

Corporate Credit Rating

New Update

Sector: Banking

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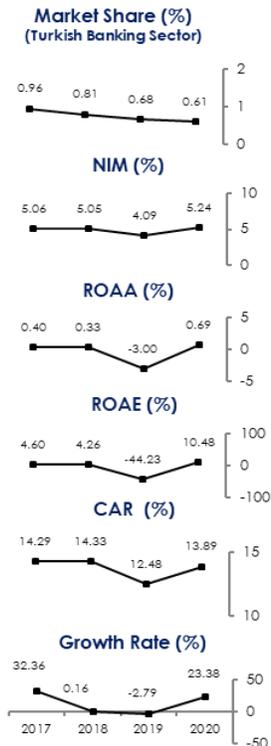
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RATINGS

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

*Assigned by JCR on May 31, 2021



Şekerbank T.A.Ş. and its Subsidiaries

JCR Eurasia Rating evaluated “Şekerbank T.A.Ş.” in an investment grade category and upgraded the ratings on the Long and Short-Term National Scales from ‘BBB (Trk)’ and ‘A-3 (Trk)’ to ‘BBB+ (Trk)’ and ‘A-2 (Trk)’, respectively and affirmed their outlook as ‘Stable’. On the other hand, the Long Term International Foreign and Local Currency Ratings of the Group are mapped as ‘BB/Stable’, according to JCR-ER’s national-global mapping methodology.

The operating history of Şekerbank T.A.Ş. (hereinafter Şekerbank or the Bank) goes back a long way back to 1953 with the establishment of Pancar Kooperatifleri Bankası A.Ş. in Eskişehir via the savings of Anatolian sugar beet cooperative farmers. After moving to Ankara province in 1956, the Bank’s commercial title was changed as Şekerbank T.A.Ş. Since 2004, the headquarters of the Bank has been located in İstanbul. 15% of the Bank’s shares were offered to the public in 1997 for the first time and since then, the Bank has been publicly traded on BIST (Borsa İstanbul). At present, the Bank is included in the BIST Sustainability, BIST Stars and BIST Corporate Governance indices. According to the information provided from the Public Disclosure Platform on 25.10.2021, the actual outstanding shares ratio of Şekerbank was 49.98%. After capital increase held via rights issues in November 2020, the paid-in capital of the Bank was TRY 1,860mn as of 30.06.2021. (FYE2020: TRY 1,860mn, FYE2019: TRY 1,158mn.) The capital share ratios of the qualified shareholders; Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı and Samruk-Kazyna Invest LLP were 31.01% and 12.06% at 1H2021. Şekerbank provides corporate, commercial, SME and retail banking services with its 238 domestic branches and 7 regional offices (1 in İstanbul and 6 in Anatolia) throughout Turkey. Along with its domestic branch network, the Bank has a presence in the Turkish Republic of Northern Cyprus via its subsidiary. The Bank employed a staff force of 3,272 people as of 31.12.2020. (31.12.2019: 3,265 employees)

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Consistent recovery in asset quality since Q12020 as evidenced by NPLs ratios
- Improving profitability indicators after the sharp deterioration experienced at FYE2019
- Commitment to maintaining a favorable liquidity structure with a prudent approach
- Established relations with international financial institutions
- High level of compliance with corporate governance practices
- Long-standing operating history and deep-seated distribution network

Constraints

- Asset growth performance below sector averages leading to retreating market share
- CARs standing below sector average despite being compatible with the requirements
- Sector wide short-term weighted maturity profile of deposits and structural maturity mismatches
- Maintenance of an above sector average trend in OpEx to total income ratio
- Effects of the pandemic and macro uncertainties’ pressure on the Turkish banking sector

Considering the aforementioned points, the Bank’s the Long-Term National Rating has been assigned as ‘BBB+ (Trk)’. The improving asset quality, risk mitigation efforts via maintaining TRY-denominated assets and liabilities weighted balance sheet structure, favorable liquidity profile and the Digital Transformation Program which has been conducted in order to increase asset quality and sustainable profitability along with declining market share among the sector and macroeconomic uncertainties’ potential adverse effects both on financial and non-financial sectors have been evaluated as important indicators for ‘Stable’ outlook of long-term national rating of Şekerbank T.A.Ş. The Bank’s asset quality, both operational and bottom-line profitability indicators, liquidity and capital adequacy profile and local and global macroeconomic indicators are the major issues which will be monitored by JCR Eurasia Rating in the upcoming period.

The sponsor support grade of Şekerbank T.A.Ş. has been resolved in deference to financial strength, financial capacity and willingness of the qualified shareholders; Şekerbank T.A.Ş. Personeli Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı and Samruk-Kazyna Invest LLP. In this regard, the Sponsor Support grade of the Bank has been affirmed as (3) in JCR Eurasia Rating’s notation system, indicating an adequate external support possibility. On the other hand, due to its deep-rooted operating history, qualified and competent senior management, favorable liquidity profile, capability to access local and global financing resources and prudent risk management approach, the Stand Alone Note of the Bank has been determined as ‘B’.