

**Corporate Credit Rating**

Annual Update

**Insurance**

<b>creditwest</b> 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	Positive	Stable
Sponsor Support		2	-
Stand Alone		A	-
Sovereign*	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

\*Affirmed by Japan Credit Rating Agency, JCR on July 19, 2016

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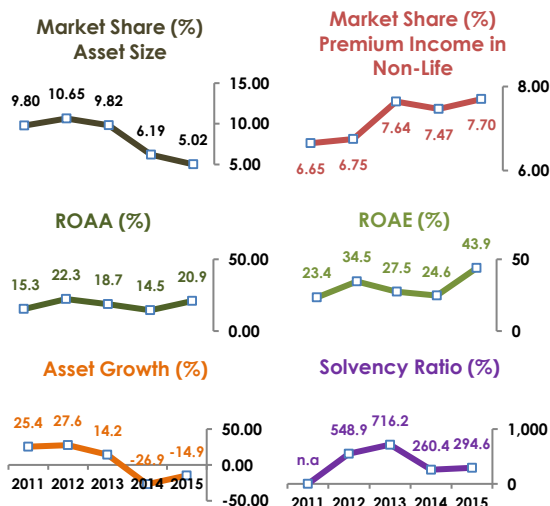
<b>CreditWest Insurance Ltd.</b>						
Financial Data	1H2016	2015*	2014*	2013*	2012*	2011*
Total Assets (000 USD)	5,221	4,394	6,474	9,637	10,118	7,464
Total Assets (000 TRY)	15,061	12,775	15,013	20,530	17,985	14,098
Equity (000 TRY)	6,752	6,815	6,452	14,484	11,733	9,005
Net Profit (000 TRY)	1,185	2,230	1,968	2,751	2,729	1,470
Technical Profit (000 TRY)	2,132	4,063	3,705	3,928	3,625	2,417
GWP & Oth. Tech. Income (000 TRY)	8,656	13,692	13,270	10,890	9,846	8,275
Market Share in Asset Size (%)**	n.a.	5.02	6.19	9.82	10.65	9.80
Market Share in Premium Income (%)***	n.a.	7.70	7.47	7.64	6.75	6.65
ROAA (%)	n.a.	20.94	14.51	18.71	22.28	15.30
ROAE (%)	n.a.	43.86	24.63	27.49	34.47	23.44
Solvency Ratio (%)****	419.09	294.62	260.36	716.22	548.88	n.a.
Asset Growth (%)*****	17.89	-14.90	-26.88	14.15	27.57	25.45
GWP & Oth. Tech. Income Growth (%)	n.a.	3.18	21.85	10.61	18.98	6.72

(\* ) FYE, (\*\* ) In Non-Life Sector, (\*\*\*) In Non-Life Sector Regarding GWP and Other Technical Income, (\*\*\*\*) Risk Based, (\*\*\*\*\* ) 1H2016 Figure is Semi-Annual

**Overview**

**Creditwest Insurance Ltd.** (hereinafter Creditwest Insurance or the Company) is one of the leading non-life insurance companies operating in the **Turkish Republic of Northern Cyprus (TRNC)**. The Company, wholly owned by the **Altınbaş Group** companies (Creditwest Bank and Creditwest Finance) and Altınbaş Family members, provides insurance services since 1996. was founded and began providing **non-life insurance** services in 1996. 60% of Company shares are held by six **Altınbaş Family** members. The remaining shares belong to the Altınbaş Group companies of **Creditwest Bank** and **Creditwest Finance**, with respective stakes of 30% and 10%. The Company, with its product range and innovative practices such as namely the 'Time Out', held market shares of approximately 5.02% and 7.70% as of FYE2015 regarding asset size and GWP including other technical income, respectively.

The Company carried out its operations through its headquarters and 24 agents, 14 of which are Creditwest Bank branches, and a work force of 20 as of the report date. The Company maintained its position in the top four of the sector and improved its market share regarding 'gross written premiums (GWP)' including other net technical income despite the deteriorated market share regarding asset size derived from dividend payments.


**Strengths**

- Continuously rising premiums production and increasing market share regarding GWP and other technical income
- Improved technical profit generation capacity contributing positively to profitability indicators
- Continuously increasing share of segments with relatively low loss ratio levels in the portfolio structure together with increased reinsurer share in segments with comparatively high loss ratios, contributing to technical profit generation capacity
- Above sector equity level supported with internal resources despite dividend payment
- Innovative products and services contributing positively to customer loyalty
- Benefits of being a bank related company regarding market recognition, clientele, network externalities, liquidity, funding costs and support level

**Constraints**

- Downtrend in market share regarding asset size due to continuing dividend payments over the last two years with their effects on liquidity absorbed via robust shareholding structure
- Sector-wide need for progress in corporate governance practices and obtaining and compiling relevant sector data
- Redundancy in the number of companies together with the motor own damage and third party liability insurance weighted structure of TRNC non-life insurance sector, leading to fierce price-based competition throughout the sector
- Sector-wide inability to generate non-technical income restraining profitability
- Increasing pressure on the premium production development in the overall sector due to geographic and population limitations of island economy together with insurance awareness need to be improved in TRNC

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**"Global Knowledge supported by Local Experience"**

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## 1. Rating Rationale

Creditwest Insurance Ltd., occupies an important position in the non-life insurance sector of the Turkish Republic of Northern Cyprus (TRNC). The TRNC proclaimed its independence in 1983 and has maintained a strong collaborative economic, politic, trade and military ties with Turkey.

JCR Eurasia Rating has equalized the sovereign risk assessment of the TRNC with that of the Republic of Turkey due to the strong collaboration between TRNC and the Turkish Republic in many fields and the official language and currency unit of the TRNC which are Turkish and the TRY, respectively.

Creditwest Insurance is one of the most prominent of the 30 companies operating in the TRNC non-life insurance sector with a 5.02% asset size market share as of FYE2015. The Company ranked 4th in GWP and other technical income production and 5th in paid losses as of FYE2015. Insurance companies in the TRNC are in charge of to report their year-end data to the insurance and reinsurance companies' association and TRNC's currency exchange office. On the other hand, as of the preparation date of this report (late July), the sector's consolidated profit/loss statement and balance sheet obtained from the authorized Insurers Association do not cover the data of 5 insurance companies. Therefore, the 2015 year-end sector data stated in this report comprise figures estimated by JCR Eurasia Rating within the considerations of the last eight-year average sector growths and the internal/external market conditions that may affect the TRNC insurance sector. Accordingly, the 2015 year-end comparisons of the sector and the Company figures do not represent the final results.

The Company's independent audit report prepared in conformity with local regulations, previous years' non-life insurance sector statistical data of the Insurance and Reinsurance Association of the TRNC, JCR Eurasia Rating's own studies, records and predictions, information and clarifications provided by the Company and non-financial figures constitute the major basis of Creditwest Insurance's ratings.

In addition to the Company's profitability and performance figures, asset size and quality, equity level and structure, liquidity profile, market shares, growth rates and expected support, the main shareholders' financial and non-financial positions, the corporate governance and risk management practices, the growth potential of the sector, the level of exposure to risks, the development of internal and external risks in the market were also taken into consideration while determining the risk assessment of the long-term international local currency and foreign currency grades as well as national grades.

Prominent Rating Considerations are;

### **Benefits of Being a Bank Related Company**

The Company is an affiliate of **Creditwest Bank**, a leading commercial bank in TRNC, with a 30% stake. Moreover, the real person shareholders of the Company hold the majority shares of **Altınbaş Holding**, a prominent conglomerate in Turkey. Accordingly, the Company enjoys the advantages of being a bank affiliate under the roof of a robust group regarding liquidity, funding term and costs, customer portfolio base and access network.

### **Continuously Rising Premiums Production and Increasing Market Share Regarding GWP and Other Technical Income**

The Company's GWP and other technical income production exhibited an upward trend over the review period and outperformed the sector figure regarding eight-year cumulative growth with the rates of 181.71% for the Company and 70.67% for the sector average, contributing positively to profit generation capacity of the Company. On the other hand, the annual GWP and other technical income growths of both the Company and the sector displayed relatively low improvements in 2015 with the rates of 3.18% and 0.15%, respectively, restraining the profit generation capacity.

### **Improved Technical Profit Generation Capacity**

Although the Company's GWP and other technical income exhibited a slight increase of 3.18%, pre-tax profit increased by 12.84% mainly due to a 9.68% increase in technical profit derived mainly from a 22.21% decrease in net paid losses from TRY 1.94mn to TRY 1.51mn stemming from increasing damage ratios of segments (fire and personal accident) with comparatively high reinsurers share and decreasing damage ratios of segments with comparatively low reinsurers share. The 'paid loss to written premium' ratio of the motor own damage segment with a comparatively high reinsurer share increased to 92.58% in 2015 while the stated ratio of the accident including MTPL segment with lowest reinsurer share decreased to 11.32%, contributing to 2015 year-end profit generation capacity and prognosticating that the increase in the accident segment's share in total GWP will continue to contribute to future profitability levels given that the paid losses will not execute an unexpected increase.

### **Portfolio Structure Dominated by Segments with Comparatively Low Loss Ratio Levels**

Creditwest Insurance operates in the TRNC elemental insure sector. The fire, transportation, motor own damage, accident including MPTL, and engineering are the elemental insurance sub-segments that the Company produced premiums. The 'accident' segment including MPTL with its comparatively low loss ratio generated the highest contribution (49.89%) to the Company's GWP production in 2014 and improved its contribution to 54.50% as of FYE2015. Moreover, the share of the 'motor own damage', with the highest loss ratio, in GWP production continued to decreased and stood at 34.96% as of FYE2015. Both the issues indicate a portfolio structure with a lower loss ratio level, contributing to future profit generation capacity.

### **Innovative Products and Services Contributing Positively to Customer Loyalty**

The Company provides innovative services to ensure customer loyalty and preserve its customer portfolio. The latest examples of these practices are the Time Out and Whatsapp Service. Time Out enables to suspension of insurance policies upon request of the insurant for when abroad and Whatsapp Service provides instant feedback and information. Moreover, new products such as POS device and travel health insurances and the new service applications of SMS sending and online damage monitoring are currently in the marketing, promotion and preparation stages. Such innovative products and services supports the marketing power and increases the customer loyalty, both

contributing positively to the customer portfolio size and premium production volume.

### Above Sector Equity Level Supported with Internal Resources Despite Dividend Payment

The 'equity to total assets' ratio displayed a steady quite above sector average pattern till 2013. The TRY 10mn dividend payment in 2014 dragged down the stated ratio to sector averages. Although the Company realized a subsequent dividend payment of TRY 2mn in 2015, a higher net profit for the period of TRY 2.23mn led to a 5.63% increase in equity. Accordingly, the increased equity together with contracted asset size culminated in an improvement in the equity level to 53.35%, above sector figure of 48.83%. Additionally, a TRY 1,115k dividend payment in 2016 which was almost equal to the Company's 2016 first half net profit prognosticates that the equity of the Company will be supported through internal sources in 2016.

### Price-Based Fierce Competition Stemming from Excess Number of Companies and High Product Concentration in the Sector

The TRNC Insurance Sector covers 30 companies, which is quite high within the consideration of the comparatively low population. Moreover, TRNC's non-life insurance sector concentrated heavily on motor own damage and accident, including compulsory motor third party liability insurance (MTPL), segments holding an approximately 80% share in the sector. Accordingly, the above stated issues have led to fierce competition in the sector.

### Downtrend in Market Share regarding Asset Size

The Company's market share decreased from 9.82% in 2013 to 5.02% in 2015 due to the dividend payments of TRY 10mn in 2014 and TRY 2mn in 2015, suppressing market share and liquidity related ratios. On the other hand, the shareholding structure covering a bank and real persons of a robust group moderates the pressure on liquidity level. Additionally, the Company materialized an 17.89% increase in total assets in the first half of 2016 mainly due to agency commissions accumulated during the year.

With respect to the above mentioned factors, JCR Eurasia Rating has affirmed 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 affirmed the long term national local rating as 'A+ (Trk)' in JCR Eurasia Rating's notation system, which denotes a high investment grade.

## 2. Outlook

A 'Positive' outlook has been assigned to the Company's long term national grades due to the continuing changing trend in the portfolio structure on behalf of segments with relatively low loss ratio levels, increasing technical profit generation capacity, improved and continuously above sector profitability ratios, improved and meeting legal requirements equity level together with generated supporting potential of assets and equity via internal sources thanks to dividend payment realized in the current year which was almost equal to the current year's first-half profit as well as comparatively low but above sector GWP and other technical income production growth and restrained asset growth due to dividend payments.

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

Possible revision in Turkey's sovereign ratings, management performance of additional risks that may arise from the country risks of Turkey and the TRNC, continuing volatility in the global financial climate and increasing political tension in the region along with the Company related issues affecting asset quality and liability constitute the main driving forces that can call forth a revision in the Company's current outlook status. The possible effects on the Company and the TRNC of the risk and opportunities to arise out of restructuring process of the organs of the state following the failed coup attempt will continue to be monitored.

## 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 real and legal person shareholders, the Altınbaş Family members and Creditwest bank, have the capacity to provide financial and operational support as and when required.

The Stand Alone Grade has been constituted particularly with respect to Creditwest Insurance's premium generation capacity, profitability ratios, asset quality, equity level, liquidity level 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 below table shows the year-end shareholding structures and paid capital amounts of the Company between 2011 and 2015. The last paid-capital increase was materialized in 2011 without any change in the shareholding structure. Both the shareholding structure and the paid-capital amount have remained unchanged over the last four years.

Creditwest Insurance Ltd. Shareholders Structure	Share %				
	2015	2014	2013	2012	2011
Creditwest Bank Ltd.	30.00	30.00	30.00	30.00	30.00
Creditwest Finance Ltd.	10.00	10.00	10.00	10.00	10.00
Ali ALTINBAŞ	10.00	10.00	10.00	10.00	10.00
Aliye ALTINBAŞ	10.00	10.00	10.00	10.00	10.00
Hüseyin ALTINBAŞ	10.00	10.00	10.00	10.00	10.00
Sofu ALTINBAŞ	10.00	10.00	10.00	10.00	10.00
İmam ALTINBAŞ	10.00	10.00	10.00	10.00	10.00
Nusret ALTINBAŞ	10.00	10.00	10.00	10.00	10.00
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>Paid Capital (TRY/000)</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>1,100</b>

• **Creditwest Bank Ltd.**

Creditwest Bank Limited, fully owned by members of the Altınbaş Family, was founded under the name Altınbaşbank in 1994. The Bank denominated with the name of Creditwest Bank, provides all retail and business banking operations in the TRNC through its 14 branches and 2 subsidiaries, Creditwest Insurance and Creditwest Finance.

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 has been a part of a global financial network after the Altınbaş Group opened Creditwest Bank Ukraine. Thanks to the correspondence agreements concluded with many banks around the world, the Bank performs all sorts of overseas banking operations. Creditwest Bank had a market share of 10.19% as of FYE2015 (FYE2014: 9.47%) with total asset size of TRY 1,797mn and was the 2th largest bank among the 22 banking institutions in the TRNC. The bank was credit rated by JCR Eurasia Rating as AA+ (Trk) on the long term national scale in 2015.

• **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.

**4. Sector Overview & Operational Environment**

The TRNC's Non-Life Insurance Sector covers 30 companies, 25 of which have been sent their 2015 year-end financial results to the TRNC Insurance Association. As in the previous years, the premiums generated from the segments of 'motor own damage' and 'accident', which includes the compulsory motor third party liability insurance (MTPL), constitute approximately 80% of the sectors' total premium production. The premiums generated from the fire segment, with the insurant mostly from hotels and universities, exhibited a steady growth and approached to the accident segment's share of 17.7%. The above stated three segments constitute approximately 95.8% of the sector's total premium production.

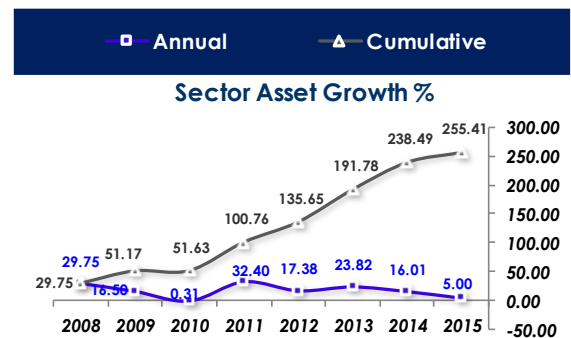
The relatively small geography and population together with the existence of excessive number of insurance companies provoke to a price-based fierce competition environment. Additionally, the ineffectiveness in sectoral data processing, the need for improvement in regulations related to company mergers and the scarcity in the number of experts and actuaries are the main structural issues of the TRNC Insurance Sector.

The insurance companies in TRNC are in charge of reporting their year-end data to the 'insurance and reinsurance companies' association' and the TRNC's currency exchange office. On the other hand, due to the deficiencies in sector data processing procedures, the sector's consolidated profit/loss statement and balance sheet obtained from the authorized Insurers Association do not cover the data of 5 insurance companies as of preparation date of this report in early August. Therefore, the 2015 year-end sector data stated in this report comprises the

figures estimated by JCR Eurasia Rating through the 2015 year-end consolidated data of 25 companies making notice, the last eight-year average sector growths and internal/external market conditions that may affect the TRNC insurance sector. Accordingly, the 2015 year-end sector figures do not represent the validated final results.

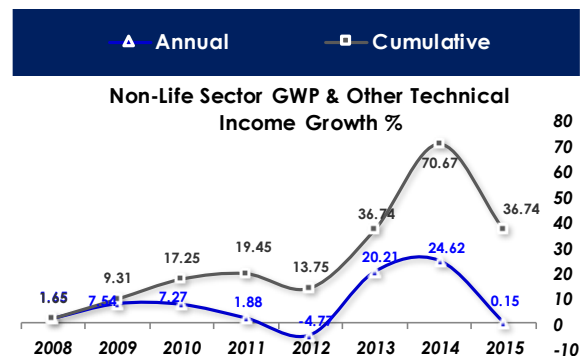
The 2015 year-end asset growth of the TRNC non-life insurance sector was estimated as 5% by JCR Eurasia Rating mainly within the considerations of an approximately 0.15% increase in total premium production of 25 companies that has transmitted data to Association, an approximately 3.13% growth in total assets of 25 companies compared to previous year sector figure, an approximately 19% eight-year average asset growth of the sector, a 14.90% contraction in the Company subject to this report that had a 6.19% market share regarding asset size as of FYE2014 and ongoing volatile market conditions derived from continuing political uncertainty in Turkey and unrest in the region.

Accordingly, the sector showed a continuous assets size growth since 2007 and materialized an eight-year cumulative growth of 255.41% as of FYE2015.

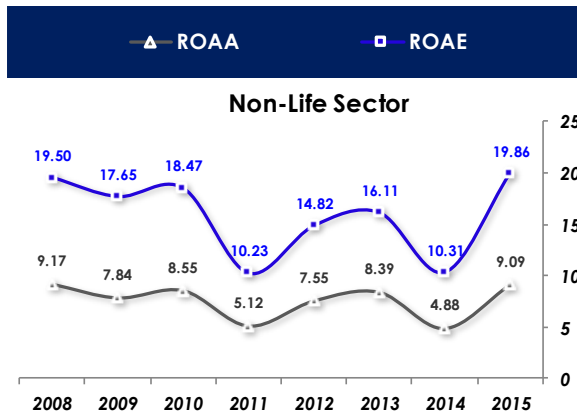


The review of the TRNC life insurance sector's 2015 year-end premium production was based on the Association's data comprised of notifications of 25 companies. Although, a valid consolidated sector data covering all companies was not available, the 2015 and 2014 GWP and other technical income figures of 25 companies was accepted as the sector figures for comparison purposes.

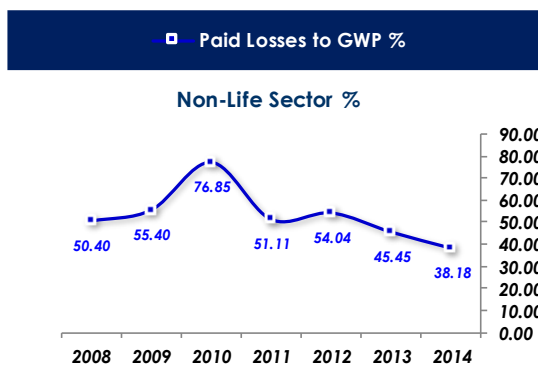
Accordingly, the sector's GWP and other technical income production remained at virtually the same level as the previous year's figure and increased by only 0.15% as of FYE2015. Additionally, the eight-year cumulative growth of the sector's GWP and other technical income stood at as 36.74% as of FYE2015.



As for the profitability of the TRNC's non-life insurance sector, 2015 year-end profitability indicators were based on the year-end profit (TRY 22.61mn) and profit for the period (TRY 18.56mn) amounts obtained from the Association's consolidated balance sheet of the sector covering 25 companies. In this context, the TRNC's non-life insurance sector displayed a noteworthy improvement in profitability indicators and realised estimated year-end ROAA and ROAE figures of 9.09% and 19.86%, respectively.



2015 year-end paid losses data of the non-life insurance sector was not available as of the report date. Accordingly, the following table covering the 2014 year-end figure is provided for information. On the other hand, the 2015 year-end profitability figures which were displayed a noteworthy improvement prognosticates also an improvement in 'paid losses to GWP' ratio in 2015.



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.

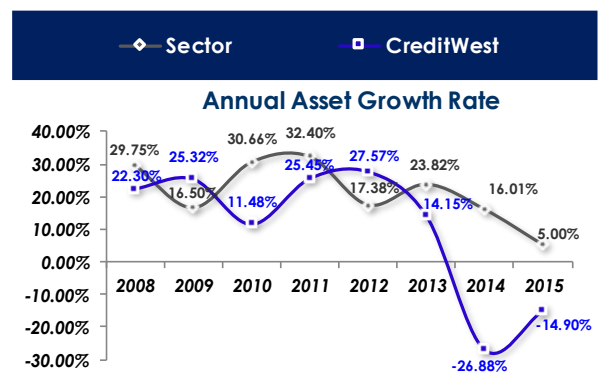
It is expected that the sector's effectiveness and accountability will continue to improve and the destructive competition will reduce through the probable mergers and exits from the sector derived from the capital adequacy and licence requirements and the regular supervision and compliance monitoring activities envisaged by the Law. Moreover, the traffic information centre which was established in 2014 aims to increase the effectiveness, traceability and formality of the motor own damage and MTP segments holding an approximately 80% share in the TRNC insurance sector. Additionally, the new approaches and practices of local authorities such as filling a complaint against unlicensed agents as well as insurance companies working with unlicensed

agents and notification of three-month traffic insurance tariffs to authorities by the companies would contribute to the sector's competition and confidence levels. On the other hand, all these expected improvements had a prime requirement of an accurate, comprehensive and regular sectoral data processing. Additionally, a probable merger treaty between Southern Cyprus and TRNC would aggravate the market conditions for TRNC insurance companies due to their comparatively low competitive power compared to Southern Cyprus companies with high compliance to European Union regulations and corporate governance practices.

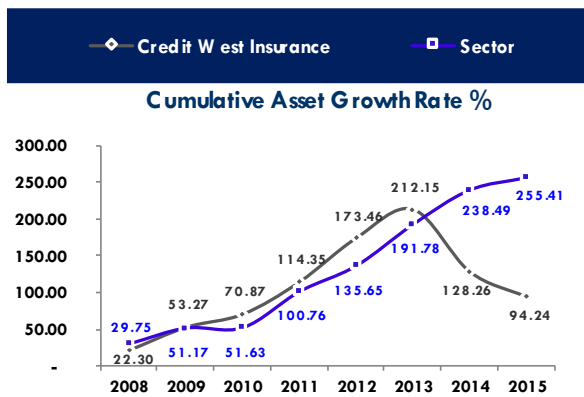
### 5. Financial Analysis

As mentioned above, the 2015 year-end asset growth of the TRNC non-life insurance sector was estimated as 5% by JCR Eurasia Rating mainly within the considerations of the following: an approximately 0.15% increase in total premium production of the 25 companies that have transmitted data to the Association; an approximately 3.13% growth in total assets of the 25 companies compared to the previous year's sector figure; an approximately 19% eight-year average asset growth of the sector; a 14.90% contraction in Creditwest Insurance, which held an asset size market share of 6.19% as of FYE2014; and ongoing volatile market conditions derived from continuing political uncertainty in Turkey and unrest in the region.

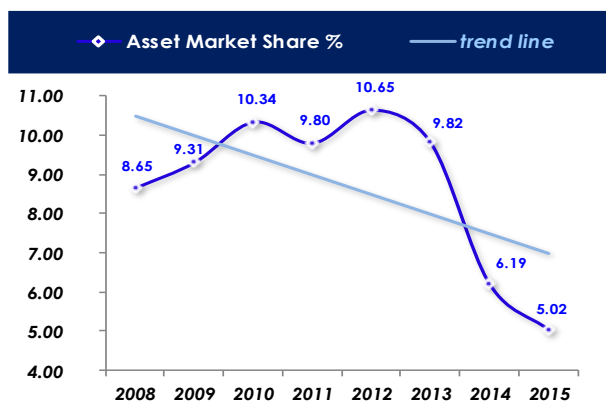
Dividend payments of TRY 10mn in 2014 and TRY 2mn in 2015 resulted in asset size contractions of 26.88% and 14.90%, respectively, over the last two years, suppressing market share and liquidity related ratios. On the other hand, the shareholding structure covering a bank and real persons of a robust group moderates the pressure on liquidity level. Additionally, the Company's asset size increased by 17.89% in the first half of 2016 mainly due to agency commissions accumulated during the year.



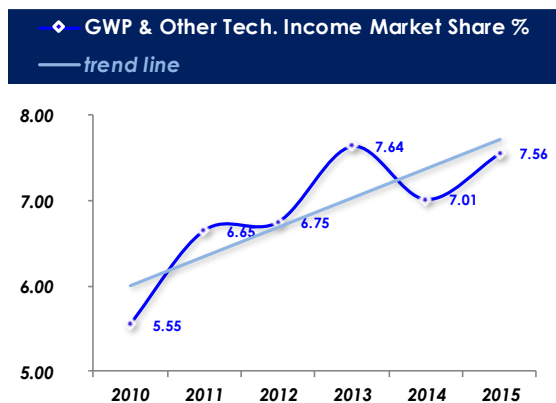
The Company's cumulative asset growth continuously stayed above the sector figure between 2009 and 2013. On the other hand, the aforementioned dividend payments over the last two years culminated in a decrease below the sector figure regarding eight-year cumulative asset growth.



Accordingly, the Company's market share regarding asset size also displayed a noteworthy decrease from 9.82% in 2013 to 5.02% in 2015.

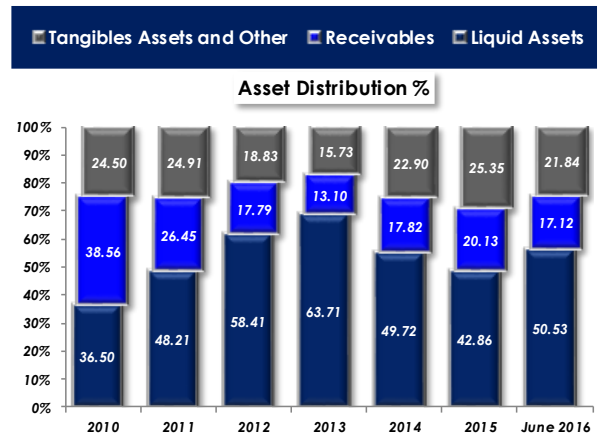


Although the Company's market share regarding asset size diminished, its market share in GWP and other technical income maintained its upward trend and stood at 7.56% as of FYE2015, pointing out an ongoing progress in premium production, contributing to the profit generation capability when the price-based competitive market is ignored.

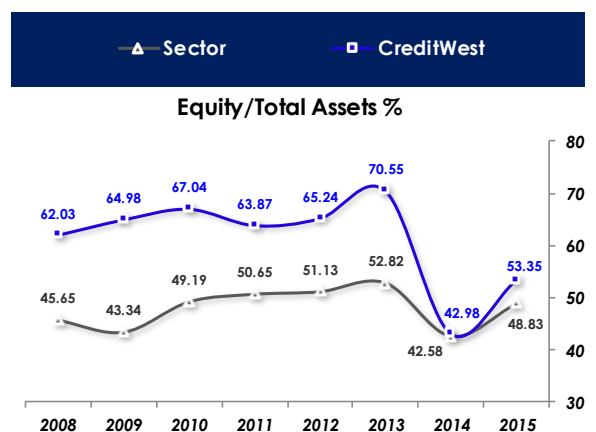


As stated before, The Company's total asset size displayed contractions over the last two years due to dividend payments and amounted to TRY 12.78mn as of FYE2015 and TRY 15.06mn as of 1H2016. The 2015 year-end dispersion of the assets was 42.86% cash and cash equivalents, 25.35% tangible and other assets, and 20.13% receivables with a high collection capacity from agencies and insurance holders. The

main driving force behind the decrease in cash and cash equivalents over the last two years was dividend payments with a total of TRY 12mn. The decrease in the share of liquid assets along with increases in the shares of receivables and tangible assets suppressed the Company's asset quality and liquidity management. On the other hand, the shareholding structure covering a bank and real persons of a robust group moderates the stated pressure. Additionally, the Company materialized an 17.89% increase in total assets in the first half of 2016 mainly due to agency commissions accumulated during the year.

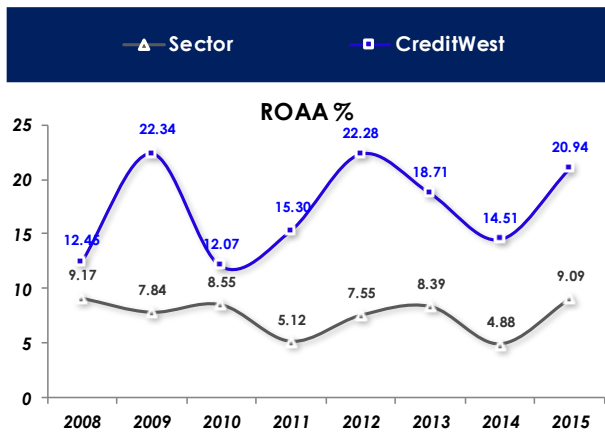


The Company ratio of 'equity to total assets' displayed a steadily quite above sector average pattern till 2013. The TRY 10mn dividend payment in 2014 dragged down the stated ratio to sector averages and removed one of the issues that positively differentiated the Company in the sector. Although the Company realized a subsequent dividend payment of TRY 2mn in 2015, a higher net profit for the period of TRY 2.23mn led to a 5.63% increase in equity. Accordingly, the increased equity together with contracted asset size culminated in an improvement in the equity level to 53.35%, above the sector figure of 48.83%. Additionally, a TRY 1,115k dividend payment in 2016, almost equal to the Company's 2016 first half net profit prognosticates that the equity of the Company will be supported through internal sources in 2016.

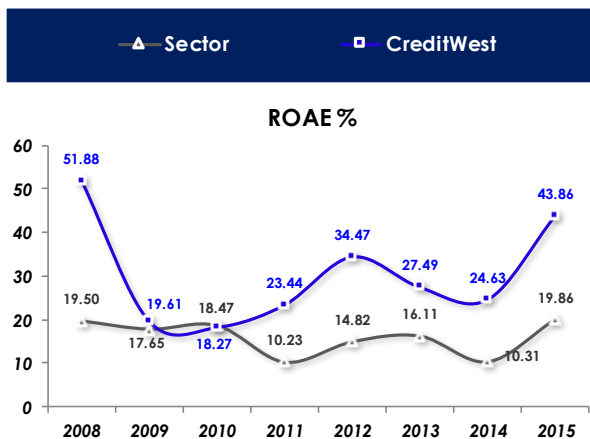


The Company's profitability ratio ROAA exhibited a continuously above sector pattern over the review period and stood at 20.94% as of FYE2015. Both the Company and sector figures displayed a similar pattern over the last two

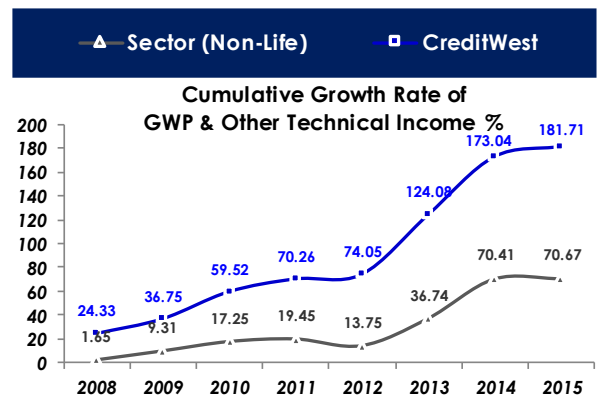
years. A 12.84% increase in pre-tax profit and a 7.72% decrease in average assets resulted in a noteworthy improvement in the Company's stated ratio from 14.51% to 20.94%, exceeding the 9.09% sector figure twofold. Although the Company's GWP and other technical income exhibited a slight increase of 3.18%, the pre-tax profit of the Company increased by 12.84% mainly due to a 22.21% decrease in net paid losses from TRY 1.94mn to TRY 1.51mn derived from increasing damage ratios of segments (fire and personal accident) with comparatively high reinsurers share and decreasing damage ratios of segments with comparatively low reinsurers share.



As in the ROAA, the Company's ROAE ratio showed an above sector pattern over the years, doubling the sector figure, and maintained its high standing in the last year with a 2015 year-end figure of 43.86%.



The Company steadily enhanced its core business through continuous increases in the gross written premium (GWP) and other technical income production volume and achieved a noteworthy outperformance compared to the non-life sector average regarding the eight-year cumulative growth of GWP and other technical income. On the other hand, the annual GWP and other technical income growths of both the Company and the sector displayed relatively low improvements with the rates of 3.18% and 0.15%, respectively, restraining the profit generation capacity.



Creditwest Insurance operates in the elemental insurance sector of the TRNC, in particular in fire, transportation, motor own damage, accident (including MPTL), and engineering. The Company's 2015 year-end GWP stayed almost at the same level with the previous year's figure and increased by 0.44% to TRY 9.83mn. As in the previous year, the Company produced the highest GWP from the 'accident' segment. The contribution of the 'accident' segment to the Company's total GWP increased and exceeded 50% and the contribution of the 'motor own damage' decreased to 34.96%.

Distribution of GWP %	Premium (CreditWest)					
	2011	2012	2013	2014	2015	June, 2016
Fire	9.09	11.27	9.68	10.29	10.21	13.24
Transportation	2.34	3.29	0.33	0.06	0.18	0.10
Motor Own Damage	62.07	51.18	45.35	39.74	34.96	36.52
Accident (Incl. MTPL)	26.36	34.09	44.57	49.89	54.40	50.13
Engineering	0.14	0.17	0.06	0.03	0.26	0.00
Health	-	-	-	-	-	-
<b>Total Non-Life</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Life	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

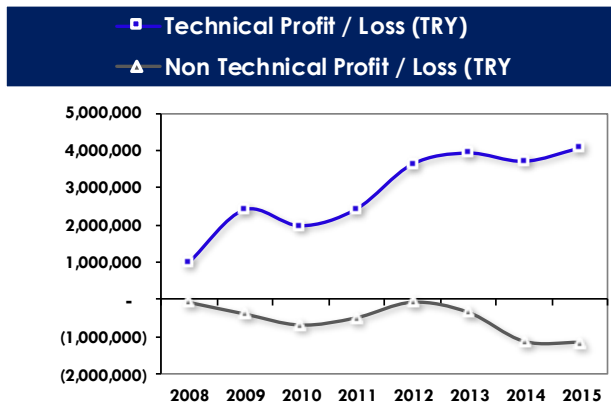
The 'paid loss to written premium' ratio of the motor own damage segment with a comparatively high reinsurer share increased to 92.58% in 2015 while the stated ratio of the accident including MTPL segment with lowest reinsurer share decreased to 11.32%, contributing to 2015 year-end profit generation capacity and prognosticating that the increase in the accident segment's share in total GWP will continue to contribute to future profitability levels given that the paid losses will not execute an unexpected increase.

	Fire	Transport.	Motor Own Damage	Accident (Incl. MTPL)	Engineering
	2014 - 2015	2014 - 2015	2014 - 2015	2014 - 2015	2014 - 2015
Reinsurer Share in Written Premiums	65.9 - 64.1	70.4 - 59.9	63.5 - 69.4	13.7 - 26.9	88.9 - 100
Paid Loss / Written Premium	9.6 - 31.7	142.3 - 0.0	81.5 - 92.6	18.6 - 11.3	0.0 - 0.0
Technical Profit / Written Premium	41.1 - 44.6	46.1 - 81.4	49.2 - 55.3	28.1 - 31.7	62.6 - 33.8

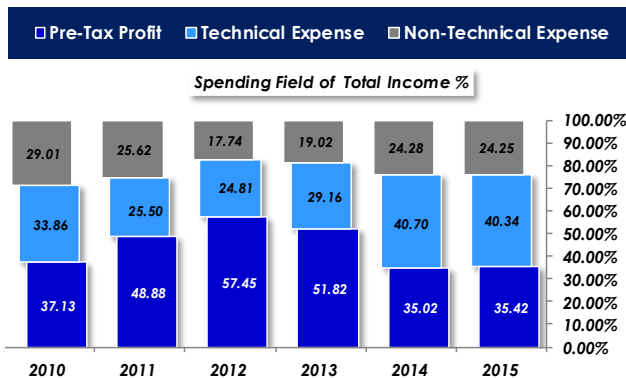
The Company's GWP and other technical income exhibited an increasing trend and generated internal resources over the years. Moreover, the Company's net profit increased by 13.31% in 2015 despite a 3.18% increase in GWP and other technical income production. A 22.21% decrease in net

paid losses from TRY 1.94mn to TRY 1.51mn is the main factor behind the above stated improvement in the Company's profit generation capacity.

Creditwest Insurance recorded a TRY 4.06mn technical profit (FY2014: TRY 3.70mn) and faced a non-technical loss of TRY 1.15mn as of FY2014 (FYE2014: TRY 1.13mn). Accordingly, the pre-tax profit figure was TRY 2.91mn as of FYE2015 (FYE2014: TRY 2.58mn). Moreover, absence of non-technical continued over the review period as in overall sector.



The spending dispersion of the Company's total income displayed the almost same pattern as the previous year's figures with a 35.42% pre-tax profit generation capacity of total income as of FYE2015.



**6. Risk Management**

The setup of internal control, internal audit and risk management systems by insurance and reinsurance companies was attached as a provision in the Insurance Services Act effectuated in 2010. Moreover, the related draft regulation has been established by authorities but not yet entered into force. Accordingly, internal control, internal audit and risk management systems have not yet been established by the Company.

Company liquidity ratios improved steadily between 2010 and 2013 and the ratio of 'cash and similar assets to total assets' reached to 63.71% as of FYE2013, relieving the liquidity management and contributing to the Company's liquidity risk exposure level over the stated period. On the other hand, successive dividend payments, TRY 10mn in 2014 and TRY 2mn in 2015, resulted in deteriorations in liquidity ratios. Although

the liquidity ratios decreased over the last two years, they are still at levels that do not pose liquidity risk with a 62.99% 'current assets to total assets' ratio. Moreover, the year-end 'current assets to short term liabilities' ratio improved to 19,326% due to short-term liability payments (agency commissions) realized in December 2015, eliminating almost all the liquidity risk exposure.

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

	2010	2011	2012	2013	2014	2015
<b>%</b>						
Loss Ratio (Gross)	80.76	67.76	57.48	45.03	45.96	40.45
Loss Ratio (Net)	43.21	27.77	20.46	12.82	18.18	14.80
Technical Profit & Loss Ratio (Gross)	33.37	38.33	51.83	50.57	37.85	41.34
Technical Profit & Loss Ratio (Net)	89.43	82.94	109.04	93.10	61.95	76.25
Combined ratio (Gross)	80.76	67.76	62.65	56.88	57.88	55.88
Combined ratio (Net)	43.21	27.77	29.23	31.12	35.46	38.23
Conversion Ratio = Reinsurance Retention Ratio	37.32	46.22	47.53	54.32	61.11	54.22
Loss and Paid Ratio	33.29	30.45	33.54	31.10	50.50	54.33
Premiums Ceded to Reinsurer/Total Premium	57.62	48.23	40.99	35.25	31.05	34.18
Incurred Losses (Gross) Ceded to Reinsurer/Incurred Losses	41.21	41.78	43.22	42.87	49.44	53.55
Solvency Ratio = Net Assets (av.) / Written Net Premiums	320.5	283.8	311.93	310.72	175.04	124.48

Creditwest Insurance's 'net assets (av.) to written net premiums' decreased to 124.48% from 175.04% but stayed above the estimated sector figure of 110%, indicating the Company's comparatively high capability to meet payment claims despite deterioration in the completed fiscal year.

The conversion ratio is an indicator of the 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 upward trend over the years with a 2014 year-end ratio of 61.11%, indicating a continuously lower level transfer to the reinsurer, and decreased to 54.22% as of FYE2015, indicating a higher risk transfer to reinsurer. Accordingly, the increased paid losses in segments with higher reinsurer share (motor own damage and fire) together with decreased paid losses with lower reinsurer share (accident including MTP) contributed to the technical profit generation capacity. Although the Company's GWP and other technical income increased by 3.18%, the technical profit and net profit of the Company increased by 9.68% and 13.31%, respectively.

The Company's loss and paid ratios increased to 54.33% from 50.50% as of FYE2015 but remained below the estimated 2015 sector figure of 65%, indicating the Company's cautious policy as well as lower claim payments. 2015 year-end sector figure estimation was based on the data of 25 companies provided by the Insurance Association and the Company.

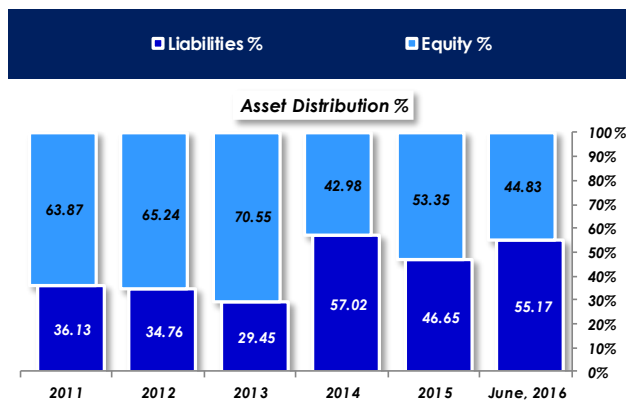
The combined ratio, the sum of loss and expense ratios, measures the profitability level of a company. A ratio of less than 100% means the company generates profit from its activities. The Company's stated ratio exhibited an ongoing improvement trend between 2009 and 2013, mainly due to continuous improvements in GWP production and loss ratio. Although the GWP production increase continued in 2014, the increase in the loss ratio led to a deterioration in the



combined ratios for 2014. On the other hand, although the increase in GWP production remained limited, the gross combined ratio improved to 55.88% as of FYE2015.

Creditwest Insurance provisioned its first doubtful receivables in 2014 over the review period. The NPL ratio decreased to 4.74% as of FYE2015 and stayed below the estimated sector figure of 6.9%. Both the sector's and the Company's liquid assets comprised approximately 50% of the total assets despite the continuing dividend payments for the Company. Accordingly, although the Company' asset quality was suppressed by the deteriorating liquid assets levels together with increasing share of receivables, it maintained its comparatively high level through its better than sector stated indicators.

Creditwest Insurance's equity level deteriorated to 42.98% from 70.55% in 2014 due to the TRY 10mn dividend payment realized in 1H2014. Although the dividend payments continued in 2015 and 2016 with the amounts of TRY 2mn and TRY 1.12mn, respectively, the below profit dividend figures did not prevent the improvement in the equity. Moreover, the Company had an equity of TRY 6.82mn which was approximately three times higher than the risk-based required capital adequacy figure of TRY 2.31mn.



## 8. Corporate Governance

Creditwest Insurance Ltd is not a publicly traded company. Accordingly, the corporate governance principle is not a field that is required to comply for the Company. However, the TRNC Insurance 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 new obligations such as the establishment of internal control, internal audit and risk management systems, a BoD including a minimum of five members, 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. Additionally, a probable merger treaty between Southern Cyprus and TRNC would aggravate the market conditions for TRNC insurance companies due to their comparatively low competitive power compared to Southern Cyprus companies with high compliance to European Union regulations and corporate governance practices.

The Company's former general manager, Mr. Mehmet **UZUN**, was appointed as vice chairman in 2016. Accordingly, the number of the Company's board members increased to seven, including the general manager. Five of these board members are from the Altınbaş family and have a 10% stake each in the Company. Additionally, the internal human resources was utilised for the new general manager appointment and the former manager Ms. Hicran **KANAT** was appointed as general manager in 2016.

Board of Directors	Representing
Sofu <b>ALTINBAŞ</b>	Chairman
Mehmet <b>UZUN</b>	Vice Chairman
Aliye <b>ALTINBAŞ</b>	Member
Hüseyin <b>ALTINBAŞ</b>	Member
Ali <b>ALTINBAŞ</b>	Member
İmam <b>ALTINBAŞ</b>	Member
Hicran <b>KANAT</b>	Member and CEO

As of the report date, the Company employed a total of 19 employees. The Company is divided into three main divisions: customer services, loss claims, and operations.

The Company's web site was modernized in 1Q2015 covering the online insurance services as the first practitioner of the sector. It provides information and disclosed documentation such as its mission and vision, quality policy, board of directors, annual/independent audit reports and growth and customer relations policies. On the other hand, as in the previous year, the non-disclosure of the Company's articles of association, annual reports and independent audit reports of 2015, 2014 and two years before 2013, the shareholder structure, organization chart, and documents related to the general meetings as well as the absence of independent members among the Company's Board suppresses 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 practices fall behind the international standards. The absence of a fully completed 2015 year-end sector data before preparation date of this report in late July results from this deficiency. Within the scope of social responsibility, the Company was involved in social responsibility projects organized in the TRNC. On the other hand, the Company does not have a written social responsibility policy.

Additionally, the preparation of regulations regarding insurance, damage operations, and marketing principles & product cards which are among the Company's 2016 targeted projects will contribute to its institutionalization.



CREDITW EST INSURANCE LTD. BALANCE SHEET - ASSET	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	As % of	As % of	As % of	FYE	FYE	FYE
	2015	2015	2015	2014	2014	2013	2013	2012	2015	2014	2013	2015	2014	2013
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Growth	Growth	Growth
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)	Rate %	Rate %	Rate %
<b>A) CASH AND SIMILAR ASSETS</b>	1,883,021.74	5,475,074.00	6,469,394.00	7,463,714.00	10,271,749.40	13,079,784.80	11,792,885.15	#####	42.86	49.72	63.71	-26.64	-42.94	24.50
<b>B) FINANCIAL ASSETS AND INVESTMENTS</b>	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
a) Financial Assets	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
b) Company's Shares	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) Net Property for Investment and operational usage	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
d) Credit	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
e) Financial Assets and Financial Investments at Policyholder's Risk	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
f) Participations & Subsidiaries & Joint Venture and Others	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
g) Other	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
h) Reserves (-)	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
i) Provision for Depreciation of Financial Assets (-)	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
j) Capital Commitments for Participations & Others (-)	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
<b>C) RECEIVABLES FROM OPERATING ACTIVITIES</b>	381,371.92	1,108,877.00	1,124,015.50	1,139,154.00	1,051,408.35	963,662.70	1,025,481.00	1,087,299.30	8.68	7.59	4.69	-2.66	18.21	-11.37
a) Insurance, Reinsurance, Pension and other Activities	381,371.92	1,108,877.00	1,124,015.50	1,139,154.00	1,051,408.35	963,662.70	1,025,481.00	1,087,299.30	8.68	7.59	4.69	-2.66	18.21	-11.37
b) Doubtful Receivables	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) Provisions for Receivables From Operating 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
d) Reserves (-)	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
e) Provisions For Doubtful Receivables (-)	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
<b>D) RECEIVABLES FROM RELATED PARTIES</b>	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
<b>E) OTHER RECEIVABLES</b>	503,294.81	1,463,380.00	1,499,938.50	1,536,497.00	1,631,447.85	1,726,398.70	1,919,199.75	2,112,000.80	11.45	10.23	8.41	-4.76	-11.00	-18.26
a) Receivables	503,294.81	1,463,380.00	1,499,938.50	1,536,497.00	1,631,447.85	1,726,398.70	1,919,199.75	2,112,000.80	11.45	10.23	8.41	-4.76	-11.00	-18.26
b) Doubtful Receivables	44,063.83	128,120.00	132,259.50	136,399.00	68,199.50	0.00	0.00	0.00	1.00	0.91	n.a	-6.07	n.a	n.a
c) Provisions for Receivables From Other Receivable (-)	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
d) Reserves (-)	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
e) Provisions For Doubtful Receivables (-)	-44,063.83	-128,120.00	-132,259.50	-136,399.00	-68,199.50	0.00	0.00	0.00	-1.00	-0.91	n.a	-6.07	n.a	n.a
<b>F) EXPENSE RELATING TO FUTURE MONTHS / YEARS AND INCOME ACCRUALS</b>	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
<b>G) OTHER ASSETS</b>	512,367.93	1,489,761.00	1,462,647.50	1,435,534.00	1,483,041.10	1,530,548.20	1,212,109.70	893,671.20	11.66	9.56	7.45	3.78	-6.21	71.27
a) Other Current Assets	512,367.93	1,489,761.00	1,462,647.50	1,435,534.00	1,483,041.10	1,530,548.20	1,212,109.70	893,671.20	11.66	9.56	7.45	3.78	-6.21	71.27
b) Reserves (-)	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
<b>H) TANGIBLE ASSETS Net</b>	1,113,708.90	3,238,220.00	3,337,952.50	3,437,685.00	3,333,893.55	3,230,102.10	3,308,293.85	3,386,485.60	25.35	22.90	15.73	-5.80	6.43	-4.62
<b>I) INTANGIBLE ASSETS Net</b>	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
<b>TOTAL ASSETS</b>	4,393,765.30	12,775,312.00	13,893,948.00	15,012,584.00	17,771,540.25	20,530,496.50	19,257,969.45	#####	100.00	100.00	100.00	-14.90	-26.88	14.15




CREDITWEST INSURANCE LTD. BALANCE SHEET LIABILITIES & SHAREHOLDERS' EQUITY	FYE 2015	FYE 2015	FYE 2015	FYE 2014	FYE 2014	FYE 2013	FYE 2013	FYE 2012	As % of	As % of	As % of	FYE 2015	FYE 2014	FYE 2013
	USD	TRY	TRY	TRY	TRY	TRY	TRY	TRY	Assets	Assets	Assets	Growth	Growth	Growth
	(Converted)	(Original)	(Average)	(Original)	(Average)	(Original)	(Average)	(Original)	(Original)	(Original)	(Original)	Rate %	Rate %	Rate %
<b>A) FINANCIAL PAYABLES</b>	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
<b>B) OPERATING ACTIVITY PAYABLES</b>	14,321.09	41,640.00	1,173,048.00	2,304,456.00	1,380,919.35	457,382.70	453,365.95	449,349.20	0.33	15.35	2.23	-98.19	403.84	1.79
a) Total Operational Activity Payables	14,321.09	41,640.00	1,173,048.00	2,304,456.00	1,380,919.35	457,382.70	453,365.95	449,349.20	0.33	15.35	2.23	-98.19	403.84	1.79
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
<b>C) DUE TO RELATED PARTIES</b>	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
<b>D) OTHER PAYABLES</b>	257,552.96	748,861.00	610,677.50	472,494.00	459,797.10	447,100.20	455,045.90	462,991.60	5.86	3.15	2.18	58.49	5.68	-3.43
a) Other payables (Total)	257,552.96	748,861.00	610,677.50	472,494.00	459,797.10	447,100.20	455,045.90	462,991.60	5.86	3.15	2.18	58.49	5.68	-3.43
b) Rediscount (-)	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
<b>E) TOTAL TECHNICAL PROVISIONS</b>	1,777,865.25	5,169,321.00	5,476,470.00	5,783,619.00	5,462,771.65	5,141,924.30	5,240,862.75	5,339,801.20	40.46	38.53	25.05	-10.62	12.48	-3.71
<b>F) TAXES AND OTHER LIABILITIES TO BE PAID AND PROVISIONS THEREOF</b>	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
<b>G) PROVISIONS RELATED OTHER RISKS</b>	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
<b>H) INCOME RELATING TO FUTURE MONTHS &amp; YEARS AND EXPENSE ACCRUALS</b>	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
<b>I) OTHER LIABILITIES</b>	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
<b>J) EQUITY CAPITAL</b>	2,344,026.00	6,815,490.00	6,633,752.50	6,452,015.00	10,468,052.15	14,484,089.30	13,108,694.85	11,733,300.40	53.35	42.98	70.55	5.63	-55.45	23.44
a) Prior year's equity	2,219,017.40	6,452,015.00	10,468,052.00	14,484,089.00	13,108,695.20	11,733,301.40	10,368,909.00	9,004,516.60	50.50	96.48	57.15	-55.45	23.44	30.30
b) Equity (Added from internal & external resources at this year)	-641,919.45	-1,866,445.00	-5,933,222.00	-9,999,999.00	-4,999,999.50	0.00	0.00	0.00	-14.61	-66.61	n.a	-81.34	n.a	n.a
c) Profit & Loss	766,928.05	2,229,920.00	2,098,922.50	1,967,925.00	2,359,356.45	2,750,787.90	2,739,785.85	2,728,783.80	17.45	13.11	13.40	13.31	-28.46	0.81
<b>TOTAL LIABILITIES</b>	<b>4,393,765.30</b>	<b>12,775,312.00</b>	<b>13,893,948.00</b>	<b>15,012,584.00</b>	<b>17,771,540.25</b>	<b>20,530,496.50</b>	<b>19,257,969.45</b>	<b>17,985,442.40</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-14.90</b>	<b>-26.88</b>	<b>14.15</b>
	USD Rates 1=TRY	2.9076		2.3189		2.1304		1.7776						

CREDITWEST INSURANCE LTD. INCOME STATEMENT TRY	FY 2015	FY 2014	FY 2013	FY 2012
<b>TECNICAL INCOME (Life &amp; Non-Life)</b>	<b>7,377,332.00</b>	<b>6,701,548.00</b>	<b>5,955,605.70</b>	<b>5,168,534.80</b>
<b>A) WRITTEN PREMIUMS (NET)</b>	<b>5,329,269.00</b>	<b>5,980,298.00</b>	<b>4,218,778.90</b>	<b>3,324,094.70</b>
a) Written Premiums (Gross)	9,829,823.00	9,786,824.00	7,766,555.20	6,993,677.70
b) Premiums Ceded to Reinsurer (-)	-4,500,554.00	-3,806,526.00	-3,547,776.30	-3,669,583.00
c) Premiums transferred to SSI (-)	0.00	0.00	0.00	0.00
<b>B) TOTAL PROVISIONS FOR UNEARNED PREMIUMS (NET) (-)</b>	<b>3,338,758.00</b>	<b>2,471,042.00</b>	<b>2,298,333.60</b>	<b>1,959,114.80</b>
a) Provisions (Gross) (-)	3,338,758.00	2,471,042.00	2,298,333.60	1,959,114.80
b) Provisions (Reinsurer's share)	0.00	0.00	0.00	0.00
c) Provisions (SSI's share)	0.00	0.00	0.00	0.00
<b>C) CHANGE IN PROVISION FOR UNEXPIRED RISKS</b>	<b>-2,973,316.00</b>	<b>-3,338,758.00</b>	<b>-2,471,042.10</b>	<b>-2,298,333.60</b>
<b>D) INVESTMENT INCOME TRANSFERRED FROM NON-TECHNICAL SECTION</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>E) LIFE BRANCH INVESTMENT INCOME</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>F) UNREALIZED PROFITS IN INVESTMENT</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>G) OTHER NET TECHNICAL INCOMES</b>	<b>3,861,730.00</b>	<b>3,483,011.00</b>	<b>3,123,800.60</b>	<b>2,851,846.30</b>
<b>NET COMMISSION INCOME OR EXPENSE</b>	<b>-2,179,109.00</b>	<b>-1,894,045.00</b>	<b>-1,214,265.30</b>	<b>-668,187.40</b>
<b>ACCRUED INCOME FROM SUBROGATION AND RECOVERY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TECHNICAL EXPENSES</b>	<b>-3,314,021.00</b>	<b>-2,996,752.00</b>	<b>-2,027,910.00</b>	<b>-1,544,025.40</b>
<b>A) PAID LOSSES (NET) (-)</b>	<b>-1,507,388.00</b>	<b>-1,937,879.00</b>	<b>-975,583.30</b>	<b>-1,118,882.60</b>
a) Paid Losses (Gross) (-)	-4,103,301.00	-4,185,228.00	-2,682,291.00	-3,155,007.00
b) Paid Losses (Reinsurer's share)	2,595,913.00	2,247,349.00	1,706,707.70	2,036,124.40
<b>B) PROVISION FOR OUTSTANDING LOSSES (Brought Forward)(NET)</b>	<b>224,860.00</b>	<b>401,733.00</b>	<b>140,264.00</b>	<b>37,850.00</b>
a) Provisions for Outstanding Losses (Gross) (-)	-3,449,635.00	-4,103,081.00	-5,941,646.00	-6,250,524.00
b) Provisions for Outstanding Losses Brought Forward (Gross)+	2,225,831.00	2,654,417.00	4,091,249.00	4,259,864.00
c) Provisions (Reinsurer's share)	1,448,664.00	1,850,397.00	1,990,661.00	2,028,510.00
<b>D) TOTAL MATHEMATICAL RESERVES (NET) (-)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
a) Mathematical Reserves (Gross) (-/+)	0.00	0.00	0.00	0.00
b) Mathematical Reserves (Reinsurer's Share) (- +)	0.00	0.00	0.00	0.00
<b>F) CHANGE IN Total PROVISION</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>I) OPERATING Expenses &amp; in investment Loss (-)</b>	<b>-2,031,493.00</b>	<b>-1,460,606.00</b>	<b>-1,192,590.70</b>	<b>-462,992.80</b>
<b>L) INVESTMENT COSTS TRANSFERRED TO NON-TECHNICAL SECTION</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER TECHNICAL EXPENSES (-)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TECHNICAL PROFIT/ LOSS</b>	<b>4,063,311.00</b>	<b>3,704,796.00</b>	<b>3,927,695.70</b>	<b>3,624,509.40</b>
<b>II- NON-TECHNICAL PART PROFIT/ LOSS</b>	<b>-1,153,752.00</b>	<b>-1,126,248.00</b>	<b>-324,647.20</b>	<b>-50,130.70</b>
<b>INVESTMENT INCOME Net</b>	<b>701,163.00</b>	<b>645,941.00</b>	<b>973,908.60</b>	<b>1,030,817.50</b>
a) Total Investment Income	838,107.00	661,203.00	997,878.80	1,053,651.00
b) Total Investment Expense	-136,944.00	-15,262.00	-23,970.20	-22,833.50
<b>PROFIT &amp; LOSS ARISING FROM OTHER OPERATIONS (+/-)</b>	<b>-1,854,915.00</b>	<b>-1,772,189.00</b>	<b>-1,298,555.80</b>	<b>-1,080,948.20</b>
a) Reserve & Discount Accounts (+/-)	0.00	0.00	0.00	0.00
b) Other Income	0.00	0.00	0.00	0.00
c) Other Expense	-1,854,915.00	-1,772,189.00	-1,298,555.80	-1,080,948.20
<b>PRE TAX PROFIT &amp; LOSS</b>	<b>2,909,559.00</b>	<b>2,578,548.00</b>	<b>3,603,048.50</b>	<b>3,574,378.70</b>
Taxation	-679,639.00	-610,623.00	-852,260.60	-845,594.90
<b>NET PROFIT &amp; LOSS</b>	<b>2,229,920.00</b>	<b>1,967,925.00</b>	<b>2,750,787.90</b>	<b>2,728,783.80</b>
<b>TECHNICAL PROFIT/ LOSS</b>	<b>4,063,311.00</b>	<b>3,704,796.00</b>	<b>3,927,695.70</b>	<b>3,624,509.40</b>
<b>NON TECHNICAL PROFIT/ LOSS</b>	<b>-1,153,752.00</b>	<b>-1,126,248.00</b>	<b>-324,647.20</b>	<b>-50,130.70</b>
<b>PRE TAX PROFIT &amp; LOSS</b>	<b>2,909,559.00</b>	<b>2,578,548.00</b>	<b>3,603,048.50</b>	<b>3,574,378.70</b>
<b>Total Non - Technical Income</b>	<b>838,107.00</b>	<b>661,203.00</b>	<b>997,878.80</b>	<b>1,053,651.00</b>
<b>Total Non - Technical Expense</b>	<b>1,991,859.00</b>	<b>1,787,451.00</b>	<b>1,322,526.00</b>	<b>1,103,781.70</b>

CREDITW EST INSURANCE LTD. FINANCIAL RATIOS (%)	FY 2015	FY 2014	FY 2013
<b>I. PROFITABILITY &amp; PERFORMANCE</b>			
1. ROA - Pre-tax Profit / Total Assets (av.)	20.94	14.51	18.71
2. ROE- Pre-tax Profit / Equity (av.)	43.86	24.63	27.49
3. Total Non-Technical Income / Equity (av.)	12.63	6.32	7.61
4. Total Non-Technical Income / Total Assets (av.)	6.03	3.72	5.18
5. Provision / Total Non-Technical Income	0.00	0.00	0.00
6. Total Non-Technical Expenses / Total Liabilities (av.)	14.34	10.06	6.87
7. Net Profit for the Period / Total Assest (av.)	16.05	11.07	14.28
8. Non-Technical Income / Non-Technical Expense	42.08	36.99	75.45
9. Pre-Tax Profit & Loss / Net Written Premium	54.60	43.12	85.41
10. Loss Ratio (Gross)	40.45	45.96	45.03
11. Loss Ratio (Net)	14.80	18.18	12.82
12. Technical Profit & Loss Ratio (Gross)	41.34	37.85	50.57
13. Technical Profit & Loss Ratio (Net)	76.25	61.95	93.10
14. Expenses Ratio (Gross)	15.43	11.92	11.85
15. Expenses Ratio (Net)	23.44	17.28	18.30
16. Combined Ratio (Gross)	55.88	57.88	56.88
17. Combined Ratio (Net)	38.23	35.46	31.12
18. Conversion Ratio = Reinsurance Retention Ratio	54.22	61.11	54.32
20. Loss and Paid Ratio	54.33	50.50	31.10
21. Net Profit & Loss / Total Liabilities	30.71	26.95	44.73
22. Premiums Ceded to Reinsurer / Total Premium	34.18	31.05	35.25
23. Incurred Losses (Gross) Ceded to Reinsurer / Incurred Losses	53.55	49.44	42.87
<b>II. CAPITAL ADEQUACY</b>			
1. Equity Generation / Prior Year's Equity	-28.93	-69.04	0.00
2. Internal Equity Generation / Prior Year's Equity	34.56	13.59	23.44
3. Equity / Total Assets	53.35	42.98	70.55
4. Free Equity / Total Assets	35.24	26.47	60.70
5. Solvency Ratio I (*)	294.62	260.36	716.22
6. Gross Premiums / Equity	148.18	93.49	59.25
7. Net Premiums / Equity	80.34	57.13	32.18
8. Solvency Ratio = Net Assets / Written Net Premiums	124.48	175.04	310.72
<b>III. LIQUIDITY</b>			
1. Current Assets / Non-Current Assets	170.21	208.06	331.25
2. Current Assets / Total Assets	62.99	67.54	76.81
3. Current Assets / Short Term Liabilities	19,325.96	439.99	3,447.84
4. Cash and Similar Assets / Total Assets	42.86	49.72	63.71
5. Cash and Similar Assets and Bond-Bill-Equities / Total Assets	42.86	49.72	63.71
<b>IV. ASSET QUALITY</b>			
1. (NCA-Long Term Liabilities) / Equity	17.46	21.43	5.72
2. Doubtful Receivables / Total Receivables	4.74	4.85	0.00
3. Provisions / Doubtful Receivables	100.00	100.00	0.00
4. Receivables / Total Assets	20.13	17.82	13.10
5. Receivables from Operating Activities / Total Asset	8.68	7.59	4.69
6. Doubtful Receivables / Total Receivables from Operating Activities	0.00	0.00	0.00
7. Doubtful Receivables / Equity	1.88	2.11	0.00
8. Total Foreign Currencies Position / Asset	0.22	0.71	0.14
9. Total Foreign Currencies Position / Equity	0.41	1.66	0.20
10. Market Share	5.02	6.19	9.82
11. Asset Growth Rate	-14.90	-26.88	14.15



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		August 20, 2014		August 17, 2015	
		Long Term	Short Term	Long Term	Short Term	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	BBB-	A-3	BBB-	A-3
	Local Currency	BB-	B	BB-	B	BB-	B	BB	B	BBB-	A-3	BBB-	A-3	BBB-	A-3	BBB-	A-3
	Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Stable	Stable	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)	A+ (Trk)	A-1 (Trk)	A+ (Trk)	A-1 (Trk)
	Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Positive	Stable	Stable	Stable	Stable	Stable	Stable	Stable
Sponsor Support		2	-	2	-	2	-	2	-	2	-	2	-	2	-	2	-
Stand Alone		AB	-	A	-	A	-	A	-	A	-	A	-	A	-	A	-
Sovereign*	Foreign Currency	BB-	-	BB	B	BB	B	BB	B	BBB-	-	BBB-	-	BBB-	-	BBB-	-
	Local Currency	BB-	-	BB	B	BB	B	BB	B	BBB-	-	BBB-	-	BBB-	-	BBB-	-
	Outlook	Stable	-	Stable	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		(*): Affirmed by JCR on July 11, 2014		(*): Affirmed by JCR on July 11, 2014	