

Turkiye Finans Katilim Bankasi AS

Full Rating Report

Ratings

Foreign Currency

| | |
|----------------|-----|
| Long-Term IDR | BBB |
| Short-Term IDR | F3 |

Local Currency

| | |
|----------------|------|
| Long-Term IDR | BBB+ |
| Short-Term IDR | F2 |

National

| | |
|------------------|----------|
| Long-Term Rating | AAA(tur) |
|------------------|----------|

Viability Rating

| | |
|----------------|----------|
| Support Rating | bb- 2 |
|----------------|----------|

Sovereign Risk

| | |
|--------------------------------|------|
| Long-Term Foreign-Currency IDR | BBB- |
| Long-Term Local-Currency IDR | BBB |
| Country Ceiling | BBB |

Outlooks

| | |
|--|--------|
| Long-Term Foreign-Currency IDR | Stable |
| Long-Term Local-Currency IDR | Stable |
| National Long-Term Rating | Stable |
| Sovereign Long-Term Foreign-Currency IDR | Stable |
| Sovereign Long-Term Local-Currency IDR | Stable |

Financial Data

Turkiye Finans Katilim Bankasi AS

| | 30 Sep 12 | 30 Dec 11 |
|-----------------------------------|--------------|--------------|
| Total assets (USDm) | 8,771 | 7,079 |
| Total assets (TRYm) | 15,787 | 13,528 |
| Total equity (TRYm) | 1,835 | 1,614 |
| Operating profit (TRYm) | 279 | 294 |
| Published net income (TRYm) | 218 | 232 |
| Operating ROAA (%) | 2.57 | 2.37 |
| Operating ROAE (%) | 21.6 | 19.5 |
| Internal capital generation (%) | 15.9 | 14.4 |
| Fitch core capital/weighted risks | 13.0 | 14.1 |
| Tier 1 ratio (%) | 12.7 | 13.7 |

Related Research

[Fitch Upgrades Turkey to Investment Grade \(November 2012\)](#)

[Turkey \(November 2012\)](#)

[2013 Outlook: Turkish Banking Sector \(December 2012\)](#)

[EM Banking System Datawatch \(November 2012\)](#)

[Turkish Participation Banks \(March 2011\)](#)

Analysts

Banu Cartmell
+44 20 3530 1109
banu.cartmell@fitchratings.com

Levent Topcu
+90 212 284 7819
levent.topcu@fitchratings.com

Key Rating Drivers

Support-Driven IDRs: Turkiye Finans Katilim Bankasi AS's (Turkiye Finans) IDRs, Support and National Long-Term Ratings reflect the support from its majority shareholder, The National Commercial Bank (NCB, 'A+' / Stable). Fitch Ratings considers Turkiye Finans as a strategically important subsidiary of NCB given the parent's focus on Turkey.

Viability Rating Stable: The Viability Rating reflects Turkiye Finans' currently good asset quality, strong core profitability and well-diversified, stable deposits. Its rapid growth history, relatively small size and potential lack of funding diversification are credit negatives.

Sound Core Profitability: Overall profitability is a key strength of Turkiye Finans and it has maintained an operating return on equity (ROE) in the range of 20%-22% since 2009. Margins are healthy and better than peers', and efficiency measures are reasonable. Fitch expects stable profitability for 2013, on the back of strong margins offset by slower volume growth and an increase in loan impairments.

Developed Risk Systems: Fitch's assessment of risk management organisation and systems is positive. Despite its relatively small size, risk management is reasonably advanced. The loans were mainly in the corporate (47%) and SME segments (38%) as of H112, which are also the target client segments. Diversification is good with the exception of a slightly high construction exposure.

Stable Asset Quality: Asset quality is a particular strength of Turkiye Finans. NPL inflows slightly accelerated in 9M12 and asset quality ratios were partially helped by continued growth. Nevertheless, loan impairment charges to average gross loans at 1.0% still remains well under control and the NPL ratio was low at 2.7% in 9M12. Fitch considers some further increase in NPLs could happen in 2013, but that this should not raise concerns.

Long-Term Funding Diversification Challenges: The bank is primarily funded by well-diversified retail deposits, which is a key funding strength in Fitch's view. Funding from NCB and other shareholders accounted for 8.5% of non-equity funds in 9M12. Fitch considers that long-term funding diversification is a key challenge given the limited availability of interest-free financing products in Turkey.

Liquidity and Capitalisation: Turkiye Finans's liquid assets are high and cover 24% of deposits. The bank ultimately relies on its core deposit base, which has been stable to date, as well as on the support it could expect to receive from its parent for liquidity. Fitch's core capital ratio will improve following the completion of the capital increase in Q412.

What Could Trigger a Rating Action

Constrained by Country Ceiling: A change in NCB's ability and/or willingness to support Turkiye Finans could affect the latter's IDRs and Support Rating. The Long-Term Foreign-Currency IDR is constrained by Turkey's Country Ceiling and a change in the Country Ceiling would be reflected in IDRs.

Viability Rating: An upgrade of the VR would require successful progress in executing rapid organic growth plans, reflected in continued sound performance, capitalisation and diversified funding. A downgrade could be driven by a substantial worsening of asset quality that would negatively affect capitalisation and overall credit metrics.

Figure 1
Shareholder Structure

| (%) | Current | Expected ^a |
|-----------------------|--------------|-----------------------|
| NCB (Saudi Arabia) | 64.7 | 66.3 |
| Boydak Group (Turkey) | 21.6 | 22.1 |
| Ulker Group (Turkey) | 13.6 | 11.6 |
| Others | 0.1 | 0.1 |
| Total | 100.0 | 100.0 |

^a The expected shareholder structure following the capital increase in Q412
Source: Company data

Profile

Majority Owned by the National Commercial Bank of Saudi Arabia

Turkiye Finans was established through the merger of Anadolu Finans and Family Finans in 2005, which were owned by Boydak Group and Ulker Group, respectively. These industrial groups are among Turkey's well-known large corporations, with diversified activities in consumer goods and various industries.

In March 2008 NCB of Saudi Arabia acquired 60% of Turkiye Finans. Subsequently, it increased its share to 64.7% in 2009. Turkiye Finans launched a paid-in capital increase in Q312, which is expected to be finalised at end-2012. When the capital increase is completed, NCB's stake in Turkiye Finans is likely to increase to 66.3%, as one of the Turkish minority shareholders is not contributing to it (see Figure 1). NCB is represented on the board by five members out of a total of seven. Turkish shareholders have two members on the board in total.

NCB is the largest bank in Saudi Arabia. It is majority owned by the Saudi state, through the Public Investment Fund and the General Social Insurance Institution. It had consolidated assets of USD85.5bn and equity of USD10.3bn at end-9M12. Turkiye Finans alone accounts for around 10% of the consolidated NCB group in terms of assets and equity. NCB has other investments in Turkey apart from Turkiye Finans, although the latter alone accounts for the largest exposure to Turkey. Fitch considers Turkiye Finans to be a strategic and long-term investment for NCB.

Catering Mainly to SMEs and Corporates

Turkiye Finans engages in interest-free banking – primarily with SMEs and corporate clients. Retail banking mainly consists of mortgages. Other types of typical unsecured lending products have limited penetration (eg, credit cards and personal loans). Turkiye Finans is a small but growing bank, with a 1.3% market share in assets and 1.4% in deposits at end-9M12. It had 193 branches at end-9M12, and aims to reach 330 branches by end-2016.

Growth-Driven Strategic Vision

Turkiye Finans has a long-term strategic plan to increase its market share. In order to meet long-term targets, management plans to expand its balance sheet by 20% faster than the sector average and to open 30 new branches every year until 2017. In Fitch's opinion, maintaining a sound credit profile during the expansion phase while at the same time improving funding diversification will be a key challenge. Future capital needs are already planned and agreed with the shareholder and a TRY250m capital injection is planned for each of 2013 and 2014. The amount of wholesale funding is estimated by Turkiye Finans to increase by around 2.5 times until end-2016, meaning that funding diversification may not improve if this expansion is solely financed from the parent or from wholesale markets. While pursuing its growth strategy, the management will also have the challenge of achieving a sustainable ROE of 15%.

Presentation of Accounts

Fitch's analysis is based on Turkiye Finans's audited financial statements, prepared in accordance with Banking Regulation and Supervision Agency (BRSA) guidelines, which are very similar to IFRS. Interim figures are based on the auditor's limited review, in accordance with BRSA guidelines.

Performance and Profitability

Improved Operating Environment

The Turkish economy is on track to return to a sustainable growth rate, after a narrowing of the current account deficit and a reduction in inflation after overheating in 2011. Achieving such a rebalancing without a recession – helped by a strong trade performance, while unemployment is at an 11-year low – points to enhanced economic flexibility and resilience. Fitch expects the economy to remain more volatile than investment-grade peers, but believes sovereign

Figure 2
Market Share and Ranking

| | 9M12 | |
|--------------|-----------|------|
| | Share (%) | Rank |
| Total assets | 1.3 | 15 |
| Deposits | 1.4 | 15 |
| Loans | 1.8 | 14 |

Source: Participation Banks Association of Turkey and Commercial Banks Association of Turkey, data adapted by Fitch

Related Criteria

[Global Financial Institutions Rating Criteria \(August 2012\)](#)

[Evaluating Corporate Governance \(December 2012\)](#)

[Rating Financial Institutions Above the Sovereign \(December 2012\)](#)

creditworthiness has become more resilient to shocks, although, at some point, an external financing shock and a recession are likely. The agency believes the country's strong sovereign, bank and household balance sheets, and economic and exchange rate flexibility provide important buffers against shocks spreading into a wider financial crisis.

The sharp slowdown in economic and credit growth in Turkey this year has led to only a limited increase in NPLs, as still positive growth, moderate corporate/household leverage and reasonable underwriting support asset quality. However, downside risks are still present, as loan books have yet to season after the rapid credit build-up. Capitalisation levels have been declining in the light of the strong growth in 2010-11, though further pressure on capitalisation is limited by strong earnings.

Good Margins and Improved Efficiency

Turkiye Finans has healthy margins, higher than its peers' and the sector average (see Figure 3). Its margins benefited from better loan yields in 9M12 and widened by around 80bp. Net financing income is by far the largest contributor to revenues (9M12: 80%). Net fee and commission income made up around 11% of revenues in 9M12, which is far lower than Turkish banks' average of 21%, reflecting a common weakness of interest-free banks in Turkey. This needs to be addressed for revenue diversification and stability.

Efficiency measures have improved since 2010 and the cost-to-income ratio was 49% in 9M12, the best in its peer group. The cost-to-assets ratio at 3.3% is higher than sector average (2.7%),

Figure 3
Performance Indicators Compared

| | Turkiye Finans ('BBB'/bb-) | | | Kuveyt Turk Katilim Bankasi A.S ('BBB'/bb-) | | | Bank Asya (not rated) | | |
|--|--|--------|--------|--|--------|--------|--------------------------|--------|--------|
| | Sep 12 | Dec 11 | Dec 10 | Sep 12 | Dec 11 | Dec 10 | Sep 12 | Dec 11 | Dec 10 |
| Size (TRYm) | | | | | | | | | |
| Total assets | 15,787 | 13,528 | 10,692 | 17,681 | 14,714 | 9,727 | 20,162 | 17,348 | 14,661 |
| Equity | 1,835 | 1,614 | 1,406 | 1,616 | 1,440 | 1,257 | 2,394 | 2,247 | 2,039 |
| No. of branches | 193 | 182 | 182 | 221 | 179 | 141 | 232 | 200 | 175 |
| Growth (%) | | | | | | | | | |
| Asset growth | 17 | 27 | 23 | 20 | 51 | 41 | 16 | 18 | 25 |
| Loan growth | 24 | 30 | 11 | 10 | 47 | 39 | 17 | 21 | 31 |
| Deposit growth | 11 | 14 | 22 | 20 | 38 | 36 | 21 | 10 | 22 |
| Margins (%) | | | | | | | | | |
| Net financing margin | 6.4 | 5.6 | 5.6 | 5.5 | 5.6 | 5.8 | 5.5 | 4.8 | 5.8 |
| Net financing margin (adjusted by impairments) | 5.4 | 5.2 | 5.4 | 4.6 | 4.5 | 5.0 | 2.9 | 4.1 | 5.4 |
| Loan yield | 11.5 | 10.1 | 10.2 | 11.3 | 10.5 | 10.7 | 10.4 | 9.7 | 11.4 |
| Deposit cost | 5.4 | 5.0 | 5.5 | 4.4 | 4.4 | 4.7 | 5.4 | 5.2 | 5.9 |
| Cost of funding | 5.1 | 4.8 | 5.4 | 4.3 | 4.1 | 4.4 | 5.2 | 5.0 | 5.8 |
| Profitability (%) | | | | | | | | | |
| Operating ROA | 2.6 | 2.4 | 2.6 | 2.0 | 2.0 | 2.4 | 1.3 | 1.7 | 2.6 |
| Operating ROE | 21.6 | 19.5 | 19.5 | 21.1 | 18.2 | 19.5 | 10.5 | 12.9 | 17.5 |
| ROA | 2.0 | 1.9 | 2.1 | 1.6 | 1.6 | 1.9 | 1.0 | 1.4 | 2.0 |
| ROE | 16.9 | 15.3 | 15.8 | 17.1 | 14.3 | 15.5 | 8.3 | 10.4 | 13.7 |
| Efficiency (%) | | | | | | | | | |
| Cost/income | 49 | 56 | 58 | 53 | 53 | 54 | 54 | 65 | 63 |
| Cost/average assets | 3.3 | 3.5 | 3.9 | 3.0 | 3.3 | 3.6 | 4.0 | 4.3 | 4.8 |
| Deposits per branch | 55 | 52 | 46 | 53 | 55 | 50 | 63 | 61 | 63 |
| Asset quality (%) | | | | | | | | | |
| NPL ratio | 2.7 | 2.3 | 3.0 | 2.3 | 2.0 | 3.3 | 4.2 | 4.5 | 3.9 |
| NPL reserve coverage (specific reserves) | 72 | 69 | 65 | 80 | 85 | 70 | 62 | 50 | 68 |
| Loan imp charges/pre-imp opr profit | 24 | 12 | 5 | 26 | 30 | 22 | 62 | 25 | 11 |
| Loan imp. charges/avg. gross loans | 1.0 | 0.4 | 0.2 | 1.0 | 1.2 | 0.9 | 2.7 | 0.8 | 0.4 |
| Funding & liquidity (%) | | | | | | | | | |
| Gross loans/customer deposits | 124 | 111 | 98 | 99 | 108 | 101 | 110 | 113 | 103 |
| Liquid assets excluding securities/customer deposits | 24 | 23 | 22 | 45 | 37 | 31 | 20 | 17 | 21 |
| Liquid assets excluding securities/total assets | 16 | 16 | 17 | 30 | 25 | 22 | 15 | 12 | 16 |
| Capitalisation (%) | | | | | | | | | |
| Fitch core capital/weighted risks | 13.0 | 14.1 | 17.4 | 11.8 | 13.1 | 16.8 | 13.2 | 13.1 | 13.4 |
| Total regulatory capital ratio | 13.3 | 14.2 | 17.1 | 14.0 | 16.3 | 17.1 | 13.7 | 13.5 | 13.5 |
| Tier 1 regulatory capital ratio | 12.7 | 13.7 | 16.4 | 11.3 | 12.8 | 16.5 | n.a. | 13.1 | 13.0 |

Source: Fitch

Figure 4

Loan Portfolio Breakdown

| (%) | H112 | 2011 |
|-----------------|------------|------------|
| Corporate loans | 47 | 45 |
| SMEs | 38 | 40 |
| Mortgage | 11 | 11 |
| Other Consumer | 4 | 3 |
| Total | 100 | 100 |

Source: Bank data, adapted by Fitch

which is normal given the franchise investments and Fitch views these levels are good. Overall profitability is a key strength and operating ROE has been maintained in the range of 20%-22%. Asset quality is also a particular strength of Turkiye Finans, and loan impairments to average gross loans increased but still equalled a very reasonable 1.0% in 9M11 (2011: 0.4%), driven by sound asset quality (see *Loan Loss Experience and Reserves*).

Risk Management

Developed Risk Systems

NCB pursues a hands-on approach to the strategic management of the bank. The executive committee (consisting of two board members and the CEO) monitors the performance of the bank and is headed by an NCB board member. The audit committee is the hub for key risk management decisions and the chief risk officer of NCB is a member of the committee. The overall risk appetite of the bank is centrally monitored through this committee.

Turkiye Finans's risk management organisation and systems are relatively advanced, despite a relatively small size. It has separate rating models for SMEs and corporate clients. Both models were validated internally. Score cards are used for retail loans and decision making is almost automatised. Fitch considers that reliable rating systems are important for Turkiye Finans, as new customers over the last 12 months now account for almost 30% of total customers.

SME and Corporate Focus

Turkiye Finans's loans were mainly in the corporate (47%) and SME segments (38%) in H112, which are also the target client segments. The average internal rating of its SME and corporate clients is in the 'BB' range and there has not been a considerable deterioration in ratings in H112. Retail exposures are mostly composed of mortgages with low LTVs and short maturities. Unsecured consumer lending is a profitable, but at the same time cumbersome product for participation banks due to its interest-free structure. The bank has a small exposure to this segment, but is working on alternative products.

Construction Exposure Driven by Off-Balance Sheet Receivables

Concentration on large borrowers is low (the top 20 borrowers equalled 8% of total loans in H112). Sectoral diversification is also good with the exception of the construction sector which accounted for 11% of on-balance sheet loans and 29% of off-balance sheet exposures at end-H112. The construction exposure includes contractors (75%), as well as direct real estate developers (20%). Off-balance sheet facilities are mostly in the form of performance bonds where asset quality is usually better. The NPL ratio of the construction segment was 4.5% at end-9M12.

Slight Increase in NPLs but Asset Quality Under Control

Asset quality is a particular strength of Turkiye Finans. The NPL ratio was reasonable at 2.7% in 9M12 (2011: 2.3%). NPL inflows slightly accelerated in 9M12 and NPL ratios were helped by continued growth. Nevertheless, loan impairments to average gross loans risk at 1.0% in 9M12 still remains well under control. Fitch considers some further increase in NPLs could occur in 2013, but that should not raise concerns. The coverage of NPLs is good (110% including general reserves at end-9M12).

Figure 5

NPL Ratios by Segment

| (%) | H112 | 2011 | 2010 |
|-------------------------------|------------|------------|------------|
| Corporate loans | 1.7 | 2.1 | 2.0 |
| SMEs | 4.0 | 3.0 | 4.0 |
| Mortgage | 0.6 | 0.8 | 0.9 |
| Consumer loans | 5.4 | 3.0 | 10.5 |
| Total NPL ratio | 2.6 | 2.3 | 3.0 |
| Reserve coverage ^a | 73 | 69 | 65 |

^a Includes only specific provisions, excludes general loan provisions recorded under liabilities

Source: Bank data adapted by Fitch

Figure 6

Asset Quality Trends Compared

| (%) | 9M12 | | |
|--------------------------------|----------------|-------------|-----------|
| | Turkiye Finans | Kuveyt Turk | Bank Asya |
| NPL ratio | 2.7 | 2.3 | 4.2 |
| Cost of risk ^a | 1.0 | 1.0 | 2.7 |
| Reserve coverage of NPLs | 72 | 80 | 62 |
| Loan growth (9M12, annualised) | 32 | 13 | 23 |

^a Loan impairment charges/average gross loans
Source: Bank data adapted by Fitch

Low Market Risk

In theory, participation banks are not subject to interest rate risk, as they do not offer fixed-rate interest returns. However, in practice, market interest rates usually have an indirect effect on margins as the bank adjusts its revenue sharing ratio to remain competitive. Otherwise, the bank could face a deposit outflow, meaning that interest rate risk would surface as liquidity risk (see *Liquidity Risk* below).

The bank has a very small securities portfolio (1% of assets, as of 9M12), almost entirely composed of revenue-indexed bonds issued by the Turkish treasury (eligible as collateral). Open FX positions are not allowed and daily FX trading limits are very low.

Funding and Capital

Well-Diversified Customer Deposits

Turkiye Finans is primarily funded by well-diversified participation accounts (customer deposits), that accounted for 76% of non-equity funding in 9M12. There are no visible concentrations on large deposits and one-third of customer deposits were covered by the deposit insurance fund at end-H112. The desire of some depositors to avoid commercial banks also supports deposit stability.

The remaining funding is raised from bilateral borrowings and murabaha facilities. Funding from NCB and other shareholders, in the form of deposits and borrowings accounted for 8.5% of non-equity funds in 9M12. The bank plans to improve funding diversification by issuing Islamic bonds (sukuk). Fitch believes that funding diversification is a key challenge for participation banks, including Turkiye Finans, given the limited availability of interest-free financing products in Turkey.

Liquidity

Given the structural maturity mismatch and lack of liquid securities eligible as collateral at the central bank, participation banks require a higher level of liquid assets. For this reason, highly liquid assets (defined as cash, advances to banks and reserves at the central bank) equalled 16% of assets and covered 24% of customer deposits at end-9M12. The bank comfortably meets regulatory ratios and implements additional buffers on required ratios. Early warning and liquidity target indicators are identified and monitored.

The loan-to-deposit ratio increased to 124% at end-9M12 (2011: 111%). That reflects a very small securities portfolio as well as the bank’s sensitivity to core deposit volatility. The bank’s liquidity is moderate in Fitch’s view. Its core deposit base has been stable to date and potential contingency support from the parent provides some buffer.

Moderate Capitalisation

The Fitch core capital ratio was a moderate 13.0% in 9M12. Given ambitious growth plans, capital support will be required to maintain these levels. Management has already outlined a plan that foresees a capital injection of around TRY250m every year. Accordingly, the capital increase for 2012 will be completed in Q412 and Fitch estimates the core capital ratio will improve by around 150bp as a result. Fitch considers capitalisation to be moderate as long as current capitalisation ratios are maintained with capital injections made when necessary. NCB has been supportive in providing capital in the past.

Figure 7
Capitalisation and Liquidity

| 9M12 | 9M12 | | |
|---------------------------------|----------------|-------------|-----------|
| | Turkiye Finans | Kuveyt Turk | Bank Asya |
| Regulatory capital ratio (%) | 13.3 | 14.0 | 13.7 |
| Fitch core capital ratio | 13.0 | 11.8 | 13.2 |
| Liquid assets/customer deposits | 24 | 45 | 20 |
| Loans/customer deposits | 124 | 99 | 110 |

Source: Bank data adapted by Fitch

Turkiye Finans Katilim Bankasi AS
Income Statement

| | 30 Sep 2012 | | | 31 Dec 2011 | | 31 Dec 2010 | | 31 Dec 2009 | |
|--|---------------|--------------------|--------------|--------------------|-------------|------------------|-------------|------------------|--------------|
| | 9 Months - Q3 | 9 Months - Q3 | As % of | Year End | As % of | Year End | As % of | Year End | As % of |
| | USDm | TRYth | Earning | TRYth | Earning | TRYth | Earning | TRYth | Earning |
| | Unqualified | Unqualified | Assets | Unqualified | Assets | Unqualified | Assets | Unqualified | Assets |
| 1. Income on Financing | 558.7 | 1,005,681.0 | 10.08 | 967,646.0 | 8.55 | 790,236.0 | 8.81 | 828,795.0 | 10.36 |
| 2. Other Income from Financing | 16.7 | 30,010.0 | 0.30 | 81,555.0 | 0.72 | 99,439.0 | 1.11 | 148,426.0 | 1.86 |
| 3. Dividend Income | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 4. Gross Financing and Dividend Income | 575.4 | 1,035,691.0 | 10.38 | 1,049,201.0 | 9.27 | 889,675.0 | 9.92 | 977,221.0 | 12.22 |
| 5. Funding Expense on Customer Deposits | 225.2 | 405,361.0 | 4.06 | 446,802.0 | 3.95 | 415,188.0 | 4.63 | 463,993.0 | 5.80 |
| 6. Other Funding Expense | 28.6 | 51,545.0 | 0.52 | 27,940.0 | 0.25 | 1,504.0 | 0.02 | 9,382.0 | 0.12 |
| 7. Total Funding Expense | 253.8 | 456,906.0 | 4.58 | 474,742.0 | 4.19 | 416,692.0 | 4.65 | 473,375.0 | 5.92 |
| 8. Net Financing Income | 321.5 | 578,785.0 | 5.80 | 574,459.0 | 5.08 | 472,983.0 | 5.27 | 503,846.0 | 6.30 |
| 9. Net Gains (Losses) on Trading and Derivatives | 23.0 | 41,372.0 | 0.41 | 66,349.0 | 0.59 | 57,239.0 | 0.64 | 50,907.0 | 0.64 |
| 10. Net Gains (Losses) on Other Securities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 11. Net Gains (Losses) on Assets at FV through Income Statement | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 12. Net Insurance Income | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 13. Net Fees and Commissions | 44.2 | 79,527.0 | 0.80 | 95,939.0 | 0.85 | 83,035.0 | 0.93 | 95,807.0 | 1.20 |
| 14. Other Operating Income | 13.6 | 24,392.0 | 0.24 | 31,479.0 | 0.28 | 28,533.0 | 0.32 | 27,688.0 | 0.35 |
| 15. Total Non-Financing Operating Income | 80.7 | 145,291.0 | 1.46 | 193,767.0 | 1.71 | 168,807.0 | 1.88 | 174,402.0 | 2.18 |
| 16. Personnel Expenses | 102.1 | 183,828.0 | 1.84 | 213,235.0 | 1.88 | 193,609.0 | 2.16 | 176,497.0 | 2.21 |
| 17. Other Operating Expenses | 95.2 | 171,440.0 | 1.72 | 219,253.0 | 1.94 | 180,127.0 | 2.01 | 157,992.0 | 1.98 |
| 18. Total Non-Funding Expenses | 197.4 | 355,268.0 | 3.56 | 432,488.0 | 3.82 | 373,736.0 | 4.17 | 334,489.0 | 4.18 |
| 19. Equity-accounted Profit/ Loss - Operating | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 20. Pre-Impairment Operating Profit | 204.9 | 368,808.0 | 3.70 | 335,738.0 | 2.97 | 268,054.0 | 2.99 | 343,759.0 | 4.30 |
| 21. Loan Impairment Charge | 49.9 | 89,851.0 | 0.90 | 41,455.0 | 0.37 | 14,474.0 | 0.16 | 128,407.0 | 1.61 |
| 22. Securities and Other Credit Impairment Charges | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 23. Operating Profit | 155.0 | 278,957.0 | 2.80 | 294,283.0 | 2.60 | 253,580.0 | 2.83 | 215,352.0 | 2.69 |
| 24. Equity-accounted Profit/ Loss - Non-operating | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 141.0 | 0.00 |
| 25. Non-recurring Income | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 26. Non-recurring Expense | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 27. Change in Fair Value of Own Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 28. Other Non-operating Income and Expenses | -0.5 | -852.0 | -0.01 | -862.0 | -0.01 | -801.0 | -0.01 | -368.0 | 0.00 |
| 29. Pre-tax Profit | 154.5 | 278,105.0 | 2.79 | 293,421.0 | 2.59 | 252,779.0 | 2.82 | 215,125.0 | 2.69 |
| 30. Tax expense | 33.2 | 59,766.0 | 0.60 | 61,834.0 | 0.55 | 47,250.0 | 0.53 | 43,737.0 | 0.55 |
| 31. Profit/Loss from Discontinued Operations | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 32. Net Income | 121.3 | 218,339.0 | 2.19 | 231,587.0 | 2.05 | 205,529.0 | 2.29 | 171,388.0 | 2.14 |
| 33. Change in Value of AFS Investments | n.a. | n.a. | - | -24,024.0 | -0.21 | 180.0 | 0.00 | 20,848.0 | 0.26 |
| 34. Revaluation of Fixed Assets | n.a. | n.a. | - | 0.0 | 0.00 | 6,695.0 | 0.07 | 0.0 | 0.00 |
| 35. Currency Translation Differences | n.a. | n.a. | - | n.a. | - | 0.0 | 0.00 | 0.0 | 0.00 |
| 36. Remaining OCI Gains/(losses) | n.a. | n.a. | - | n.a. | - | 0.0 | 0.00 | 0.0 | 0.00 |
| 37. Fitch Comprehensive Income | 121.3 | 218,339.0 | 2.19 | 207,563.0 | 1.83 | 212,404.0 | 2.37 | 192,236.0 | 2.40 |
| 38. Memo: Profit Allocation to Non-controlling Interests | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 39. Memo: Net Income after Allocation to Non-controlling Interests | 121.3 | 218,339.0 | 2.19 | 231,587.0 | 2.05 | 205,529.0 | 2.29 | 171,388.0 | 2.14 |
| 40. Memo: Common Dividends Relating to the Period | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 41. Memo: Preferred Dividends Related to the Period | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |

Exchange rate

USD1 = TRY1.80000

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

Turkiye Finans Katilim Bankasi AS
Balance Sheet

| | 30 Sep 2012 | | | 31 Dec 2011 | | | 31 Dec 2010 | | | 31 Dec 2009 | | |
|---|-----------------------|------------------------|-------------------|---------------------|-------------------|---------------------|-------------------|--------------------|-------------------|-------------|--|--|
| | 9 Months - Q3 USDm | 9 Months - Q3 TRYth | As % of Assets | Year End TRYth | As % of Assets | Year End TRYth | As % of Assets | Year End TRYth | As % of Assets | | | |
| Assets | | | | | | | | | | | | |
| A. Loans | | | | | | | | | | | | |
| 1. Residential Mortgage Loans | 891.9 | 1,605,481.0 | 10.17 | 1,144,572.0 | 8.46 | 970,973.0 | 9.08 | 733,653.0 | 8.43 | | | |
| 2. Other Mortgage Loans | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 3. Other Consumer/ Retail Loans | 221.6 | 398,796.0 | 2.53 | 163,665.0 | 1.21 | 256,246.0 | 2.40 | 203,243.0 | 2.34 | | | |
| 4. Corporate & Commercial Loans | 5,960.6 | 10,729,076.0 | 67.96 | 9,018,995.0 | 66.67 | 6,686,218.0 | 62.54 | 6,172,337.0 | 70.95 | | | |
| 5. Other Loans | 192.7 | 346,946.0 | 2.20 | 245,497.0 | 1.81 | 243,842.0 | 2.28 | 257,695.0 | 2.96 | | | |
| 6. Less: Reserves for Impaired Loans/ NPLs | 139.5 | 251,020.0 | 1.59 | 169,854.0 | 1.26 | 157,659.0 | 1.47 | 181,804.0 | 2.09 | | | |
| 7. Net Loans | 7,127.4 | 12,829,279.0 | 81.26 | 10,402,875.0 | 76.90 | 7,999,620.0 | 74.82 | 7,185,124.0 | 82.59 | | | |
| 8. Gross Loans | 7,266.8 | 13,080,299.0 | 82.85 | 10,572,729.0 | 78.15 | 8,157,279.0 | 76.29 | 7,366,928.0 | 84.68 | | | |
| 9. Memo: Impaired Loans included above | 192.7 | 346,946.0 | 2.20 | 245,497.0 | 1.81 | 243,842.0 | 2.28 | 257,695.0 | 2.96 | | | |
| 10. Memo: Loans at Fair Value included above | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| B. Other Earning Assets | | | | | | | | | | | | |
| 1. Loans and Advances to Banks | 177.7 | 319,930.0 | 2.03 | 268,400.0 | 1.98 | 363,046.0 | 3.40 | 210,761.0 | 2.42 | | | |
| 2. Reverse Repos and Cash Collateral | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 3. Trading Securities and at FV through Income | 0.5 | 853.0 | 0.01 | 941.0 | 0.01 | 2,050.0 | 0.02 | 747.0 | 0.01 | | | |
| 4. Derivatives | 18.1 | 32,621.0 | 0.21 | 22,726.0 | 0.17 | 6,577.0 | 0.06 | 7,340.0 | 0.08 | | | |
| 5. Available for Sale Securities | 80.1 | 144,247.0 | 0.91 | 620,827.0 | 4.59 | 595,123.0 | 5.57 | 592,383.0 | 6.81 | | | |
| 6. Held to Maturity Securities | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 7. At-equity Investments in Associates | 2.2 | 4,000.0 | 0.03 | 3,000.0 | 0.02 | 2,000.0 | 0.02 | 2,000.0 | 0.02 | | | |
| 8. Other Securities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 9. Total Securities | 101.0 | 181,721.0 | 1.15 | 647,494.0 | 4.79 | 605,750.0 | 5.67 | 602,470.0 | 6.93 | | | |
| 10. Memo: Government Securities included Above | 80.1 | 144,129.0 | 0.91 | 619,789.0 | 4.58 | 594,279.0 | 5.56 | 589,297.0 | 6.77 | | | |
| 11. Memo: Total Securities Pledged | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 12. Investments in Property | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 13. Insurance Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 14. Other Earning Assets | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 15. Total Earning Assets | 7,406.1 | 13,330,930.0 | 84.44 | 11,318,769.0 | 83.67 | 8,968,416.0 | 83.88 | 7,998,355.0 | 91.94 | | | |
| C. Non-Earning Assets | | | | | | | | | | | | |
| 1. Cash and Due From Banks | 1,216.9 | 2,190,421.0 | 13.87 | 1,917,837.0 | 14.18 | 1,434,467.0 | 13.42 | 452,751.0 | 5.20 | | | |
| 2. Memo: Mandatory Reserves included above | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 3. Foreclosed Real Estate | 0.1 | 98.0 | 0.00 | 0.0 | 0.00 | 215.0 | 0.00 | 79.0 | 0.00 | | | |
| 4. Fixed Assets | 63.5 | 114,339.0 | 0.72 | 112,660.0 | 0.83 | 122,022.0 | 1.14 | 103,541.0 | 1.19 | | | |
| 5. Goodwill | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 6. Other Intangibles | 7.0 | 12,688.0 | 0.08 | 11,801.0 | 0.09 | 10,251.0 | 0.10 | 8,733.0 | 0.10 | | | |
| 7. Current Tax Assets | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 8. Deferred Tax Assets | 10.6 | 19,157.0 | 0.12 | 16,661.0 | 0.12 | 5,776.0 | 0.05 | 171.0 | 0.00 | | | |
| 9. Discontinued Operations | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 10. Other Assets | 66.4 | 119,563.0 | 0.76 | 150,625.0 | 1.11 | 150,713.0 | 1.41 | 136,013.0 | 1.56 | | | |
| 11. Total Assets | 8,770.7 | 15,787,196.0 | 100.00 | 13,528,353.0 | 100.00 | 10,691,860.0 | 100.00 | 8,699,643.0 | 100.00 | | | |
| Liabilities and Equity | | | | | | | | | | | | |
| D. Remunerative Liabilities | | | | | | | | | | | | |
| 1. Customer Deposits - Current | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 2. Customer Deposits - Savings | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 3. Customer Deposits - Term | 5,858.3 | 10,544,993.0 | 66.79 | 9,495,461.0 | 70.19 | 8,356,877.0 | 78.16 | 6,871,066.0 | 78.98 | | | |
| 4. Total Customer Deposits | 5,858.3 | 10,544,993.0 | 66.79 | 9,495,461.0 | 70.19 | 8,356,877.0 | 78.16 | 6,871,066.0 | 78.98 | | | |
| 5. Deposits from Banks | 107.4 | 193,363.0 | 1.22 | 13,704.0 | 0.10 | 41,019.0 | 0.38 | 11,424.0 | 0.13 | | | |
| 6. Repos and Cash Collateral | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 7. Other Deposits and Short-term Borrowings | 757.3 | 1,363,131.0 | 8.63 | 1,178,031.0 | 8.71 | 126,812.0 | 1.19 | 17,857.0 | 0.21 | | | |
| 8. Total Deposits, Money Market and Short-term Funding | 6,723.0 | 12,101,487.0 | 76.65 | 10,687,196.0 | 79.00 | 8,524,708.0 | 79.73 | 6,900,347.0 | 79.32 | | | |
| 9. Senior Debt Maturing after 1 Year | 564.6 | 1,016,195.0 | 6.44 | 333,925.0 | 2.47 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 10. Subordinated Borrowing | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 11. Other Funding | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 12. Total Long Term Funding | 564.6 | 1,016,195.0 | 6.44 | 333,925.0 | 2.47 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 13. Derivatives | 14.6 | 26,259.0 | 0.17 | 19,371.0 | 0.14 | 10,758.0 | 0.10 | 3,107.0 | 0.04 | | | |
| 14. Trading Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 15. Total Funding | 7,302.2 | 13,143,941.0 | 83.26 | 11,040,492.0 | 81.61 | 8,535,466.0 | 79.83 | 6,903,454.0 | 79.35 | | | |
| E. Non-Remunerative Liabilities | | | | | | | | | | | | |
| 1. Fair Value Portion of Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 2. Credit Impairment Reserves | 70.3 | 126,596.0 | 0.80 | 94,424.0 | 0.70 | 69,232.0 | 0.65 | 59,407.0 | 0.68 | | | |
| 3. Reserves for Pensions and Other | 63.1 | 113,557.0 | 0.72 | 109,323.0 | 0.81 | 67,850.0 | 0.63 | 63,878.0 | 0.73 | | | |
| 4. Current Tax Liabilities | 27.0 | 48,573.0 | 0.31 | 45,928.0 | 0.34 | 35,934.0 | 0.34 | 33,953.0 | 0.39 | | | |
| 5. Deferred Tax Liabilities | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 6. Other Deferred Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 7. Discontinued Operations | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 8. Insurance Liabilities | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 9. Other Liabilities | 288.8 | 519,803.0 | 3.29 | 624,527.0 | 4.62 | 577,282.0 | 5.40 | 445,259.0 | 5.12 | | | |
| 10. Total Liabilities | 7,751.4 | 13,952,470.0 | 88.38 | 11,914,694.0 | 88.07 | 9,285,764.0 | 86.85 | 7,505,951.0 | 86.28 | | | |
| F. Hybrid Capital | | | | | | | | | | | | |
| 1. Pref. Shares and Hybrid Capital accounted for as Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 2. Pref. Shares and Hybrid Capital accounted for as Equity | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| G. Equity | | | | | | | | | | | | |
| 1. Common Equity | 1,007.5 | 1,813,412.0 | 11.49 | 1,595,073.0 | 11.79 | 1,363,486.0 | 12.75 | 1,157,957.0 | 13.31 | | | |
| 2. Non-controlling Interest | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | | | |
| 3. Securities Revaluation Reserves | -0.1 | -268.0 | 0.00 | -2,996.0 | -0.02 | 21,028.0 | 0.20 | 20,848.0 | 0.24 | | | |
| 4. Foreign Exchange Revaluation Reserves | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - | | | |
| 5. Fixed Asset Revaluations and Other Accumulated OCI | 12.0 | 21,582.0 | 0.14 | 21,582.0 | 0.16 | 21,582.0 | 0.20 | 14,887.0 | 0.17 | | | |
| 6. Total Equity | 1,019.3 | 1,834,726.0 | 11.62 | 1,613,659.0 | 11.93 | 1,406,096.0 | 13.15 | 1,193,692.0 | 13.72 | | | |
| 7. Total Liabilities and Equity | 8,770.7 | 15,787,196.0 | 100.00 | 13,528,353.0 | 100.00 | 10,691,860.0 | 100.00 | 8,699,643.0 | 100.00 | | | |
| 8. Memo: Fitch Core Capital | 1,012.2 | 1,822,038.0 | 11.54 | 1,601,858.0 | 11.84 | 1,395,845.0 | 13.06 | 1,184,959.0 | 13.62 | | | |

Exchange rate

USD1 = TRY1.80000

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

Turkiye Finans Katilim Bankasi AS

Summary Analytics

| | 30 Sep 2012 | 31 Dec 2011 | 31 Dec 2010 | 31 Dec 2009 |
|--|---------------|-------------|-------------|-------------|
| | 9 Months - Q3 | Year End | Year End | Year End |
| A. Financing Ratios | | | | |
| 1. Financing Income on Loans/ Average Gross Loans | 11.51 | 10.13 | 10.18 | 12.67 |
| 2. Financing Expense on Customer Deposits/ Average Customer Deposits | 5.43 | 4.96 | 5.45 | 7.63 |
| 3. Financing Income/ Average Earning Assets | 11.43 | 10.15 | 10.49 | 13.65 |
| 4. Financing Expense/ Average Remunerative Liabilities | 5.11 | 4.76 | 5.40 | 7.58 |
| 5. Net Financing Income/ Average Earning Assets | 6.39 | 5.56 | 5.58 | 7.04 |
| 6. Net Financing Inc Less Loan Impairment Charges/ Av. Earning Assets | 5.40 | 5.16 | 5.40 | 5.24 |
| 7. Net Financing Inc Less Preferred Stock Dividend/ Average Earning Assets | 6.39 | 5.56 | 5.58 | 7.04 |
| B. Other Operating Profitability Ratios | | | | |
| 1. Non-Financing Income/ Gross Revenues | 20.07 | 25.22 | 26.30 | 25.71 |
| 2. Non-Financing Expense/ Gross Revenues | 49.07 | 56.30 | 58.23 | 49.32 |
| 3. Non-Financing Expense/ Average Assets | 3.28 | 3.48 | 3.85 | 4.23 |
| 4. Pre-impairment Op. Profit/ Average Equity | 28.57 | 22.19 | 20.62 | 31.32 |
| 5. Pre-impairment Op. Profit/ Average Total Assets | 3.40 | 2.70 | 2.76 | 4.35 |
| 6. Loans and securities impairment charges/ Pre-impairment Op. Profit | 24.36 | 12.35 | 5.40 | 37.35 |
| 7. Operating Profit/ Average Equity | 21.61 | 19.45 | 19.51 | 19.62 |
| 8. Operating Profit/ Average Total Assets | 2.57 | 2.37 | 2.62 | 2.73 |
| 9. Taxes/ Pre-tax Profit | 21.49 | 21.07 | 18.69 | 20.33 |
| 10. Pre-Impairment Operating Profit / Risk Weighted Assets | 3.51 | 2.96 | 3.34 | 5.05 |
| 11. Operating Profit / Risk Weighted Assets | 2.66 | 2.59 | 3.16 | 3.17 |
| C. Other Profitability Ratios | | | | |
| 1. Net Income/ Average Total Equity | 16.91 | 15.31 | 15.81 | 15.62 |
| 2. Net Income/ Average Total Assets | 2.01 | 1.86 | 2.12 | 2.17 |
| 3. Fitch Comprehensive Income/ Average Total Equity | 16.91 | 13.72 | 16.34 | 17.51 |
| 4. Fitch Comprehensive Income/ Average Total Assets | 2.01 | 1.67 | 2.19 | 2.43 |
| 5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets | n.a. | n.a. | 2.12 | 2.17 |
| 6. Net Income/ Risk Weighted Assets | 2.08 | 2.04 | 2.56 | 2.52 |
| 7. Fitch Comprehensive Income/ Risk Weighted Assets | 2.08 | 1.83 | 2.64 | 2.83 |
| D. Capitalization | | | | |
| 1. Fitch Core Capital/Weighted Risks | 12.99 | 14.10 | 17.38 | 17.42 |
| 3. Tangible Common Equity/ Tangible Assets | 11.55 | 11.85 | 13.07 | 13.63 |
| 4. Tier 1 Regulatory Capital Ratio | 12.65 | 13.69 | 16.42 | 16.50 |
| 5. Total Regulatory Capital Ratio | 13.29 | 14.24 | 17.08 | 17.19 |
| 6. Core Tier 1 Regulatory Capital Ratio | n.a. | n.a. | n.a. | n.a. |
| 7. Equity/ Total Assets | 11.62 | 11.93 | 13.15 | 13.72 |
| 8. Cash Dividends Paid & Declared/ Net Income | 0.00 | 0.00 | 0.00 | 0.00 |
| 9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income | 0.00 | 0.00 | 0.00 | 0.00 |
| 10. Cash Dividends & Share Repurchase/Net Income | n.a. | n.a. | n.a. | n.a. |
| 11. Net Income - Cash Dividends/ Total Equity | 15.90 | 14.35 | 14.62 | 14.36 |
| E. Loan Quality | | | | |
| 1. Growth of Total Assets | 16.70 | 26.53 | 22.90 | 22.46 |
| 2. Growth of Gross Loans | 23.72 | 29.61 | 10.73 | 28.87 |
| 3. Impaired Loans(NPLs)/ Gross Loans | 2.65 | 2.32 | 2.99 | 3.50 |
| 4. Reserves for Impaired Loans/ Gross loans | 1.92 | 1.61 | 1.93 | 2.47 |
| 5. Reserves for Impaired Loans/ Impaired Loans | 72.35 | 69.19 | 64.66 | 70.55 |
| 6. Impaired Loans less Reserves for Imp Loans/ Equity | 5.23 | 4.69 | 6.13 | 6.36 |
| 7. Loan Impairment Charges/ Average Gross Loans | 1.03 | 0.43 | 0.19 | 1.96 |
| 8. Net Charge-offs/ Average Gross Loans | 0.00 | 0.23 | 0.65 | 0.45 |
| 9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets | 2.65 | 2.32 | 2.99 | 3.50 |
| F. Funding | | | | |
| 1. Loans/ Customer Deposits | 124.04 | 111.35 | 97.61 | 107.22 |
| 2. Interbank Assets/ Interbank Liabilities | 165.46 | 1,958.55 | 885.07 | 1,844.90 |
| 3. Customer Deposits/ Total Funding excl Derivatives | 80.39 | 86.16 | 98.03 | 99.58 |

Turkiye Finans Katilim Bankasi AS
Reference Data

| | 30 Sep 2012 | | 31 Dec 2011 | | 31 Dec 2010 | | 31 Dec 2009 | | |
|--|-----------------------|------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| | 9 Months - Q3 USDm | 9 Months - Q3 TRYth | As % of Assets | Year End TRYth | As % of Assets | Year End TRYth | As % of Assets | Year End TRYth | As % of Assets |
| A. Off-Balance Sheet Items | | | | | | | | | |
| 1. Managed Securitizated Assets Reported Off-Balance Sheet | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 2. Other off-balance sheet exposure to securitizations | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 3. Guarantees | 3,325.8 | 5,986,356.0 | 37.92 | 5,565,661.0 | 41.14 | 3,634,491.0 | 33.99 | 3,201,843.0 | 36.80 |
| 4. Acceptances and documentary credits reported off-balance sheet | 475.8 | 856,496.0 | 5.43 | 972,878.0 | 7.19 | 645,969.0 | 6.04 | 557,070.0 | 6.40 |
| 5. Committed Credit Lines | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 6. Other Contingent Liabilities | 1,203.1 | 2,165,496.0 | 13.72 | 1,668,239.0 | 12.33 | 1,607,578.0 | 15.04 | 1,786,528.0 | 20.54 |
| 7. Total Business Volume | 13,775.3 | 24,795,544.0 | 157.06 | 21,735,131.0 | 160.66 | 16,579,898.0 | 155.07 | 14,245,084.0 | 163.74 |
| 8. Memo: Total Weighted Risks | 7,793.2 | 14,027,701.0 | 88.85 | 11,357,865.0 | 83.96 | 8,031,709.0 | 75.12 | 6,801,408.0 | 78.18 |
| 9. Fitch Adjustments to Weighted Risks. | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 10. Fitch Adjusted Weighted Risks | 7,793.2 | 14,027,701.0 | 88.85 | 11,357,865.0 | 83.96 | 8,031,709.0 | 75.12 | 6,801,408.0 | 78.18 |
| B. Average Balance Sheet | | | | | | | | | |
| Average Loans | 6,471.1 | 11,647,906.0 | 73.78 | 9,552,293.0 | 70.61 | 7,762,104.0 | 72.60 | 6,541,824.0 | 75.20 |
| Average Earning Assets | 6,721.7 | 12,099,041.0 | 76.64 | 10,336,493.0 | 76.41 | 8,483,386.0 | 79.34 | 7,161,746.0 | 82.32 |
| Average Assets | 8,042.5 | 14,476,506.0 | 91.70 | 12,425,202.0 | 91.85 | 9,695,752.0 | 90.68 | 7,901,900.0 | 90.83 |
| Average Managed Securitizated Assets (OBS) | n.a. | n.a. | - | n.a. | - | 0.0 | 0.00 | 0.0 | 0.00 |
| Average Renumerative Liabilities | 6,638.8 | 11,949,874.0 | 75.69 | 9,973,546.0 | 73.72 | 7,719,460.0 | 72.20 | 6,241,479.0 | 71.74 |
| Average Common equity | 946.7 | 1,703,993.0 | 10.79 | 1,484,207.0 | 10.97 | 1,260,722.0 | 11.79 | 1,072,263.0 | 12.33 |
| Average Equity | 958.0 | 1,724,475.0 | 10.92 | 1,512,906.0 | 11.18 | 1,299,894.0 | 12.16 | 1,097,574.0 | 12.62 |
| Average Customer Deposits | 5,540.0 | 9,971,927.0 | 63.16 | 9,010,062.0 | 66.60 | 7,613,972.0 | 71.21 | 6,084,693.0 | 69.94 |
| C. Maturities | | | | | | | | | |
| Asset Maturities: | | | | | | | | | |
| Loans & Advances < 3 months | 2,478.4 | 4,461,192.0 | 28.26 | 3,095,851.0 | 22.88 | 2,411,602.0 | 22.56 | 2,885,158.0 | 33.16 |
| Loans & Advances 3 - 12 Months | 2,569.0 | 4,624,125.0 | 29.29 | 4,195,739.0 | 31.01 | 3,118,579.0 | 29.17 | 2,468,100.0 | 28.37 |
| Loans and Advances 1 - 5 Years | 1,959.4 | 3,526,864.0 | 22.34 | 3,000,852.0 | 22.18 | 2,390,224.0 | 22.36 | 1,796,234.0 | 20.65 |
| Loans & Advances > 5 years | 120.6 | 217,098.0 | 1.38 | 110,433.0 | 0.82 | 79,215.0 | 0.74 | 35,632.0 | 0.41 |
| Debt Securities < 3 Months | 16.9 | 30,380.0 | 0.19 | 481,267.0 | 3.56 | 113,023.0 | 1.06 | 10,373.0 | 0.12 |
| Debt Securities 3 - 12 Months | 32.8 | 59,044.0 | 0.37 | 107,233.0 | 0.79 | 804.0 | 0.01 | 361,202.0 | 4.15 |
| Debt Securities 1 - 5 Years | 0.0 | 0.0 | 0.00 | 55,041.0 | 0.41 | 489,150.0 | 4.57 | 228,142.0 | 2.62 |
| Debt Securities > 5 Years | 49.1 | 88,297.0 | 0.56 | 953.0 | 0.01 | 773.0 | 0.01 | 753.0 | 0.01 |
| Interbank < 3 Months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Interbank 3 - 12 Months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Interbank 1 - 5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Interbank > 5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Liability Maturities: | | | | | | | | | |
| Retail Deposits < 3 months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Retail Deposits 3 - 12 Months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Retail Deposits 1 - 5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Retail Deposits > 5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Other Deposits < 3 Months | 4,648.5 | 8,367,239.0 | 53.00 | 7,934,094.0 | 58.65 | 7,515,248.0 | 70.29 | 6,129,876.0 | 70.46 |
| Other Deposits 3 - 12 Months | 1,140.1 | 2,052,229.0 | 13.00 | 1,561,367.0 | 11.54 | 841,629.0 | 7.87 | 741,190.0 | 8.52 |
| Other Deposits 1 - 5 Years | 69.7 | 125,525.0 | 0.80 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| Other Deposits > 5 Years | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| Interbank < 3 Months | 73.2 | 131,719.0 | 0.83 | 13,704.0 | 0.10 | 41,019.0 | 0.38 | 11,424.0 | 0.13 |
| Interbank 3 - 12 Months | 34.2 | 61,644.0 | 0.39 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| Interbank 1 - 5 Years | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| Interbank > 5 Years | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| Senior Debt Maturing < 3 months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Senior Debt Maturing 3-12 Months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Senior Debt Maturing 1-5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Senior Debt Maturing > 5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Total Senior Debt on Balance Sheet | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Fair Value Portion of Senior Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Covered Bonds | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Subordinated Debt Maturing < 3 months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Subordinated Debt Maturing 3-12 Months | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Subordinated Debt Maturing 1-5 Year | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Subordinated Debt Maturing > 5 Years | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| Total Subordinated Debt on Balance Sheet | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| Fair Value Portion of Subordinated Debt | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| D. Equity Reconciliation | | | | | | | | | |
| 1. Equity | 1,019.3 | 1,834,726.0 | 11.62 | 1,613,659.0 | 11.93 | 1,406,096.0 | 13.15 | 1,193,692.0 | 13.72 |
| 2. Add: Pref. Shares and Hybrid Capital accounted for as Equity | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 3. Add: Other Adjustments | n.a. | n.a. | - | n.a. | - | n.a. | - | n.a. | - |
| 4. Published Equity | 1,019.3 | 1,834,726.0 | 11.62 | 1,613,659.0 | 11.93 | 1,406,096.0 | 13.15 | 1,193,692.0 | 13.72 |
| E. Fitch Eligible Capital Reconciliation | | | | | | | | | |
| 1. Total Equity as reported (including non-controlling interests) | 1,019.3 | 1,834,726.0 | 11.62 | 1,613,659.0 | 11.93 | 1,406,096.0 | 13.15 | 1,193,692.0 | 13.72 |
| 2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 3. Non-loss-absorbing non-controlling interests | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 4. Goodwill | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 5. Other intangibles | 7.0 | 12,688.0 | 0.08 | 11,801.0 | 0.09 | 10,251.0 | 0.10 | 8,733.0 | 0.10 |
| 6. Deferred tax assets deduction | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 7. Net asset value of insurance subsidiaries | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 8. First loss tranches of off-balance sheet securitizations | 0.0 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 |
| 9. Fitch Core Capital | 1,012.2 | 1,822,038.0 | 11.54 | 1,601,858.0 | 11.84 | 1,395,845.0 | 13.06 | 1,184,959.0 | 13.62 |

Exchange Rate

USD1 = TRY1.80000

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Copyright © 2012 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.