

Regional & Local Gov't Credit Rating

New Update

Sector: Subnational
 Administrations-Municipalities
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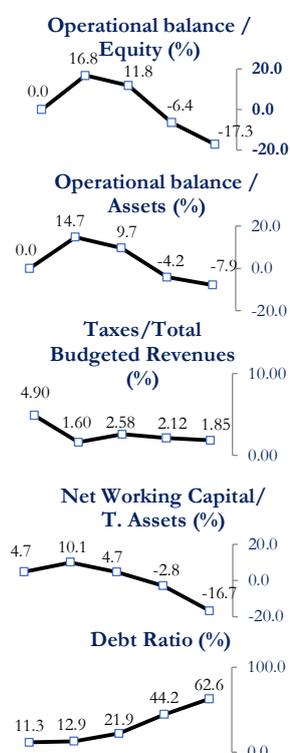
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RATINGS

		Long Term	Short Term	
International	Foreign Currency	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-		
National	Local Rating	AA-(Trk)	A-1+(Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
System Support		1	-	
Sovereign*	Foreign Currency	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
		LC	Negative	-

*Affirmed by JCR on November 27, 2018



Balıkesir Büyükşehir Belediyesi (MMB-The Metropolitan Municipality of Balıkesir)

Overview

Financial Data	2018	2017	2016	2015	2014
Total Assets (USD mn)	414	451	357	344	358
Total Assets (TRY mn)	2,181	1,700	1,257	1,000	830
Equity (TRY mn)	816	949	981	871	736
Operational Results (TRY mn)	-152	-62	110	135	131
Oper. Balance/Equity (%)	-17.26	-6.39	11.84	16.79	-
Oper. Balance/Asset (%)	-7.85	-4.17	9.72	14.75	-
Taxes/T. Budgeted Rev. (%)	1.85	2.12	2.58	1.60	4.90
Equity / Total Assets (%)	37.41	55.84	78.08	87.12	88.69
NWC / T. Assets (%)	-16.73	-2.82	4.71	10.06	4.74
Debt Ratio (%)	62.59	44.16	21.92	12.88	11.31
Net Fiscal Value/Equity (%)	-126.88	-43.13	-7.43	7.80	2.47
Asset Growth Rate (%)	28.26	35.26	25.68	20.45	-

‘Balıkesir Büyükşehir Belediyesi’, (hereinafter referred to as **‘the MMB’** or **‘the Municipality’**) is one of the 30 metropolitan municipalities of Turkey. The MMB’s municipal organization and services begin operation in 1864 during the Ottoman Empire era. The functions of the Municipality are classified in general under the headings of General Public Services, Security, Economic Affairs, Environmental Services, Settlement Works and Cultural Services. The MMB has 12 companies as subsidiary and/or affiliates.

The MMB is established by the Law Nr. 6360, accepted on 12.11.2012 and published in official gazette on 6 December 2012, regarding “The Establishment of Fourteen Metropolitan Municipalities, Twenty-seven County Municipalities with the change in the Decree Laws” and its scope of authority is determined by provincial administrative boundaries. Therefore, the MMB become responsible for 20 different counties whose 2 of them are central municipalities, Alteylül and Karesi. Total population of Balıkesir was 1.2mn as of 2018 and the population in central district was 338k.

The MMB is administered by a council of 93 members. The distribution of seats in the current council are shared amongst the ruling party Ak Parti (48.39%), CHP (36.56%) and İYİP (10.75%), DP (3.22%) and MHP with the rest of shares.

Strengths

- Strong fiscal support from general political system and central government
- High asset growth rate following the change of the municipality structure to ‘metropolitan’
- Solid corporate culture and coherence with the central government
- Wide spectrum of the business areas in Balıkesir

Constraints

- Lack of financial autonomy that limits to utilize the internal sources of the city efficiently
- Increasing level of indebtedness that pressurize income level
- Notable weakening in net working capital indicators and increasing need for external funding
- Political climate and pressure on management and governance of municipalities