention ratio is an indicator of the amount of risks carried by the Company rather than being passed to the reinsurer and illuminates the Company's strategic management decision on the preferred balance level between profitability and risk avoidance. The stated ratio followed an increasing trend since 2008 with a year-end ratio of 47.53% as of FYE2012, indicating a transfer to the reinsurer at low levels. Though this appears to favor profitability, the Company's loss and payment risk will increase subsequently in the event that probable claims are incurred.

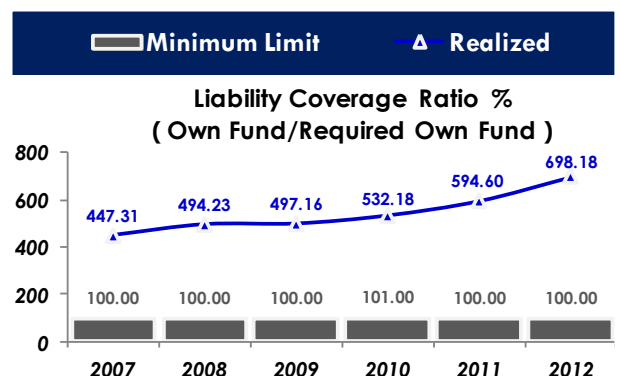
The Company's loss and paid ratios increased to 33.54% from 30.45% as of FYE2012 and was remarkably lower than the sector's 70.67%, indicating the Company's cautious policy as well as lower claim payments.

The combined ratio measures the profitability level of a company. A ratio of less than 100% means the company generates profit from its activities. The Company maintained the improvement in the stated ratio and stood at 62.65% as of FYE2012.

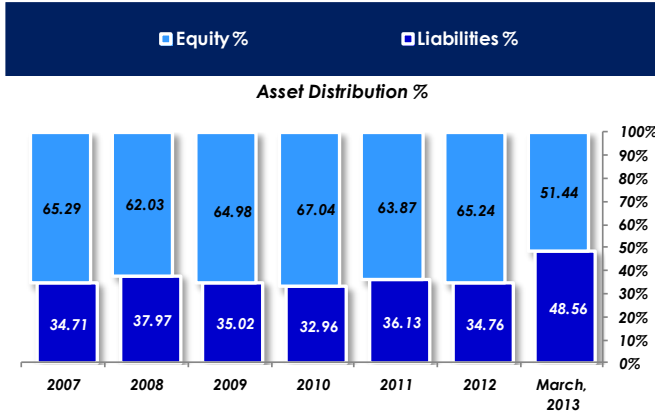
Creditwest Insurance had no doubtful receivables as of FYE2012, the same as the previous years. In line with its investment strategy, the Company had no sub-prime securities or assets based on derivative instruments contributing to asset quality and risk exposure.

The Sector's liquid assets comprised 48.64% of the total assets while the Company's 76.20%. As a result of the sound equity base with high liquid assets along with no doubtful receivables, the asset quality of Creditwest Insurance maintained its high level as of FYE2012.

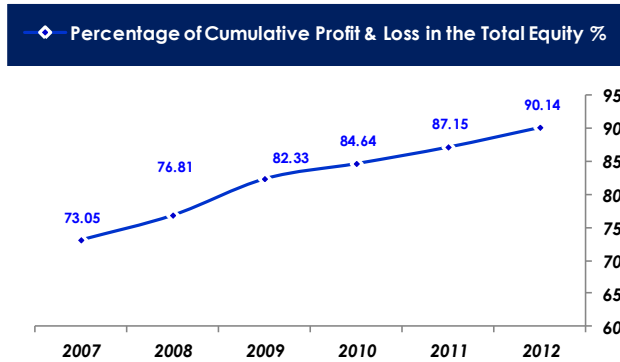
The liability coverage ratio of the Company exhibited a continuously improving pattern and stood remarkably above the limits set by TRNC insurance authorities since 2007. If the minimum legal requirement level is accepted as 100%, the Company's liability coverage ratio was 698.18% as of FYE2012, approximately seven times higher than the requirement level.



Over the last seven year period, Creditwest Insurance's equity to assets ratios retained its higher level, which stood at around 65%, while the liabilities to assets ratio were approximately 35%. These ratios indicate the Company's strong equity base.



With the 2005 net profit figure taken as starting point, 90.14% of the Company equity was generated via profit from its activities. The cumulative Profit and Loss to Total Equity Ratio maintained its increasing trend over the last six year period, indicating the efficiency of the Company in expanding its equity base without a cash equity injection.



8. Corporate Governance

Creditwest Insurance is not a publicly traded company; therefore the corporate governance discipline is not field that is required to taken into consideration. However the TRNC Factoring Sector in which the Company operates is under the regulation of the Insurance Services (Regulation and Supervision) Law no.60/2010 entered into force on January 01, 2012. The Law imposed some new obligations such as the establishment of internal control, internal audit and risk management systems, a five-member minimum for the BoD, enhancement of the BoD and top management qualifications and transparent reporting. However, all regulations have not yet been set up by the authorities and the establishment of the Company's stated systems is in progress accordingly.

The Board of Creditwest Insurance consists of six members, including the general manager. Five of these board members are from the Altınbaş family and have a 10% stake each in the Company.

Board of Directors	Representing
Sofu ALTINBAŞ	Chairman
Aliye ALTINBAŞ	Member
Hüseyin ALTINBAŞ	Member
İmam ALTINBAŞ	Member
Ali ALTINBAŞ	Member
Mehmet UZUN	Member and CEO

As of December 31, 2011, the Company employed a total of 16 employees under the management of Mr. Mehmet UZUN, who has been at the helm of affairs since 1996. The Company is divided into three divisions: customer services, loss claims and operation.

The Company's web site provides information and disclosed documentation such as the mission and vision, quality policy, board of directors, financial statements and growth and customer relations policies. On the other hand, the non-disclosure of the Company's articles of association, annual reports, independent audit reports, shareholder structure, organization chart, documents related to the general meetings as well as the absence of independent directors among the Company's Board significantly weakens the transparency level of the Company. Moreover, the dividend and disclosure policies, code of conduct, and remuneration policy regarding board members and executive managers should be disclosed to the public via the website to realize the principles of corporate governance. In the context of best practices of corporate governance principles, the sector's practices are far behind international standards. Thus, improvements are needed in both the sector and the company.

Within the scope of social responsibility, the Company was involved in the social responsibility projects organized in TRNC such as 'Orchid Walk' organized by the Foundation for Research on Cancer, 'Esentepe Running' organized to provide financial support to the Cancer Patients Aid Association. Moreover, financial aids are provided to cancer charities, elementary schools and hospitals. On the other hand, the Company does not have a written social responsibility policy.




CREDITWEST INSURANCE LTD. BALANCE SHEET - ASSETS TRY	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	As % of	As % of	As % of	2012	2011	2010
	2012 USD (Converted)	2012 TRY (Original)	2012 TRY (Average)	2011 TRY (Original)	2011 TRY (Average)	2010 TRY (Original)	2010 TRY (Average)	2009 TRY (Original)	2012 Assets (Original)	2011 Assets (Original)	2010 Assets (Original)	2012 Growth Rate	2011 Growth Rate	2010 Growth Rate
A) CASH AND SIMILAR ASSETS	5,910,208.04	10,505,985.81	7,634,603.68	4,763,221.55	4,032,856.87	3,302,492.18	3,627,864.90	3,953,237.61	58.41	33.79	29.39	120.56	44.23	-16.46
B) FINANCIAL ASSETS AND INVESTMENTS	0.00	0.00	1,016,984.53	2,033,969.05	1,416,984.53	800,000.00	400,000.00	0.00	n.a	14.43	7.12	-100.00	154.25	n.a
a) Bonds & Bill	0.00	0.00	1,016,984.53	2,033,969.05	1,416,984.53	800,000.00	400,000.00		n.a	14.43	7.12	-100.00	154.25	n.a
b) Equities	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
a) Property	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
d) Credit	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
e) Participations & Subsidiaries & Others	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
f) Other	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
g) Reserves (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
h) Provision for Depreciation of Financial Assets (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
i) Capital Commitments for Participations & Others (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
C) RECEIVABLES FROM OPERATING ACTIVITIES	611,666.98	1,087,299.23	964,181.83	841,064.43	747,851.98	654,639.52	639,764.52	624,889.51	6.05	5.97	5.83	29.28	28.48	4.76
a) Insurance, Reinsurance, Pension and other Activities	611,666.98	1,087,299.23	964,181.83	841,064.43	747,851.98	654,639.52	639,764.52	624,889.51	6.05	5.97	5.83	29.28	28.48	4.76
b) Doubtful Receivables	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
a) Provisions for Receivables From Operating Activities (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
d) Reserves (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
b) Provisions For Doubtful Receivables (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
D) RECEIVABLES FROM RELATED PARTIES	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
E) OTHER RECEIVABLES	1,188,119.28	2,112,000.83	2,499,640.33	2,887,279.83	3,283,154.77	3,679,029.71	3,275,555.84	2,872,081.96	11.74	20.48	32.74	-26.85	-21.52	28.10
a) Receivables	1,188,119.28	2,112,000.83	2,499,640.33	2,887,279.83	3,283,154.77	3,679,029.71	3,275,555.84	2,872,081.96	11.74	20.48	32.74	-26.85	-21.52	28.10
b) Doubtful Receivables	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
a) Provisions for Receivables From Other Receivable (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
d) Reserves (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
e) Provisions For Doubtful Receivables (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
F) EXPENSE RELATING TO FUTURE MONTHS/YEARS AND INCOME ACCRUALS	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
G) OTHER ASSETS	502,740.42	893,671.37	476,890.17	60,108.97	54,554.89	49,000.81	60,657.51	72,314.20	4.97	0.43	0.44	1,386.75	22.67	-32.24
a) Other Current Assets	502,740.42	893,671.37	476,890.17	60,108.97	54,554.89	49,000.81	60,657.51	72,314.20	4.97	0.43	0.44	1,386.75	22.67	-32.24
b) Reserves (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
H) TANGIBLE ASSETS Net	1,905,088.82	3,386,485.89	3,449,507.38	3,512,528.87	3,132,841.13	2,753,153.38	2,655,657.27	2,558,161.15	18.83	24.91	24.50	-3.59	27.58	7.62
I) INTANGIBLE ASSETS Net	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
TOTAL ASSET	10,117,823.54	17,985,443.13	16,041,807.92	14,098,172.70	12,668,244.15	11,238,315.60	10,659,500.02	10,080,684.43	100.00	100.00	100.00	27.57	25.45	11.48



CREDITWEST INSURANCE LTD. BALANCE SHEET - LIABILITIES+EQUITY TRY	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	(Year and)	As % of	As % of	As % of	2012	2011	2010
	2012 USD (Converted)	2012 TRY (Original)	2012 TRY (Average)	2011 TRY (Original)	2011 TRY (Average)	2010 TRY (Original)	2010 TRY (Average)	2009 TRY (Original)	2012 Assets (Original)	2011 Assets (Original)	2010 Assets (Original)	2012 Growth Rate	2011 Growth Rate	2010 Growth Rate
A) FINANCIAL PAYABLES	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
B) OPERATING ACTIVITY PAYABLES	252,784.18	449,349.15	410,494.95	371,640.75	551,947.47	732,254.19	978,210.61	1,224,167.03	2.50	2.64	6.52	20.91	-49.25	-40.18
a) Total Operational Activity Payables	252,784.18	449,349.15	410,494.95	371,640.75	551,947.47	732,254.19	978,210.61	1,224,167.03	2.50	2.64	6.52	20.91	-49.25	-40.18
b) Rediscount on Notes Payable from Other Op. Activities (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a
C) DUE TO RELATED PARTIES	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
D) OTHER PAYABLES	260,458.96	462,991.85	231,495.93	0.00	0.00	0.00	0.00	0.00	2.57	n.a	n.a	n.a	n.a	n.a
a) Other payables (Total)	260,458.96	462,991.85	231,495.93	0.00	0.00	0.00	0.00	0.00	2.57	n.a	n.a	n.a	n.a	n.a
b) Rediscount (-)	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
E) TOTAL TECHNICAL PROVISIONS	3,003,938.54	5,339,801.15	5,030,908.03	4,722,014.91	3,846,876.93	2,971,738.95	2,638,985.13	2,306,231.31	29.69	33.49	26.44	13.08	58.90	28.86
F) TAXES AND OTHER LIABILITIES TO BE PAID AND PROVISIONS THEREOF	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
G) PROVISIONS RELATED OTHER RISKS	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
H) INCOME RELATING TO FUTURE MONTHS& YEARS AND EXPENSE ACCRUALS	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
I) OTHER LIABILITIES	0.00		0.00		0.00		0.00		n.a	n.a	n.a	n.a	n.a	n.a
J) EQUITY CAPITAL	6,600,642.13	11,733,301.45	10,368,909.04	9,004,516.62	8,269,419.28	7,534,321.94	7,042,304.06	6,550,286.17	65.24	63.87	67.04	30.30	19.51	15.02
a) Prior year's equity	5,065,547.15	9,004,516.62	8,269,419.28	7,534,321.94	7,042,304.06	6,550,286.17	5,770,091.81	4,989,897.45	50.07	53.44	58.29	19.51	15.02	31.27
b) Equity (Added from internal & external resources at this year)	0.56	1.00	0.50		-0.50	-1.00	-1.00	-1.00	0.00	n.a	0.00	n.a	-100.00	0.00
c) Profit & Loss	1,535,094.41	2,728,783.83	2,099,489.26	1,470,194.68	1,227,115.73	984,036.77	1,272,213.25	1,560,389.72	15.17	10.43	8.76	85.61	49.40	-36.94
TOTAL LIABILITIES	10,117,823.81	17,985,443.60	16,041,807.94	14,098,172.28	12,668,243.68	11,238,315.08	10,659,499.80	10,080,684.51	100.00	100.00	100.00	27.57	25.45	11.48
	USD 1 = TRY	1.7776		USD 1 = TRY	1.8889	USD 1 = TRY	1.5376	1.4873						

CREDITWEST INSURANCE LTD. INCOME STATEMENT TRY	2012	2011	2010	2009	2008
TECNICAL INCOME (Life % Non-Life)	5,168,534.70	3,427,640.52	3,138,211.83	4,934,080.95	2,247,193.00
A) WRITTEN PREMIUMS (NET)	3,324,094.62	2,913,799.79	2,197,306.99	1,570,200.01	1,368,872.00
a) Written Premiums (Gross)	6,993,677.66	6,304,755.60	5,888,145.26	5,448,992.59	5,030,639.00
b) Premiums Ceded to Reinsurer (-)	-3,669,583.04	-3,390,955.81	-3,690,838.27	-3,878,792.58	-3,661,767.00
B) TOTAL PROVISIONS FOR UNEARNED PREMIUMS (NET) (-)	1,959,114.75	726,612.96	517,613.80	2,112,894.74	464,293.00
a) Provisions (Gross) (-)	1,959,114.75	726,612.96	517,613.80	2,112,894.74	464,293.00
b) Provisions (Reinsurer's share)	0.00	0.00	0.00	0.00	0.00
C) CHANGE IN PROVISION FOR UNEXPIRED RISKS	-2,298,333.60	-1,959,114.75	-726,614.56	-517,613.80	-655,361.00
D) INVESTMENT INCOME TRANSFERRED FROM NON-TECHNICAL SECTION	0.00	0.00	0.00	0.00	0.00
E) LIFE BRANCH INVESTMENT INCOME	0.00	0.00	0.00	0.00	0.00
F) UNREALIZED PROFITS IN INVESTMENT	0.00	0.00	0.00	0.00	0.00
G) OTHER net TECHNICAL INCOMES	2,851,846.30	1,969,881.70	1,865,735.89	1,197,250.22	1,228,175.00
NET COMMISSION INCOME or EXPENSE	-668,187.37	-223,539.18	-715,830.29	571,349.78	-158,786.00
TECHNICAL EXPENSES	-1,544,025.45	-1,011,028.19	-1,173,238.79	-2,538,131.26	-1,285,492.00
A) PAID LOSSES (NET) (-)	-1,118,882.61	-925,032.20	-1,019,344.27	-743,312.29	-829,505.00
a) Paid Losses (Gross) (-)	-3,155,007.03	-2,735,661.72	-3,230,505.28	-2,456,918.19	-2,643,827.00
b) Paid Losses (Reinsurer's share)	2,036,124.42	1,810,629.52	2,211,161.01	1,713,605.90	1,814,322.00
B) PROVISION FOR OUTSTANDING LOSSES (Brought Forward)(NET) (-)	37,849.92	-85,995.99	-153,894.52	-1,788,617.51	-440,174.00
a) Provisions (Gross) (-)	-1,990,660.09	-2,028,509.01	-1,942,512.03	-5,962,058.36	-1,583,878.00
b) Provisions (Reinsurer's share)	2,028,510.01	1,942,513.02	1,788,617.51	4,173,440.85	1,143,704.00
C) TOTAL MATHEMATICAL RESERVES (NET) (-)	0.00	0.00	0.00	0.00	0.00
a) Mathematical Reserves (Gross) (-/+)	0.00	0.00	0.00	0.00	0.00
b) Mathematical Reserves (Reinsurer's Sahre) (-/+)	0.00	0.00	0.00	0.00	0.00
D) CHANGE IN total PROVISION	0.00	0.00	0.00	0.00	0.00
E) OPERATING Expenses & in investment Loss (-)	-462,992.76	0.00	0.00	-6,201.46	-15,813.00
F) INVESTMENT COSTS TRANSFERRED TO NON-TECHNICAL SECTION (-)	0.00	0.00	0.00	0.00	0.00
TECHNICAL PROFIT/LOSS	3,624,509.25	2,416,612.33	1,964,973.04	2,395,949.69	961,701.00
II- NON-TECHNICAL PART PROFIT/LOSS	-50,130.60	-478,312.19	-678,324.30	-371,471.44	-51,360.88
INVESTMENT INCOME Net	1,030,817.54	479,668.97	286,725.45	421,227.09	679,351.48
A) Total Investment Income	1,053,651.00	537,599.55	326,820.20	423,694.13	681,745.81
B) Total Investment Expense	-22,833.46	-57,930.58	-40,094.75	-2,467.04	-2,394.33
PROFIT& LOSS ARISING FROM OTHER OPERATIONS (+/-)	-1,080,948.14	-957,981.16	-965,049.75	-792,698.53	-730,712.36
A) Reserve & Discount Accounts (+/-)					
B) Other Income					
C) Other Expense	-1,080,948.14	-957,981.16	-965,049.75	-792,698.53	-730,712.36
PRE TAX PROFIT & LOSS	3,574,378.65	1,938,300.14	1,286,648.74	2,024,478.25	910,340.12
Taxation	-845,594.82	-468,105.46	-302,611.97	-464,088.53	-214,594.15
Dividend			0.00	0.00	0.00
Minority Interest			0.00	0.00	0.00
NET PROFIT & LOSS	2,728,783.83	1,470,194.68	984,036.77	1,560,389.72	695,745.97

CREDITWEST INSURANCE LTD. FINANCIAL RATIO %	2012	2011	2010
I. PROFITABILITY & PERFORMANCE			
1. ROA - Pre-tax Profit/Total Assets (av.)	22.28	15.30	12.07
2. ROE- Pre-tax Profit/Equity (av.)	34.47	23.44	18.27
3. Total non technical Income/Equity (av.)	10.16	6.50	4.64
4. Total non-technical income /Total Assets (av.)	6.57	4.24	3.07
5. Provision/Total non-technical Income	-	-	-
6. (Total non-technical Expense/Total Liabilities (av.) %)	6.88	8.02	9.43
7. Net Profit for the period/ Total Asset (av) %	17.01	11.61	9.23
8. Non Technical Income/ Non Technical Expense %	95.46	52.92	32.51
9. Pretax Profit & Loss/Net written Premium	107.53	66.52	58.56
10. Loss Ratio (Gross)	57.48	67.76	80.76
11. Loss Ratio (Net)	20.46	27.77	43.21
12. Technical Profit & Loss Ratio (Gross)	51.83	38.33	33.37
13. Technical Profit & Loss Ratio (Net)	109.04	82.94	89.43
14. Expenses Ratio (Gross)	5.17	-	-
15. Expenses Ratio (Net)	8.76	-	-
16. Combined ratio (Gross)	62.65	67.76	80.76
17. Combined ratio (Net)	29.23	27.77	43.21
18. Conversion Ratio = Reinsurance retention ratio	47.53	46.22	37.32
20. Loss and Paid Ratio	33.54	30.45	33.29
21. Net profit& loss/Total Liabilities	48.10	33.42	27.20
22. Premiums Ceded to Reinsurer/Total Premium	40.99	48.23	57.62
23. Incurred Losses (Gross) Ceded to Reinsurer/Incurred Losses	78.99	78.78	77.32
24. Technical Profit & Loss/ Non Technical Profit & Loss Ratio	7,230.13	505.24	289.68
II. CAPITAL ADEQUACY			
1. Equity generation/prior year's equity	0.00	-	0.00
2. Internal equity generation/prior year's equity	30.30	19.51	15.02
3. Equity/Total Assets %	65.24	63.87	67.04
4. Free Equity/Total Assets %	55.89	53.13	54.44
5. Requisite own fund/Own Fund (%)	14.32	16.82	18.79
6. Gross Premiums/Equity	67.45	76.24	83.61
7. Net Premiums/Equity	32.06	35.24	31.20
8. Solvency Ratio = Net Assets/ Written Net Premiums	311.93	283.80	320.50
III. LIQUIDITY			
1. Current Asset/Non Current Asset	320.21	301.06	196.67
2. Current Asset/Total Asset	76.20	75.07	66.29
3. Current Asset/Short Term Liabilities	3,050.03	1,152.08	608.59
4. Cash and similar asset/Total asset	58.41	33.79	29.39
5. Cash and similar asset and bond-bill-equities/Total asset	58.41	48.21	36.50
IV. ASSET QUALITY and OTHERS			
3. (NCA-Long Term Liabilities)/Equity	12.98	2.25	-
4. Doubtful receivable/Total Receivable	-	-	-
5. Provision/Doubtful Receivable	-	-	-
6. Receivable/Total Asset	21.59	31.82	36.73
7. Receivables from Operating Activities/Total Asset	6.01	5.90	6.00
8. Doubtful Receivables / Total Receivables from Operating Activities	-	-	-
9. Doubtful Receivables /Equity %	-	-	-
10. Solvency Margin Ratio	0.05	0.05	0.05
11. Total Foreign Currencies Position/Asset	0.07	0.57	0.85
12. Total Foreign Currencies Position/Equity	0.11	0.89	1.26
13. Market Share	10.65	9.80	10.34
14. Growing rate	27.57	25.45	11.48

The Historical Development of the Company's Credit Rating Notes													
 Creditwest Insurance Kibris		December 14, 2009		August 16, 2010		July 27, 2011		July 27, 2012		May 29, 2013		August 27, 2013	
		Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
International	Foreign Currency	BB-	B	BB-	B	BB-	B	BB	B	BBB-	A-3	BBB-	A-3
	Local Currency	BB-	B	BB-	B	BB-	B	BB	B	BBB-	A-3	BBB-	A-3
	Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Stable	Stable	Stable
National	Local Rating	A (Trk)	A-1 (Trk)	A (Trk)	A-1 (Trk)	A (Trk)	A-1 (Trk)	A (Trk)	A-1 (Trk)	A (Trk)	A-1 (Trk)	A+ (Trk)	A-1 (Trk)
	Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Positive	Stable	Stable	Stable
Sponsor Support		2	-	2	-	2	-	2	-	2	-	2	-
Stand Alone		AB	-	A	-	A	-	A	-	A	-	A	-
Sovereign*	Foreign Currency	BB-	-	BB	B	BB	B	BB	B	BBB-	-	BBB-	-
	Local Currency	BB-	-	BB	B	BB	B	BB	B	BBB-	-	BBB-	-
	Outlook	Stable	-	Stable	Stable	Stable	Stable	Stable	Stable	Stable	-	Stable	-
		(*):Affirmed by JCR on June 04, 2009		(*):Affirmed by JCR on February 01, 2010		(*):Affirmed by JCR on February 21, 2011		(*):Affirmed by JCR on June 28, 2012		(*):Affirmed by JCR on May 23,2013		(*):Affirmed by JCR on May 23,2013	