

Corporate Credit & Issue Rating

New Update

Sector: Banking

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Analysts

Sevket GÜLEÇ (Group Head)

+90 212 352 56 73

sevket.gulec@jcrer.com.tr

RATINGS

		Long	Short	
International	Foreign	BBB-	A-3	
	Local Currency	BBB-	A-3	
	Outlook	FC	Negative	Negative
		LC	Negative	Negative
Issue Rating	-	-	-	
National	Local Rating	AAA(Trk)	A-1+(Trk)	
	Outlook	Stable	Stable	
	Issue Rating	-	-	
Sponsor Support	1	-	-	
Stand-Alone	A	-	-	
Sovereign*	Foreign	BBB-	-	
	Local Currency	BBB-	-	
	Outlook	FC	Negative	-
LC		Negative	-	

*Affirmed by JCR on December 6, 2019

Türkiye Vakıflar Bankası T.A.O.

Company Overview

Financial Data	2019*	2018*	2017*	2016*	2015*
Total Assets (000,000 USD)	72,900	65,509	73,709	62,705	65,203
Total Assets (000,000 TRY)	433,041	344,638	280,859	220,671	189,586
Total Deposit (000,000 TRY)	254,131	182,476	157,988	126,259	112,010
Total Loans & Rec. (000,000 TRY)	283,857	228,650	190,621	152,512	128,003
Equity (000,000 TRY)	33,552	29,106	23,623	19,607	17,003
Net Profit (000,000 TRY)	3,509	4,604	4,017	2,792	1,874
Total Assets Market Share (%) **	9.34	8.57	8.31	7.78	7.76
ROAA (%)	1.16	1.82	2.00	1.71	1.36
ROAE (%)	14.36	21.58	23.18	19.21	15.02
Equity/Assets (%)	7.75	8.45	8.41	8.89	8.97
CAR - Capital Adequacy Ratio (%)	16.22	16.47	14.95	13.88	14.21
Asset Growth Rate (Annual) (%)	25.65	22.71	27.27	16.40	15.92

* End of year ** On solo basis among the Turkish Banking Sector

With a track record dating back to 1954, Türkiye Vakıflar Bankası T.A.O. (hereinafter referred to as 'Vakıfbank' or 'the Bank') has consistently expanded its operations and provides the full spectrum of financial services including retail, corporate, commercial, SME, agricultural and private banking along with financial intermediation, factoring and leasing services through its financial subsidiaries. The Bank has a wide geographical reach across Turkey serving through a total of 940 branches and 4,245 ATMs along with 3 overseas branches in New York-USA, Erbil-Iraq and Bahrain. The share transfer process for Group A (43%) and Group B (15.51%) shares belonging to the General Directorate of Foundations to the Ministry of Treasury and Finance was completed on 11 December 2019 whilst Group D (listed shares) were unaffected with a current free-float rate of 25.22%. Headquartered in Istanbul, the Company was ranked 4th overall (FYE2018: 6th) in the sector based on solo asset size, whilst having attained the 6th rankings with respect to net profit (FYE2018: 6th), 3rd in loans (FYE2018: 5th), 4th in deposits (FYE2018: 7th) and 6th in equity (FYE2018: 7th) whilst the number of personnel employed across Company operations amounted to 16,835. (FYE2018: 16,767)

Strengths

- Diversified funding sources through non-deposit funding thanks to good access to international funding resources
- Sound growth in net fee & commission income in two consecutive years
- Growth in its market share and high influence in core banking fields
- Maintained below sector average NPLs ratio, despite increasing trend
- One of the leading franchises and a market maker in securities, systemically important bank along with the provision of integrated and diversified financial services via subsidiaries and affiliates
- Strong sponsor support in the event of systemic risk due to the shareholder structure in addition to solid financial competences

Constraints

- Global recession concerns and demand shock exacerbated via the global Covid-19 pandemic
- Expected increase in NPLs ratios for the upcoming period, both in the sector and in the Bank stemming from notable growth in Stage 2 loans and slowdown in economy
- Sector-wide structural maturity mismatches and short maturity profile of deposits
- Deterioration in profit and profitability ratios
- Persistence of high geopolitical risks in the nearby region
- Possible negative effect of the recent regulations on fee & commission income

