Kuveyt Turk Katilim Bankasi A.S

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	BBB−
Short-Term IDR	F3
Local Currency	
Long-Term IDR	BBB−
Short-Term IDR	F3
National	
Long-Term Rating	AAA(tur)
Support Rating	2
Viability Rating	bb−
Sovereign Risk	
Long-Term Foreign-Currency IDR	BB+
Long-Term Local-Currency IDR	BBB−

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Financial Data

Kuveyt Turk Katilim Bankasi A.S

	30 Sep	31 Dec
Total assets (USDm)	15,698	13,833
Total assets (TRYm)	54,784	48,726
Total equity (TRYm)	4,521	4,004
Operating profit (TRYm)	661	712
Published net income (TRYm)	506	579
Operating ROAA (%)	1.7	1.6
Operating ROAE (%)	20.8	19.1
Internal capital generation (%)	15.0	14.5
Fitch Core Capital/ weighted risks (%)	13.2	12.3
Impaired financing/ gross financing (%)	2.4	2.4

Related Research

Fitch 2018 Outlook: Turkish Banks (December 2017)

Turkey – December 2017 Global Economic Outlook Forecast (December 2017)

Kuveyt Turk Katilim Bankasi A.S – Ratings Navigator (December 2017)

Fitch Affirms Turkiye Finans and Kuveyt Turk at 'BBB-'; Stable Outlook (November 2017)

Turkish Banks' External Debt: End-1H17 Update (September 2017)

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Key Rating Drivers

Support Drives Ratings: The ratings of Kuveyt Turk Katilim Bankasi A.S (Kuveyt Turk) are driven by support from its 62.2% owner, Kuwait Finance House (K.S.C.P.) (KFH, A+/Stable/bb+). Fitch Ratings believes support would be forthcoming based on the bank's ownership by, integration with and strategic importance to its parent, and the support record. Kuveyt Turk accounts for about 26% of KFH's assets, but the cost of support should be manageable for KFH, in our view, given the latter's own access to support from the Kuwaiti authorities.

Country Ceiling Constraint: The bank's Long-Term Foreign-Currency (FC) Issuer Default Rating (IDR) is constrained by Turkey's Country Ceiling of 'BBB−'. Its Long-Term Local-Currency IDR also takes into account Turkish country risks.

Limited Franchise: Kuveyt Turk had a market share of 1.8% of banking sector assets at end-9M17. However, it is ranked first by assets in participation banking, which offers reasonable long-term growth prospects given the segment's strategic importance to the Turkish authorities.

Fairly High Risk Appetite: Credit risk is heightened by above-sector-average FC financing (end-9M17: 36%), a large share of which consists of riskier FC-indexed financing. Many FC borrowers are likely to be unhedged or weakly hedged SMEs, in our view.

Below-Average NPFs: Kuveyt Turk reported a 2.4% non-performing financing (NPF) ratio at end-9M17, which is below the sector average. However, this should be considered in view of its fairly high regulatory group 2 watch list financing (3% of gross financing, of which nearly half had been restructured), high share of FC financing (given potential further Turkish lira depreciation) and significant construction exposure (end-9M17: 20% of gross financing). Specific reserve coverage of NPFs of 83% is higher than both peer group and sector averages.

Good Liquidity: The bank's financing/customer deposits ratio (end-9M17: 100%) significantly outperforms the sector average, reflecting its solid deposit base. FC wholesale funding is below the sector average (end-9M17: 17% of total funding), although still fairly high.

However, refinancing risk is mitigated by the presence of KFH, while Kuveyt Turk's FC liquid assets were adequate to cover non-deposit liabilities due within a year at end-1H17. Liquidity is supported by the high share of monthly amortising financing (equal to about 90% of gross financing) on the bank's balance sheet.

Adequate Capitalisation: The bank's Fitch Core Capital (FCC) ratio of 13.2% at end-9M17 is adequate, the quality of its capital is good, and buffers remain sufficient to absorb moderate shocks. However, capital ratios are sensitive to further depreciation of the lira (given high FC lending) and higher-than-expected NPF growth. The equity/assets ratio is below the sector average, resulting in fairly high leverage, reflecting the lower risk-weighting applicable to participation financing (where the risk is shared by deposit holders).

Rating Sensitivities

Parent Support: A change in the ability (in case of a multi-notch downgrade) or willingness of KFH to provide support could result in a downgrade of the bank's IDRs.

Risk Appetite and Franchise: A Viability Rating (VR) downgrade could result from a marked deterioration in the operating environment or a weakening of the bank's asset quality, capital or FC liquidity. A VR upgrade could result from franchise expansion or a reduction in risk appetite.

Operating Environment

Turkey's ratings reflect external financing vulnerabilities, pronounced political and geopolitical risks, high inflation and macroeconomic volatility. This is balanced against low public debt ratios backed by a long commitment to fiscal stability and strong growth performance. Structural indicators are generally superior to peers.

Company Profile

Kuveyt Turk is majority-owned (62%) by KFH. The second-largest shareholder (19%) is the General Directorate for Foundations, an arm of the Turkish government that is the majority owner of Turkiye Vakiflar Bankasi T.A.O. (BB+/Stable) and Vakif Katilim Bankasi A.S. The Islamic Development Bank, whose mandate is to encourage sharia-compliant business, and the Public Institution for Social Security, a Kuwaiti pension and social security vehicle, each own a further 9%. The remaining 1% of shares are widely held.

Limited Domestic Franchise

Kuveyt Turk is an Islamic bank focusing on traditional banking activities in the Turkish market. Financing made up 67% of its total assets at end-1H17 and was split into retail (19%), SMEs (28%), commercial (41%) and corporate (12%). Murabaha financing (cost-plus financing) makes up 95% of financing and the remainder of financial leasing. It came later to the Credit Guarantee Fund (CGF) than peers but had extended TRY2.5 billion of CGF financing (equal to 7% of total gross financing) by end-1H17.

It was the largest participation bank (out of five) within the participation banking segment, which accounts for 5% of total banking sector assets at end-1H17. It had a 37% share of participation segment assets at end-1H17, but was ranked only 11th by total sector assets with a 1.8% share (including 1.7% in total sector financing and 2.3% in sector deposits).

Kuveyt Turk also has a small banking subsidiary in Germany that offers Islamic banking services primarily to retail customers. Its contribution to group assets and income is likely to remain limited.

At end-9M17, Kuveyt Turk had 398 branches in Turkey. It aims to increase this to about 460 by 2020, which will give it widespread coverage in its targeted areas. Branches are mainly in the cities but the bank is not active in the south east of the country.

Revenue is highly reliant on net financing income (72% of gross revenue in 1H17) and fee income is limited.

Management and Strategy

Stable Management

Management has a good degree of depth, stability and experience. Most members of senior management have worked at the bank for more than ten years.

KFH appoints five of the bank's supervisory board's nine members. Kuveyt Turk's chief executive also sits on the board as one of the KFH representatives. The remaining board members are appointed by the Turkish General Directorate for Foundations (two), the Islamic Development Bank (IDB: AAA/Stable) (one) and the Kuwaiti Public Institution for Social Security (one).

Growth Strategy

The bank aims to be among the top 10 Turkish banks by total assets and profitability by 2020. To some extent it can be considered opportunistic in its approach, but since 2016 it has revised its growth strategy and reduced its growth targets in line with macro developments.

Nevertheless, it targets 20% growth yoy by end-2018 with financing growth at a similar rate,

Related Criteria

Global Bank Rating Criteria (November 2016)

implying a financing book size of about TRY44 billion by end-2018. It plans to fund loan growth through customer deposits. It also plans a capital increase in 2019, with a possible IPO and capital increase depending on market conditions.

Digitalisation is a strategic area for the bank with a primary focus on mobile banking, which accounts for 70%-80% of the bank's retail activities. The bank has 40 digital branches where customers can collect deposits and receive some financing services.

Risk Appetite

Underwriting Standards

Kuveyt Turk operations are centralised in terms of its credit applications but ultimate authority lies with credit committees. Discretionary lending limits depend on several factors, including the customer's internal rating, the amount of the proposed financing and the collateral.

The financing book is mostly monthly amortising, which helps with the detection of asset-quality problems. Only large corporate loans typically project finance loan loans (5.2% of total portfolio) have repayment structures that amortise more slowly. The average tenor of the bank's gross financing portfolio is only 18-20 months, driven by project finance, SME financing and residential mortgages.

Project finance consists 95% of energy projects and the typical tenor is eight to 10 years. The portfolio is diversified by borrower (the average ticket size is about USD5 million-USD10 million) and projects relate mainly to wind power and renewable small solar plants, although the bank has one big-ticket hydroelectricity plant exposure (equal to USD100 million). Kuveyt Turk has a specialist project finance team. Projects generally benefit from a floor price set in US dollars and guaranteed by the government. The bank reports no NPFs in this portfolio although it has restructured some projects due to project overruns.

Collateralisation of the total portfolio makes up 50%-55% of mortgages. Collateral in the corporate and commercial segments is more limited than in the SME segment.

Single-name concentration remains moderate. The top 25 exposures were equivalent to 77% of FCC, or 9% of gross financing, at end-1H17. All exposures were performing and none was to related parties.

Off-balance-sheet items are quite high and amounted to 13.1x FCC at end-1H17. The majority (80%) consisted of committed credit lines. However, risks are mitigated as 90% of committed credit lines are revocable.

High Construction Sector Exposure

Exposure to the risky construction and real estate (CRE) industry is high, amounting to TRY7 billion, or 20% of gross financing (168% of FCC), at end-1H17. This is at the sector limit for this type of financing. The NPF ratio in construction sector is higher (3.4% at end-1H17) than in the rest of portfolio and construction NPFs contributed 25% to total NPFs at end-1H17. Exposures typically consist of working capital financing or performance guarantees, while the bank avoids real-estate development financing, aside from some government-related infrastructure projects.

High FC Lending

We consider Kuveyt Turk's risk appetite to be fairly high due to its aggressive growth strategy and above-sector-average level of FC financing (37% of gross financing at end-1H17). As a small bank with a customer base likely to be sensitive to economic swings, we believe that not all customers will be fully hedged. Furthermore, FC-indexed financing was equivalent to a 20% of total gross financing at end-1H17. Fitch believes such loans are likely to be extended to more risky customers who are not eligible to receive pure FC loans.

Moderate Market Risk

The bank's policy is to maintain a broadly flat structural FC position (on- and off-balance sheet) through the use of hedging instruments. However, it is indirectly exposed to exchange-rate risk as a result of high FC financing exposure given that not all borrowers are likely to be fully hedged or may be only weakly hedged. Net finance risk (interest-rate risk) is moderate despite the bank's high share of monthly amortising loans. At end-1H17, the bank calculated that a regulatory shock of a +500bp and -400bp in the lira interest rate and +/-200bp in FC would have resulted in a 5% change to the bank's equity.

Financial Profile

Asset Quality

Below-Sector-Average NPFs

Asset-Quality Indicators

(%)	1H17	2016	2015	2014
Growth of gross financing	14.0	11.1	26.6	28.3
Impaired financing/gross financing	2.5	2.4	1.7	2.2
Reserves for impaired financing/impaired financing	83.5	78.4	72.4	85.0
Impaired financing less reserves for impaired financing/Fitch Core Capital	3.4	4.2	3.8	2.4
Financing impairment charges/average gross financing	2.0	1.3	1.3	1.0

Source: Kuveyt Turk's financial statements, Fitch

Kuveyt Turk's NPF ratio was almost flat at 2.45% at end-1H17, below peers and the sector despite its high SME exposure (28% of total financing). Its NPF origination/average performing financing ratio was also broadly flat at 1.8%, but should be considered in light of strong financing growth (up 14%) in 1H17. Kuveyt Turk's level of collections is low. The bank recovered just TRY49 million in 1H17 (2016: TRY150 million), equivalent to 11% of end-1H17 NPFs.

Watch-list financing (classified as "under close monitoring") fell to 4.3% of gross financing at end-1H17 (end-2016: 5.0%; end-2015: 4.4%), due to rapid growth in 1H17. Almost two-thirds of Group 2 financing was restructured at end-1H17. Fitch views Group 2 financing share as high and indicating potential asset-quality deterioration.

Impaired financing was 83.5% covered by specific reserves at end-1H17, above the sector average of 78%. In addition, the bank holds general reserves on the liabilities side of the balance sheet. Taking these into account, total reserves coverage of NPFs increased to 121%.

Earnings and Profitability

Stable Earnings Performance

Performance Indicators

(%)	1H17	2016	2015	2014
Net financing income/average earning assets	4.8	4.8	4.9	4.9
Non-financing expense/gross revenue	46.5	49.9	53.4	54.9
Financing and securities impairment charges/ pre-impairment operating profit	45.6	38.0	38.3	28.6
Operating profit/average total assets	1.6	1.6	1.4	1.6
Operating profit/risk-weighted assets	18.9	19.0	16.7	17.3
Net income/average equity	14.1	15.5	13.1	13.7

Source: Kuveyt Turk's financial statements, Fitch

The bank's profitability ratios have been stable and return on equity (ROE) has hovered between 13% and 15% for several years. Like its peers, revenue is concentrated. Net financing income dominates while net fees account for under 10%.

Kuveyt Turk has one of the lowest costs of customer deposits in the Turkish banking sector (1H17: 3.2%; sector average: 5.7%). This is explained by the bank's high share of demand deposits (about 40% of the total), including gold accounts (where the bank is ranked third), which constitute a zero cost source of funding.

Cost growth at Kuveyt Turk has historically been slightly higher than inflation (1H17: 11%) reflecting that the bank is in its growth phase. Nevertheless, its cost/assets ratio came down to 2.5% at end-1H17 from 2.8% at end-2013 as the bank has scaled up its operations. Its cost/income ratio has improved, although it remains above the sector average.

Operating return on equity was at 19% at end-1H17 (end-2016: 19%), which compares favourably with peers. Pre-impairment profitability is solid and amounted to 35% of average equity and 4% of gross financing at end-1H17. The bank's cost of risk ratio has been fairly stable (about 1% of gross loans since 2012), but rise sharply in 1H17 due to the increase in the bank's reserves coverage ratio.

Capitalisation and Leverage

Adequate Capitalisation

Capital Ratios

(%)	1H17	2016	2015	2014
Fitch Core Capital/weighted risk	13.4	12.3	12.5	13.3
Total regulatory capital ratio	17.6	18.2	14.2	15.2
Tangible common equity/tangible assets	7.9	8.0	7.9	8.8
Core Tier 1 regulatory capital ratio	13.3	12.3	12.4	13.2
Internal capital generation	13.6	14.5	12.3	11.0

Source: Kuveyt Turk's financial statements, Fitch

Kuveyt Turk's growth has consistently outstripped internal capital generation, with the exception of 2016. Capital is good quality with a high share of Tier 1capital. The bank's FCC ratio of 13.4% at end-1H17 compares well with small bank peers. Internal capital generation is reasonable and the net NPFs/FCC ratio is also low.

The bank's total capital adequacy ratio (CAR) fell in 1H17 but was still a reasonable 17.6% at end-1H17. Its minimum internal total CAR target is 14%. The total capital ratio has been supported by the issuance of sub-debt (USD350 million in 2016), which provides a hedge against lira depreciation as it is in FC. Islamic banks are able to offset a portion of their risk-weighted assets thanks to the discount rate applicable to participation finance whereby the risk is shared by deposit holders. Consequently, the bank's risk-weighted asset density is lower than at conventional banks.

The bank's loss-absorption capacity metrics indicated an additional 6% of financing impairment reserves could be provided before breaching minimum target capital ratios at end-1H17. The bank is highly leveraged and its equity/assets ratio of 8.2% at end-1H17 (end-2016: 8.2%; end-2015: 8.2%) was higher than the sector average of 11.1%. Kuveyt Turk usually pays dividends but it has lowered the dividend since 2015.

Funding and Liquidity

Manageable Refinancing Risk, Good Liquidity

Key Funding and Liquidity Indicators

(%)	1H17	2016	2015	2014
Financing/customer deposits	96.0	96.4	98.7	99.9
Liquidity coverage ratio	209.2	121.0	170.1	n.a.
Customer deposits/total funding (excluding derivatives)	79.3	73.8	75.1	73.3

Source: Kuveyt Turk's financial statements, Fitch

The share of deposits against total funding (excluding derivatives) was a high 79% at end-1H17. The bank aims to increase deposits in line with loan growth. Retail depositors provide the majority of deposits. The deposit base is granular with 40% of deposits covered by the deposit insurance guarantee at end-1H17. Single-name concentration is also limited with the top 20 depositors making up 3.3% of deposits.

Like peers', deposits are short-term. At end-1H17, only 1% had contractual maturities longer than one year. However, about 40% of deposits were sight deposits, which constitute a cheap (zero-interest) deposit thanks to its interest sensitive customer base, but these are stable.

At end-1H17, wholesale funding (including interbank deposits) amounted to 21% of total funding (excluding derivatives). FC-denominated funding made up 92% of wholesale funding, similar to other banks. Parent funding, which consists of bilateral loans with a short-term maturity, made up 23% of this, or 5% of total funding. Adjusting for parent funding, wholesale funding constituted a still fairly high 16% of total funding (albeit below peers'). Other wholesale funding included funds borrowed including syndication loans, interbank loans and bilateral funding.

At end-1H17, short-term FC liabilities maturing within a year were fully covered by short-term FC liquid assets maturing within the same timeframe. FC liquid assets mainly comprised FC reserves placed with the central bank's reserve option mechanism facility and placements in foreign banks. FC liquidity could come under pressure in case of a prolonged market closure, but the presence of KFH mitigates this as Fitch believes that KFH would provide liquidity support to KTKB should it be required. Unused credit lines from KFH amounted to more than USD1 billion at end-1H17 (USD1.5 billion uncommitted limit, only USD400 million is used).

The bank's liquidity is underpinned by the structure of lending whereby 90% of financing amortises monthly. Kuveyt Turk has a small securities portfolio for liquidity management purposes. Its liquidity coverage ratio was 209% at end-1H17 significantly above to the regulatory limit of 80%. In FC, the ratio was 264%.

Support

IDRs Based on Support From KFH

Kuveyt Turk's Support Rating of '2' reflects Fitch's view of a high probability of support from KFH if needed based on its majority ownership, strategic importance to its parent and the record of support. Kuveyt Turk accounted for a high 26% of KFH's total assets at end-1H17. Given its size relative to its parent, Fitch believes that support would be forthcoming from the Kuwaiti authorities, on whose support KFH's ratings rely.

Kuveyt Turk Katilim Bankasi A.S
Income Statement

	30 Sep 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	9 Months - 3rd Quarter USDm	9 Months - 3rd Quarter TRYth	As % of Earning Assets	Year End TRYth	As % of Earning Assets	Year End TRYth	As % of Earning Assets	Year End TRYth	As % of Earning Assets
	Reviewed - Unqualified	Reviewed - Unqualified		Audited - Unqualified		Audited - Unqualified		Audited - Unqualified	
1. Interest Income on Loans	710.7	2,480,279.0	7.26	2,861,611.0	7.35	2,371,839.0	7.09	1,868,487.0	7.07
2. Other Interest Income	77.5	270,565.0	0.79	279,501.0	0.72	218,255.0	0.65	169,653.0	0.64
3. Dividend Income	0.0	0.0	0.00	509.0	0.00	0.0	0.00	0.0	0.00
4. Gross Interest and Dividend Income	**788.2**	**2,750,844.0**	**8.05**	**3,141,621.0**	**8.07**	**2,590,094.0**	**7.74**	**2,038,140.0**	**7.72**
5. Interest Expense on Customer Deposits	240.7	840,186.0	2.46	913,453.0	2.35	712,081.0	2.13	632,336.0	2.39
6. Other Interest Expense	108.9	379,956.0	1.11	530,445.0	1.36	387,840.0	1.16	250,515.0	0.95
7. Total Interest Expense	**349.6**	**1,220,142.0**	**3.57**	**1,443,898.0**	**3.71**	**1,099,921.0**	**3.29**	**882,851.0**	**3.34**
8. Net Interest Income	**438.6**	**1,530,702.0**	**4.48**	**1,697,723.0**	**4.36**	**1,490,173.0**	**4.45**	**1,155,289.0**	**4.37**
9. Net Gains (Losses) on Trading and Derivatives	67.0	233,705.0	0.68	330,734.0	0.85	203,777.0	0.61	147,655.0	0.56
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	50.5	176,216.0	0.52	154,660.0	0.40	152,530.0	0.46	133,218.0	0.50
14. Other Operating Income	24.3	84,803.0	0.25	98,573.0	0.25	39,493.0	0.12	27,264.0	0.10
15. Total Non-Interest Operating Income	**141.8**	**494,724.0**	**1.45**	**583,967.0**	**1.50**	**395,800.0**	**1.18**	**308,137.0**	**1.17**
16. Personnel Expenses	148.4	517,851.0	1.52	627,483.0	1.61	531,941.0	1.59	440,445.0	1.67
17. Other Operating Expenses	117.4	409,820.0	1.20	509,961.0	1.31	475,619.0	1.42	362,340.0	1.37
18. Total Non-Interest Expenses	**265.8**	**927,671.0**	**2.72**	**1,137,444.0**	**2.92**	**1,007,560.0**	**3.01**	**802,785.0**	**3.04**
19. Equity-accounted Profit/ Loss - Operating	0.8	2,917.0	0.01	2,423.0	0.01	0.0	0.00	0.0	0.00
20. Pre-Impairment Operating Profit	**315.4**	**1,100,672.0**	**3.22**	**1,146,669.0**	**2.95**	**878,413.0**	**2.63**	**660,641.0**	**2.50**
21. Loan Impairment Charge	120.0	418,668.0	1.23	385,012.0	0.99	326,434.0	0.98	187,768.0	0.71
22. Securities and Other Credit Impairment Charges	6.1	21,424.0	0.06	50,100.0	0.13	10,120.0	0.03	1,233.0	0.00
23. Operating Profit	**189.3**	**660,580.0**	**1.93**	**711,557.0**	**1.83**	**541,859.0**	**1.62**	**471,640.0**	**1.79**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	(2,227.0)	(0.01)	(4,459.0)	(0.02)
25. Non-recurring Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
26. Non-recurring Expense	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
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	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
29. Pre-tax Profit	**189.3**	**660,580.0**	**1.93**	**711,557.0**	**1.83**	**539,632.0**	**1.61**	**467,181.0**	**1.77**
30. Tax expense	44.4	154,835.0	0.45	132,481.0	0.34	113,724.0	0.34	92,293.0	0.35
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	**144.9**	**505,745.0**	**1.48**	**579,076.0**	**1.49**	**425,908.0**	**1.27**	**374,888.0**	**1.42**
33. Change in Value of AFS Investments	17.0	59,336.0	0.17	(50,843.0)	(0.13)	(19,594.0)	(0.06)	23,805.0	0.09
34. Revaluation of Fixed Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
35. Currency Translation Differences	8.6	29,924.0	0.09	57,726.0	0.15	50,413.0	0.15	7,568.0	0.03
36. Remaining OCI Gains/(losses)	(7.4)	(25,931.0)	(0.08)	(27,821.0)	(0.07)	(26,193.0)	(0.08)	(9,922.0)	(0.04)
37. Fitch Comprehensive Income	**163.1**	**569,074.0**	**1.67**	**558,138.0**	**1.43**	**430,534.0**	**1.29**	**396,339.0**	**1.50**
38. Memo: Profit Allocation to Non-controlling Interests	0.4	1,243.0	0.00	7,735.0	0.02	(110.0)	(0.00)	(428.0)	(0.00)
39. Memo: Net Income after Allocation to Non-controlling Interests	144.6	504,502.0	1.48	571,341.0	1.47	426,018.0	1.27	375,316.0	1.42
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	3,399.0	0.01	38,923.0	0.15
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = TRY3.49		USD1 = TRY3.5224		USD1 = TRY2.9102		USD1 = TRY2.321	

Kuveyt Turk Katilim Bankasi A.S

Balance Sheet

	9 Months - 3rd Quarter USDm	30 Sep 2017 9 Months - 3rd Quarter TRYth	As % of Assets	31 Dec 2016 Year End TRYth	As % of Assets	31 Dec 2015 Year End TRYth	As % of Assets	31 Dec 2014 Year End TRYth	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	1,685.6	5,882,897.0	10.74	4,944,365.0	10.15	4,436,525.0	10.54	3,696,383.0	10.90
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	309.0	1,078,364.0	1.97	782,999.0	1.61	595,332.0	1.41	483,977.0	1.43
4. Corporate & Commercial Loans	8,128.2	28,367,500.0	51.78	22,745,224.0	46.68	20,831,276.0	49.49	16,403,957.0	48.36
5. Other Loans	817.5	2,853,079.0	5.21	2,293,157.0	4.71	1,819,315.0	4.32	1,285,091.0	3.79
6. Less: Reserves for Impaired Loans	233.7	815,545.0	1.49	586,519.0	1.20	330,407.0	0.78	409,218.0	1.21
7. Net Loans	**10,706.7**	**37,366,295.0**	**68.21**	**30,179,226.0**	**61.94**	**27,352,041.0**	**64.98**	**21,460,190.0**	**63.27**
8. Gross Loans	**10,940.4**	**38,181,840.0**	**69.69**	**30,765,745.0**	**63.14**	**27,682,448.0**	**65.76**	**21,869,408.0**	**64.47**
9. Memo: Impaired Loans included above	265.6	927,039.0	1.69	748,614.0	1.54	456,315.0	1.08	481,195.0	1.42
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	1,153.0	4,023,997.0	7.35	4,780,380.0	9.81	3,629,516.0	8.62	2,676,521.0	7.89
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	33.1	115,407.0	0.21	51,669.0	0.11	44,006.0	0.10	4,799.0	0.01
4. Derivatives	25.8	89,896.0	0.16	110,050.0	0.23	44,608.0	0.11	43,116.0	0.13
5. Available for Sale Securities	1,148.5	4,008,235.0	7.32	3,752,727.0	7.70	2,355,099.0	5.59	2,203,315.0	6.50
6. Held to Maturity Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Equity Investments in Associates	12.0	41,898.0	0.08	38,981.0	0.08	31,308.0	0.07	28,285.0	0.08
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**1,219.3**	**4,255,436.0**	**7.77**	**3,953,427.0**	**8.11**	**2,475,021.0**	**5.88**	**2,279,515.0**	**6.72**
10. Memo: Government Securities included Above	1,088.7	3,799,409.0	6.94	3,368,940.0	6.91	1,908,276.0	4.53	1,873,362.0	5.52
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	7.3	25,458.0	0.05	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	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
15. Total Earning Assets	**13,086.3**	**45,671,186.0**	**83.37**	**38,913,033.0**	**79.86**	**33,456,578.0**	**79.48**	**26,416,226.0**	**77.88**
C. Non-Earning Assets									
1. Cash and Due From Banks	2,227.6	7,774,390.0	14.19	8,325,814.0	17.09	7,612,614.0	18.08	6,584,643.0	19.41
2. Memo: Mandatory Reserves included above	1,782.2	6,219,911.0	11.35	5,678,250.0	11.65	5,141,295.0	12.21	4,155,609.0	12.25
3. Foreclosed Real Estate	16.7	58,354.0	0.11	47,975.0	0.10	32,640.0	0.08	31,316.0	0.09
4. Fixed Assets	126.4	441,198.0	0.81	445,172.0	0.91	461,642.0	1.10	401,720.0	1.18
5. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	45.1	157,300.0	0.29	140,466.0	0.29	119,340.0	0.28	70,280.0	0.21
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	27.9	97,501.0	0.18	118,111.0	0.24	107,150.0	0.25	50,016.0	0.15
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	167.4	584,379.0	1.07	735,464.0	1.51	305,032.0	0.72	365,356.0	1.08
11. Total Assets	**15,697.5**	**54,784,308.0**	**100.00**	**48,726,035.0**	**100.00**	**42,094,996.0**	**100.00**	**33,919,557.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	10,923.9	38,124,365.0	69.59	31,900,498.0	65.47	28,044,881.0	66.62	6,450,657.0	19.02
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	15,452,185.0	45.56
4. Total Customer Deposits	**10,923.9**	**38,124,365.0**	**69.59**	**31,900,498.0**	**65.47**	**28,044,881.0**	**66.62**	**21,902,842.0**	**64.57**
5. Deposits from Banks	37.3	130,299.0	0.24	112,480.0	0.23	80,419.0	0.19	208,876.0	0.62
6. Repos and Cash Collateral	252.2	880,295.0	1.61	1,219,873.0	2.50	711,542.0	1.69	708,743.0	2.09
7. Commercial Paper and Short-term Borrowings	1,061.1	3,703,201.0	6.76	3,696,910.0	7.59	4,743,829.0	11.27	3,819,800.0	11.26
8. Total Money Market and Short-term Funding	**12,274.5**	**42,838,160.0**	**78.19**	**36,929,761.0**	**75.79**	**33,580,671.0**	**79.77**	**26,640,261.0**	**78.54**
9. Senior Unsecured Debt (original maturity > 1 year)	1,360.7	4,748,746.0	8.67	4,333,245.0	8.89	3,153,933.0	7.49	2,772,820.0	8.17
10. Subordinated Borrowing	359.5	1,254,536.0	2.29	1,981,646.0	4.07	589,734.0	1.40	464,592.0	1.37
11. Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total LT Funding (original maturity > 1 year)	**1,720.1**	**6,003,282.0**	**10.96**	**6,314,891.0**	**12.96**	**3,743,667.0**	**8.89**	**3,237,412.0**	**9.54**
14. Derivatives	38.8	135,564.0	0.25	257,556.0	0.53	170,173.0	0.40	25,885.0	0.08
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	**14,033.5**	**48,977,006.0**	**89.40**	**43,502,208.0**	**89.28**	**37,494,511.0**	**89.07**	**29,903,558.0**	**88.16**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	111.6	389,470.0	0.71	318,825.0	0.65	334,118.0	0.79	240,776.0	0.71
3. Reserves for Pensions and Other	87.7	306,158.0	0.56	264,179.0	0.54	198,487.0	0.47	160,219.0	0.47
4. Current Tax Liabilities	10.9	38,197.0	0.07	27,842.0	0.06	36,477.0	0.09	32,317.0	0.10
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	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	158.3	552,574.0	1.01	609,161.0	1.25	583,272.0	1.39	526,167.0	1.55
10. Total Liabilities	**14,402.1**	**50,263,405.0**	**91.75**	**44,722,215.0**	**91.78**	**38,646,865.0**	**91.81**	**30,863,037.0**	**90.99**
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	1,297.8	4,529,311.0	8.27	4,089,943.0	8.39	3,463,112.0	8.23	3,023,083.0	8.91
2. Non-controlling Interest	6.8	23,710.0	0.04	19,993.0	0.04	12,258.0	0.03	12,368.0	0.04
3. Securities Revaluation Reserves	3.8	13,140.0	0.02	(35,280.0)	(0.07)	5,394.0	0.01	21,069.0	0.06
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	(13.0)	(45,258.0)	(0.08)	(70,836.0)	(0.15)	(32,633.0)	(0.08)	n.a.	-
6. Total Equity	**1,295.4**	**4,520,903.0**	**8.25**	**4,003,820.0**	**8.22**	**3,448,131.0**	**8.19**	**3,056,520.0**	**9.01**
7. Total Liabilities and Equity	**15,697.5**	**54,784,308.0**	**100.00**	**48,726,035.0**	**100.00**	**42,094,996.0**	**100.00**	**33,919,557.0**	**100.00**
8. Memo: Fitch Core Capital	1,250.3	4,363,603.0	7.97	3,863,354.0	7.93	3,328,791.0	7.91	2,986,240.0	8.80
Exchange rate		USD1 = TRY3.49		USD1 = TRY3.5224		USD1 = TRY2.9102		USD1 = TRY2.321	

Kuveyt Turk Katilim Bankasi A.S

Summary Analytics

	30 Sep 2017	31 Dec 2016	31 Dec 2015	31 Dec 2014
	9 Months - 3rd Quarter	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	9.70	9.76	9.27	9.54
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.19	3.14	2.79	3.28
3. Interest Income/ Average Earning Assets	8.80	8.88	8.59	8.61
4. Interest Expense/ Average Interest-bearing Liabilities	3.57	3.66	3.18	3.34
5. Net Interest Income/ Average Earning Assets	4.90	4.80	4.94	4.88
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	3.56	3.71	3.86	4.09
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	4.90	4.80	4.94	4.88
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	24.43	25.59	20.99	21.06
2. Non-Interest Expense/ Gross Revenues	45.80	49.85	53.42	54.86
3. Non-Interest Expense/ Average Assets	2.42	2.55	2.59	2.67
4. Pre-impairment Op. Profit/ Average Equity	34.63	30.69	26.99	24.20
5. Pre-impairment Op. Profit/ Average Total Assets	2.87	2.57	2.25	2.20
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	39.98	37.95	38.31	28.61
7. Operating Profit/ Average Equity	20.78	19.04	16.65	17.28
8. Operating Profit/ Average Total Assets	1.72	1.60	1.39	1.57
9. Operating Profit / Risk Weighted Assets	2.66	2.26	2.04	2.09
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	15.91	15.50	13.09	13.73
2. Net Income/ Average Total Assets	1.32	1.30	1.09	1.25
3. Fitch Comprehensive Income/ Average Total Equity	17.90	14.94	13.23	14.52
4. Fitch Comprehensive Income/ Average Total Assets	1.48	1.25	1.11	1.32
5. Taxes/ Pre-tax Profit	23.44	18.62	21.07	19.76
6. Net Income/ Risk Weighted Assets	2.04	1.84	1.60	1.66
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	13.16	12.26	12.50	13.26
2. Tangible Common Equity/ Tangible Assets	7.99	7.95	7.93	8.82
3. Tier 1 Regulatory Capital Ratio	13.04	12.11	11.88	12.79
4. Total Regulatory Capital Ratio	17.12	18.19	14.23	15.21
5. Common Equity Tier 1 Capital Ratio	13.14	12.29	12.40	13.22
6. Equity/ Total Assets	8.25	8.22	8.19	9.01
7. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	0.80	10.38
8. Internal Capital Generation	14.96	14.46	12.25	10.99
E. Loan Quality				
1. Growth of Total Assets	12.43	15.75	24.10	31.58
2. Growth of Gross Loans	24.11	11.14	26.58	28.31
3. Impaired Loans/ Gross Loans	2.43	2.43	1.65	2.20
4. Reserves for Impaired Loans/ Gross Loans	2.14	1.91	1.19	1.87
5. Reserves for Impaired Loans/ Impaired Loans	87.97	78.35	72.41	85.04
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	2.56	4.20	3.78	2.41
7. Impaired Loans less Reserves for Impaired Loans/ Equity	2.47	4.05	3.65	2.35
8. Loan Impairment Charges/ Average Gross Loans	1.64	1.31	1.28	0.96
9. Net Charge-offs/ Average Gross Loans	0.43	0.51	1.30	0.25
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.58	2.59	1.76	2.34
F. Funding and Liquidity				
1. Loans/ Customer Deposits	100.15	96.44	98.71	99.85
2. Interbank Assets/ Interbank Liabilities	3,088.28	4,249.98	4,513.26	1,281.39
3. Customer Deposits/ Total Funding (excluding derivatives)	78.06	73.77	75.14	73.31
4. Liquidity Coverage Ratio	211.09	120.96	170.14	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

Kuveyt Turk Katilim Bankasi A.S

Reference Data

	30 Sep 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	9 Months - 3rd Quarter USDm	9 Months - 3rd Quarter 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 Securitized 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	2,818.1	9,835,294.0	17.95	8,817,387.0	18.10	7,843,506.0	18.63	7,266,392.0	21.42
4. Acceptances and documentary credits reported off-balance sheet	300.7	1,049,602.0	1.92	1,071,830.0	2.20	1,113,372.0	2.64	982,320.0	2.90
5. Committed Credit Lines	12,667.8	44,210,573.0	80.70	35,306,606.0	72.46	27,696,352.0	65.79	31,909,755.0	94.07
7. Other Off-Balance Sheet items	5,387.9	18,803,691.0	34.32	20,048,031.0	41.14	13,716,525.0	32.58	9,137,162.0	26.94
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	9,798.4	34,196,293.0	62.42	29,312,128.0	60.16	25,576,606.0	60.76	19,585,610.0	57.74
Average Earning Assets	11,969.7	41,774,291.0	76.25	35,391,218.0	72.63	30,159,923.0	71.65	23,675,809.0	69.80
Average Assets	14,710.8	51,340,682.0	93.71	44,558,783.0	91.45	38,960,053.0	92.55	30,076,339.0	88.67
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	13,090.0	45,684,152.0	83.39	39,464,633.0	80.99	34,615,743.0	82.23	26,412,506.0	77.87
Average Common equity	1,230.7	4,295,005.0	7.84	3,756,385.0	7.71	3,246,266.0	7.71	2,702,708.0	7.97
Average Equity	1,217.7	4,249,767.0	7.76	3,736,223.0	7.67	3,254,789.0	7.73	2,729,464.0	8.05
Average Customer Deposits	10,077.7	35,171,327.0	64.20	29,067,607.0	59.66	25,565,779.0	60.73	19,270,046.0	56.81
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	2,933.9	10,239,310.0	18.69	8,909,561.0	18.29	8,359,439.0	19.86	5,896,723.0	17.38
Loans & Advances 3 - 12 Months	3,418.9	11,931,809.0	21.78	9,724,576.0	19.96	8,714,791.0	20.70	7,363,433.0	21.71
Loans and Advances 1 - 5 Years	3,684.0	12,857,194.0	23.47	9,708,931.0	19.93	8,745,978.0	20.78	7,115,856.0	20.98
Loans & Advances > 5 years	669.9	2,337,982.0	4.27	1,836,158.0	3.77	1,351,693.0	3.21	990,868.0	2.92
Debt Securities < 3 Months	290.5	1,013,677.0	1.85	1,978,599.0	4.06	1,420,914.0	3.38	1,050,401.0	3.10
Debt Securities 3 - 12 Months	281.3	981,575.0	1.79	51,253.0	0.11	97,411.0	0.23	309,124.0	0.91
Debt Securities 1 - 5 Years	406.1	1,417,277.0	2.59	1,343,591.0	2.76	757,798.0	1.80	795,489.0	2.35
Debt Securities > 5 Years	229.5	801,009.0	1.46	541,003.0	1.11	167,590.0	0.40	96,216.0	0.28
Loans & Advances to Banks < 3 Months	1,153.0	4,023,997.0	7.35	4,780,380.0	9.81	3,629,516.0	8.62	2,676,521.0	7.89
Loans & Advances to Banks 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Loans & Advances to Banks 1 - 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Loans & Advances to Banks > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
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	10,061.2	35,113,737.0	64.09	29,137,711.0	59.80	25,182,447.0	59.82	20,653,144.0	60.89
Other Deposits 3 - 12 Months	712.5	2,486,765.0	4.54	2,258,358.0	4.63	2,133,713.0	5.07	1,142,061.0	3.37
Other Deposits 1 - 5 Years	150.1	523,863.0	0.96	504,429.0	1.04	728,721.0	1.73	107,637.0	0.32
Other Deposits > 5 Years	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Deposits from Banks < 3 Months	37.3	130,213.0	0.24	112,056.0	0.23	40,304.0	0.10	206,072.0	0.61
Deposits from Banks 3 - 12 Months	0.0	0.0	0.00	0.0	0.00	61.0	0.00	2,804.0	0.01
Deposits from Banks 1 - 5 Years	0.0	86.0	0.00	424.0	0.00	40,054.0	0.10	0.0	0.00
Deposits from Banks > 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.	-
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	359.5	1,254,536.0	2.29	1,981,646.0	4.07	589,734.0	1.40	464,592.0	1.37
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	9,497.8	33,147,362.0	60.51	31,499,103.0	64.65	26,620,513.0	63.24	22,525,513.0	66.41
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	9,497.8	33,147,362.0	60.51	31,499,103.0	64.65	26,620,513.0	63.24	22,525,513.0	66.41
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	9,497.8	33,147,362.0	60.51	31,499,103.0	64.65	26,620,513.0	63.24	22,525,513.0	66.41
E. Equity Reconciliation									
1. Equity	1,295.4	4,520,903.0	8.25	4,003,820.0	8.22	3,448,131.0	8.19	3,056,520.0	9.01
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	1,295.4	4,520,903.0	8.25	4,003,820.0	8.22	3,448,131.0	8.19	3,056,520.0	9.01
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	1,295.4	4,520,903.0	8.25	4,003,820.0	8.22	3,448,131.0	8.19	3,056,520.0	9.01
2. Fair value effect incl in ow n debt/borrow ings 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. Goodw ill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	45.1	157,300.0	0.29	140,466.0	0.29	119,340.0	0.28	70,280.0	0.21
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	**1,250.3**	**4,363,603.0**	**7.97**	**3,863,354.0**	**7.93**	**3,328,791.0**	**7.91**	**2,986,240.0**	**8.80**
Exchange Rate		USD1 = TRY3.49		USD1 = TRY3.5224		USD1 = TRY2.9102		USD1 = TRY2.321	

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