

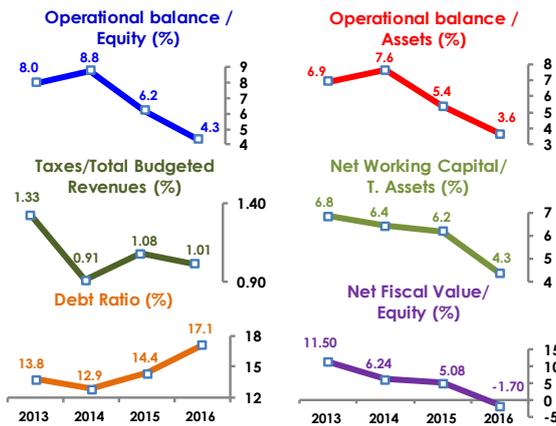
Regional & Local Government Credit Rating

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	-

*Affirmed by Japan Credit Rating Agency, JCR on October 7, 2016

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Strengths

- High level of sustained fiscal support by the general political system and central government
- Stability of significant asset growth rates and internal profitability though weakening supporting robustness of balance sheet structure
- Strong capitalization level
- Impulsive force of Istanbul within the Turkish economy marked by high tax generation capacity and growing tourism potential together with rich historical background and cultural heritage
- Still adequate level of working capital coverage despite deterioration
- Resource efficiency, specialization, service effectiveness and a degree of discretion on revenues attained through a business approach of performing services through its subsidiaries
- High cash generation capacity and financial strength of some of its subsidiaries
- A portion of revenue items exempted from confiscation
- Better life indices compared to countrywide figures

Constraints

- Given unpredictability of shares received from budget tax revenues, impediments imposed on fiscal flexibility and autonomy due to inability of municipalities to determine their revenues
- Share of the municipalities' own revenues exhibiting a declining path
- Notable weakening in operational results
- Coverage ratio of budgeted revenues exhibiting notable declines
- Still high indebtedness level of some of its subsidiaries and affiliated administrations
- High level of impaired receivables
- Growing resource requirements through ongoing huge projects
- Continuing migration from Anatolia and neighboring countries to Istanbul exerting pressure on maintenance of achieved service quality
- Relative scarcity of water resources
- Persistent building problems and defects in infrastructure despite earthquake risks
- Continuation of structural problems causing the density of traffic

İBB-İSTANBUL BÜYÜKŞEHİR BELEDİYESİ (MMI-The Metropolitan Municipality of İstanbul)						
Financial Data	(*) 2016	(*) 2015	(*) 2014	(*) 2013	(*) 2012	(*) 2011
Total Assets (USD mn)	21,621	22,192	25,535	25,518	27,784	24,366
Total Assets (TRY mn)	76,361	64,526	59,214	54,363	49,388	46,025
Equity (TRY mn)	63,274	55,255	51,602	46,871	42,675	38,935
Operational Results (TRY mn)	2,563	3,314	4,321	3,590	3,448	2,638
Oper. Balance/Equity (%)	4.32	6.20	8.78	8.02	8.45	7.08
Oper. Balance/Asset (%)	3.64	5.36	7.61	6.92	7.23	6.00
Taxes/T. Budgeted Rev. (%)	1.01	1.08	0.91	1.33	1.22	1.63
Equity/Assets (%)	82.86	85.63	87.15	86.22	86.41	84.59
NWC/T. Assets (%)	4.35	6.19	6.40	6.83	6.45	6.17
Debt Ratio (%)	17.14	14.37	12.85	13.78	13.59	15.41
Net Fiscal Value/Equity (%)	-1.70	5.08	6.24	11.51	10.63	8.10
Asset Growth Rate (%)	18.34	8.97	8.92	10.07	7.31	9.74

*Year End

Overview

The Metropolitan Municipality of İstanbul (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 İstanbul and operates through 28 subsidiaries and 2 affiliated administrations namely, İETT and İSKİ.

With a population over 14 million and ranking among 60 largest international economies in terms of national income, larger than that of 130 countries, İstanbul is among the world's major cities with regard to history, culture and geography and holds a prominent place in the Turkish economy with its estimated share of over 30% in the GDP.

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. The current distribution of seats in the current council are shared amongst the ruling party AKP (58.06%), CHP (40.97%) and MHP (0.65%).