

## Regional & Local Government Credit Rating

## International Public Finance [Subnational Administrations-Municipalities]

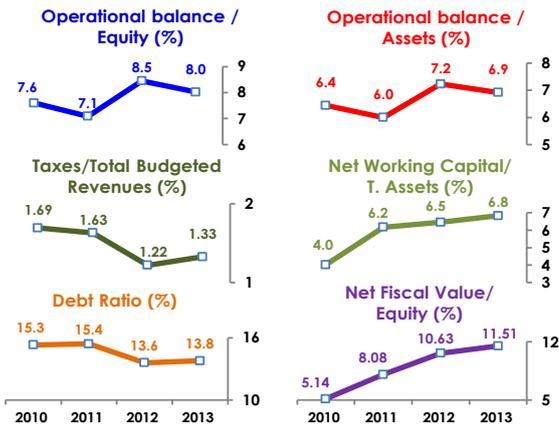
		Long-Term	Short-Term
International	Foreign currency	BBB-	A-3
	Local currency	BBB-	A-3
	Outlook	Stable	Stable
National	Local Rating	AAA (Trk)	A-1+(Trk)
	Outlook	Stable	Stable
System Support		1	-
Sovereign	Foreign currency	BBB-	-
	Local currency	BBB-	-
	Outlook	Stable	-

\*Assigned by Japan Credit Rating Agency, JCR on July 11, 2014

İBB-İSTANBUL BÜYÜKŞEHİR BELEDİYESİ (MMI-The Metropolitan Municipality of Istanbul)							
Financial Data	June, 2014	(*) 2013	(*) 2012	(*) 2011	(*) 2010	(*) 2009	(*) 2008
Total Assets (USD mn)	26,764	25,518	27,784	24,366	27,277	25,233	22,599
Total Assets (TRY mn)	56,810	54,363	49,388	46,025	41,942	37,528	34,391
Equity (TRY mn)	49,351	46,871	42,675	38,935	35,520	31,887	30,219
Operational Results (TRY mn)	2,191	3,590	3,448	2,638	2,560	1,337	1,564
Oper. Balance/Equity (%)	n.a	8.02	8.45	7.08	7.60	4.31	5.33
Oper. Balance/Asset (%)	n.a	6.92	7.23	6.00	6.44	3.72	4.80
Taxes/T. Budgeted Rev. (%)	1.76	1.33	1.22	1.63	1.69	1.90	2.03
Equity/Assets (%)	86.87	86.41	84.59	84.69	84.69	84.97	87.87
NWC/T. Assets (%)	7.47	6.83	6.45	6.17	4.02	2.43	3.14
Debt Ratio (%)	13.13	13.78	13.59	15.41	15.31	15.03	12.13
Net Fiscal Value/Equity (%)	12.10	11.51	10.63	8.10	5.14	2.89	6.25
Asset Growth Rate (%)	4.50	10.07	7.31	9.74	11.76	9.12	11.72

\*Year End

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### Overview

The Metropolitan Municipality of Istanbul (MMI) is the Turkey's largest municipality with its pivotal position in the economy 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 25 subsidiaries and 2 affiliated administrations namely, IETT and ISKI. With a population having reached 14.2 million (18.47% of the total population) and ranked among 55 largest international economies in terms of national income, larger than that of 135 countries, Istanbul is among the world's major cities with regard to history, culture and geography.

The MMI, consisting of 39 counties, is administered by a council of 310 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 on March 30, 2014, the distribution of seats in the current council are shared amongst the ruling party AKP (60.32%), CHP (39.03%) and MHP (0.65%). The council chairmanship is carried out by Mr. Kadir TOPBAŞ, a member of the AKP, who was re-elected for a third five-year term.

### Strengths

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

### Constraints

- Impeded fiscal flexibility and autonomy due to reliance on external resources through inability of municipalities to determine their revenues regarding unpredictability of shares received from budget tax revenues
- Increasing financial borrowings and high indebtedness level of some of its subsidiaries and affiliated administrations resulting in rising capital injection needs
- Expanding resource requirements to be generated through ongoing projects
- Financial burden imposed on the MMI by the transportation provider I.E.T.T. through cashflows due to level of public transportation tariffs
- High level of impaired receivables
- Negative pressure exerted on maintenance of achieved service quality by the continuing migration from Anatolia to Istanbul
- Mounting share of financial liabilities within the funding structure
- Relative scarcity of water resources
- Persistent building problems and defects in infrastructure despite earthquake risks
- Continuation of structural problems causing the density of traffic

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