

# Regional & Local Government Credit Rating

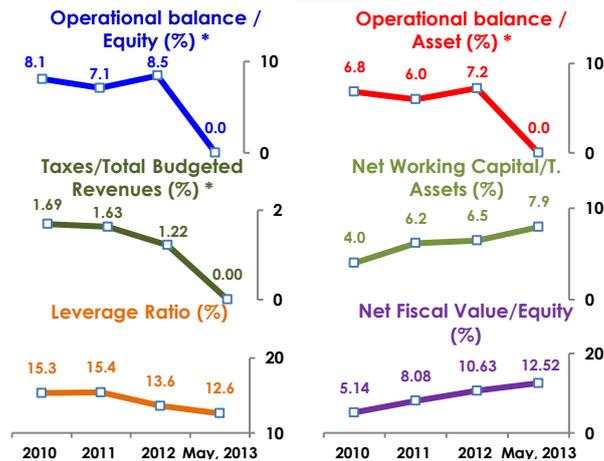
# International Public Finance [Subnational Administrations-Municipalities]

		Long-Term	Short-Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	AAA (Trk)	A-1+(Trk)
	Outlook	Stable	Stable
System Support		1	-
Sovereign	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

\*Assigned by Japan Credit Rating Agency, JCR on May 23, 2013

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\*Zero values indicating "not available"

### Strengths

- High level of support by the general political system and government
- Better life indices compared to countrywide figures
- Strong equity and asset structure, stability in asset growth and uninterrupted internal profit generation
- A portion of revenue items exempted from confiscation
- High cash generation capacity and financial strength of the water supplier, I.S.K.I., an affiliated administration of MMI
- High tax generation capacity, tourism potential and the central role of the city of Istanbul within the Turkish economy and cultural structure
- Upward trend in short and long term liability coverage ratios of working capital
- High level of citizen satisfaction according to surveys conducted by the MMI
- Resource efficiency, specialization and service effectiveness attained via the business approach of performing services through its subsidiaries

### Constraints

- Existing deficiency of own revenues and planned further decline therein
- Inability of municipalities to determine their revenues due to unpredictability and variance of shares received from budget tax revenues
- Financial burden imposed on the MMI by the transportation provider I.E.T.T. with regard to cashflow due to low public transportation tariffs
- High level of impaired receivables and low level of liquidity
- Negative pressure exerted on maintenance of achieved service quality by the continuing migration from Anatolia to Istanbul
- Increasing financial borrowings and high indebtedness level of subsidiaries and affiliated administrations
- High level of resource requirements to be generated through ongoing projects
- Relative scarcity of water resources
- Existing building problems and defects in infrastructure despite earthquake risks
- Continuation of structural problems causing the density of traffic
- Capital injection needs of some subsidiaries and affiliated administrations

İBB-İSTANBUL BÜYÜKŞEHİR BELEDİYESİ (MMI-Metropolitan Municipality of Istanbul)							
Financial Data	May, 2013	(*) 2012	(*) 2011	(*) 2010	(*) 2009	(*) 2008	(*) 2007
Total Assets (USD mn)	26.963	27.784	24.366	27.277	25.233	22.599	26.554
Total Assets (TRY mn)	50.803	49.388	46.025	41.942	37.528	34.391	30.784
Equity (TRY mn)	44.399	42.675	38.935	35.520	31.887	30.219	28.442
Operational results (TRY mn)	1.580	3.448	2.638	2.560	1.337	1.564	1.243
Oper. balance/Equity (%)	n.a	8,45	7,08	7,60	4,31	5,33	4,48
Oper. balance/Asset (%)	n.a	7,23	6,00	6,44	3,72	4,80	4,23
Taxes/T. Revenues (%)	n.a	1,22	1,63	1,69	1,90	2,03	1,92
Equity/Assets (%)	86,41	84,59	84,69	84,69	84,97	87,87	92,39
NWC/T. Assets (%)	7,94	6,45	6,17	4,02	2,43	3,14	1,60
Leverage Ratio (%)	12,61	13,59	15,41	15,31	15,03	12,13	7,61
Net Fiscal Value/Equity (%)	12,52	10,63	8,10	5,14	2,89	6,25	9,16
Asset Growth Rate (%)	2,86	7,31	9,74	11,76	9,12	11,72	9,81

• Year End

### Overview

The Metropolitan Municipality of Istanbul (MMI) is Turkey's largest and one of the most prominent municipalities in the world regarding asset size and range of services. The Municipality serves the city limits of Istanbul and operates through 27 subsidiaries and 2 affiliated administrations namely, IETT and ISKI. With a population approaching 14 million and ranked 50<sup>th</sup> among international economies in terms of national income, larger than that of 137 countries, and, Istanbul is among the world's major cities with regard to history, culture and geography.

Consisting of 39 counties, the MMI is administered by a council of 300 members and also includes a 10-member Executive Committee, 10-member Council Clerk and a 5-member Ethics Committee. As a result of local elections held in March 2009, the distribution of seats in the current council are shared amongst the ruling party AKP (58.67%), CHP (37%), independent members (3.33%), MHP (0.33%) and RP (0.67%). The council chairmanship is carried out by Mr. Kadir TOPBAŞ, a member of the AKP, who was re-elected for a second five-year term.