

## Corporate Credit & Issue Rating

New  Update

Sector: Leasing

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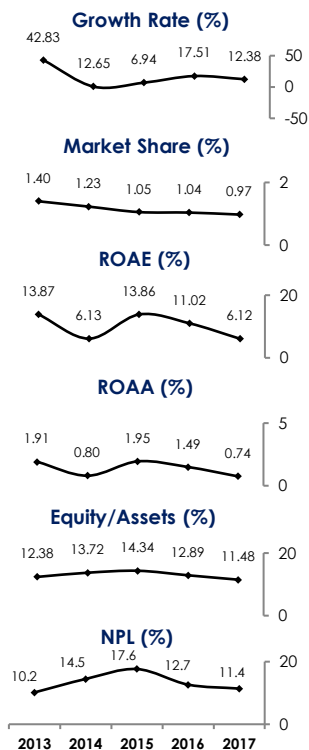
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### RATINGS

|                 | Long             | Short      |           |        |
|-----------------|------------------|------------|-----------|--------|
| International   | Foreign Currency | BBB-       | A-3       |        |
|                 | Local Currency   | BBB-       | A-3       |        |
|                 | Outlook          | FC         | Stable    | Stable |
|                 |                  | LC         | Stable    | Stable |
|                 | Issue Rating     | BBB-       | A-3       |        |
| National        | Local Rating     | BBB+ (Trk) | A-2 (Trk) |        |
|                 | Outlook          | Positive   | Stable    |        |
|                 | Issue Rating     | BBB+ (Trk) | A-2 (Trk) |        |
| Sponsor Support | 2                | -          |           |        |
| Stand-Alone     | AB               | -          |           |        |
| Sovereign*      | Foreign Currency | BBB-       | -         |        |
|                 | Local Currency   | BBB-       | -         |        |
|                 | Outlook          | FC         | Stable    | -      |
| LC              |                  | Stable     | -         |        |

\*Affirmed by JCR on November 10, 2017



## ŞEKER Finansal Kiralama A.Ş. And Its Subsidiary

### Company Overview

| Financial Data         | 1Q2018  | 2017*   | 2016*   | 2015*   | 2014*   | 2013*   |
|------------------------|---------|---------|---------|---------|---------|---------|
| Total Assets (000 USD) | 147,998 | 150,016 | 142,564 | 147,366 | 172,788 | 187,097 |
| Total Assets (000 TRY) | 584,428 | 565,847 | 503,506 | 428,481 | 400,677 | 398,592 |
| Equity (000 TRY)       | 68,247  | 64,984  | 64,912  | 61,462  | 54,956  | 49,365  |
| Net Profit (000 TRY)   | 3,069   | 5,265   | 6,864   | 6,860   | 5,590   | 5,248   |
| Market Share (%)       | 0.95    | 0.97    | 1.04    | 1.05    | 1.23    | 1.40    |
| ROAA (%)               | 0.56    | 0.74    | 1.49    | 1.95    | 0.80    | 1.91    |
| ROAE (%)               | 4.65    | 6.12    | 11.02   | 13.86   | 6.13    | 13.87   |
| Equity/Assets (%)      | 11.68   | 11.48   | 12.89   | 14.34   | 13.72   | 12.38   |
| NPL (%)                | 11.44   | 11.40   | 12.67   | 17.64   | 14.46   | 10.17   |
| Growth Rate (%)        | 14.17   | 12.38   | 17.51   | 6.94    | 0.52    | 42.83   |

\* Audited consolidated financial statements

**Şeker Finansal Kiralama A.Ş.** (Şeker Leasing, the Company), offering leasing services for investment support of domestic and international assets and capital goods needed by 'Small and Medium Size Enterprises' (SMEs), was founded in 1997 and has been publicly traded since 2004 (with a 12.10% free float including 8.59% repurchased shares of its capital of TL 45mn as of 1Q2018). The Company, one of the four leasing companies listed on the Borsa Istanbul (BIST), performs its activities via its headquarters and regional offices in Ankara, İzmir and Gaziantep as well as in the widespread branch network of Şekerbank T.A.Ş. (the Bank). The Company employed a staff force of 36 people as of 1Q2018.

The main shareholder of Şeker Leasing with a 54.13% stake is Şekerbank T.A.Ş. (assigned a long-term national rating of 'AA-(Trk)' and a long-term international rating of 'BBB-' by JCR Eurasia Rating on September 27, 2017), a mid-scale commercial bank in Turkey. Şekerbank T.A.Ş. Personel Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (Voluntary Pension Fund) is the ultimate majority shareholder of the Company. The Company has a subsidiary named Sekar Oto Filo Yönetim Hizmetleri ve Ticaret A.Ş. as of the report date.

### Strengths

- Reputable and robust capital structure
- Diversified and long term weighted borrowing structure, positively differentiating the Company from the short-term sector composition
- The level of provisions in total income, decreasing below sector averages first time in the review period
- Improved asset quality
- Improved and above sector average interest margin and decreased FX position
- Benefits of being a bank affiliate company
- High compliance to corporate governance practices

### Constraints

- Below sector average equity level, common characteristic of bank related companies
- Decreasing market share regarding asset size in line with the Company's cautious management strategy
- Diminished income and pre-tax profit figures resulting in deteriorated profitability indicators
- Increasing interest and foreign exchange rates environment, potentially tightening the net interest margin
- Volatilities imposed on non-bank FIs' asset and net income growth by several incentives such as Credit Guarantee Fund (CGF)