JCR Eurasia Rating

**TURKEY**

# Corporate Credit Rating
*Updated*

# Banking

| aktifbank | | | Long-Term | Short-Term |
|---|---|---|---|---|
| International | Foreign currency | | BBB- | A–3 (Trk) |
| International | Local currency | | BBB- | A–3 (Trk) |
| International | Outlook | | Stable | Stable |
| National | Local Rating | | AA (Trk) | A-1+ (Trk) |
| National | Outlook | | Stable | Stable |
| Sponsor Support | | | 3 | - |
| Stand Alone | | | AB | - |
| Sovereign* | Foreign currency | | BBB- | - |
| Sovereign* | Local currency | | BBB- | - |
| Sovereign* | Outlook | FC | Stable | - |
| Sovereign* | Outlook | LC | Stable | - |

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

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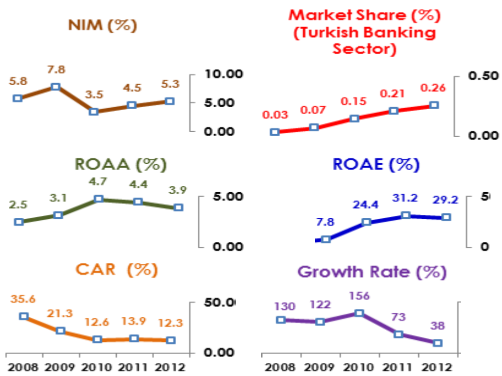



## Aktif Yatırım Bankası A.Ş.

| Financial Data | 2012* | 2011* | 2010* | 2009* | 2008* |
|---|---|---|---|---|---|
| Total Assets (000 USD ) | 1,978,845 | 1,351,480 | 962,144 | 387,990 | 170,909 |
| Total Assets (000 TRY) | 3,517,595 | 2,552,810 | 1,479,392 | 577,057 | 260,090 |
| Equity (000 TRY) | 458,292 | 348,049 | 225,752 | 173,193 | 164,441 |
| Net Profit (000 TRY) | 95,044 | 65,546 | 43,515 | 3,155 | 4,953 |
| Market Share (%) ** | 6.67 | 6.13 | 4.78 | 2.14 | 1.10 |
| ROAA (%) | 3.88 | 4.44 | 4.74 | 3.15 | 2.48 |
| ROAE (%) | 29.20 | 31.23 | 24.41 | 7.81 | 4.02 |
| Equity/Assets (%) | 13.03 | 13.63 | 15.26 | 30.01 | 63.22 |
| Capital Adequacy Ratio (%) | 12.34 | 13.94 | 12.65 | 21.29 | 35.63 |
| Asset Growth Rate (Annual) (%) | 37.79 | 72.56 | 156.37 | 121.87 | 129.68 |

* End of year ** On solo basis among the Investment Banking Sector

## Overview

Aktif Yatırım Bankası A.Ş. (hereinafter "Aktif Bank" or the "Bank") was established as an investment bank under the name Çalık Yatırım Bankası A.Ş. in July, 1999. On August 1, 2008, the Bank altered its name to Aktif Yatırım Bankası A.Ş. The Bank carries out operations in the fields of corporate banking, retail banking, leasing, factoring, trade finance and consulting through a network of eight branches with a work force of 436 as of FY2012.

The utmost shareholder of the Bank is Çalık Holding, one of the largest leading conglomerates in Turkey with stakes in various industries with a primary focus in the construction, textiles, finance, media, telecom, energy and mining sectors. Çalık Holding's consolidated assets size reached almost USD 7.7 billion, while its annual revenue materialized as USD 2.8 billion as of December 31, 2012. The Holding employed an average staff of approximately 11,000 in the same term.

Thanks to its impressive growth performance, Aktif Bank's rank in terms of assets size rose to 25th out of 45 banking institutions at the end of 2012 from 41th of 46 banking institutions at the end of FY2007. Furthermore, in the context of net profit, the Bank moved to 20th from 36th in the same period. Since 2007, when the restructuring process was initiated, the bank has displayed a praiseworthy performance in all major banking fields. Asset size growth has materialized an over 50- fold growth.

Although Aktif Bank is not entitled to receive deposits, the Bank exceeded this circumstance by issuing bank bonds and assets backed securities. Thus, the Bank has expanded and diversified its fund resources through innovative streams. The arranged unsecured bond issuances reached TRY 6bn since 2009 with TRY 859mn of asset backed securities issuances since October 2011.

## Strengths

- Solid return on assets and equity ratios, which are well over both the Turkish banking and development& investment banking sectors average during last two consecutive years,
- Stark growth performance in asset size, loans and net profit fields, which are well beyond sector averages
- Continuous increase in market share, along with notable low NPL levels,
- High experience and know-how in securitizing different types of asset classes,
- Talent to engender new and innovative banking products,
- Well established organizational structure and visionary and pioneering management team,
- Expanded and diversified fund sources through bank bond and asset based securities, in this regard the Bank is front runner in the sector,
- Largest alternative delivery channels network.

## Constraints

- Capital adequacy ratio almost at the threshold of BRSA required level and markedly below the sector averages,
- Sizable proportion of the Bank's cash and non-cash loans allocated to group companies
- Decrease in earning assets as a percentage of total assets,
- Short maturity structure of the funds, despite improvements, exercising adversities on liquidity management,
- Commitments and contingencies as a proportion of equity and assets notable above the sector averages

**Publication Date: May 31, 2013** *"Global Knowledge supported by Local Experience"*

## 1. Rating Rationale

Aktif Bank has become a rapidly growing bank in Turkey without compromising assets quality through principally focusing on profitability following the restructuring process initiated in 2007. 2012 was another thriving year for the Bank, with a growth in assets, loans and net profit increase. At the end of 2012, the materialized growths in assets, net profit, loans and equity were 37.79% (FY2011:72.56%), 45% (FY2011:50.63%), 41.05% (FY2011:130.75%) and 31.67% (FY2011:54.17%), respectively. While these growth figures were lower than the growth of the previous year, Aktif Bank displayed a better performance than the sector.

Thanks to its impressive growth performance, Aktif Bank's rank in assets size rose to 25th among 45 banking institutions at the end of 2012 from 41st among 46 banking institutions at the end of FY2007. Furthermore, in the context of net profit, the Bank moved to 20th from 36th in the same period, according to Turkish Banking Association data.

JCR-Eurasia has upgraded the Bank's Long-Term National Local Rating two notches from **'A+' (Trk)** to **'AA'** and Short Term Local Rating from **"A-1(Trk)"** to **"A-1+ (Trk)** with a **'Stable'** outlook for the year. In addition, the Bank's Long Term International Notes have been upgraded to **'BBB-'** from **'BB'** with a 'Stable' outlook in line with the upgrade in Turkey's Sovereign Rating on May 23, 2013.

The supportive drivers of these assigned ratings are;

- ✓ Return on assets and equity ratios of 3.47% and 28.53%, respectively, in 2012, well above the Turkish banking sector averages 2.33% and 18.49%,
- ✓ Increase in net interest margin during last two consecutive years to 5.47% at the end of FY2012, over the entire banking sector average 4.42%,
- ✓ 86.11% of the Bank's total income resulting from resilient streams and engendered mainly through core banking activities, which indicate the maintenance of the profitability level,
- ✓ Exceptional growth performance in assets, loans, equity and increase in earnings; cumulative growth performance was 22.49 times of the Turkish banking sector's growth in asset size TRY basis over the last five year period,
- ✓ Progressive increase in market share from 1.10% in 2008 to 6.67% in 2012 in the Development & Investment banking sector,
- ✓ Increases in equity and net profit of 564.76% and 2,979% respectively, over the last five years, 4 and 50.7 times the increases of the entire banking sector,
- ✓ The Capital Adequacy Ratio decreased from 13.94% in 2011 to 12.34% at the end of FY2012, a figure slightly above the minimum required capital threshold of 12%,
- ✓ The equity to total assets ratio decreased to 13.03% in 2012 from 13.63% in 2011, standing below the Turkish banking and development & investment banking sectors averages in 2012 of 13.27% and 32.25%, respectively,
- ✓ The Bank's leverage ratio was 741.55%, above the Turkish banking and development & investment banking sectors, although remaining in the international references range,
- ✓ Retaining of profit contributing to the capital adequacy level,
- ✓ Adequate liquidity level without funding gap or violations under normal and stressed conditions and liquidity ratios remaining compliant with BRSA's parameters in 2012,
- ✓ 13.33% of the allocated cash loans secured with collaterals, of which 5.34% was cash blockage and the remaining pledge on assets,
- ✓ Growth in gross non-performing loans of 78.72% in 2012 year-on-year basis in absolute term and considerably below the sector average NPL ratio despite demonstrating a limited increase to 0.68% from 0.54%,
- ✓ Higher loan loss reserves than the sectors thanks to full provisioning,
- ✓ NPLs account just 4.13% of its equity, specifying very high assets quality,
- ✓ High credit risk concentration in cash and non-cash loans, with the first 20 customers in each segment constituting over 80% of the total cash and non-cash loans,

together with the capability to diversify fund resources through generation of alternative funding sources such as bond issues and through asset backed securities, effective usage of ADC and having the largest network therein, high talent of engendering new and innovative banking products, well-established managerial practices along with risk oriented and vision holding management, compliance level with corporate governance principals, systematic and effective risk management practices, advances in technologic infrastructure, sustainable and high profit generation capacity are the other supporting factors taken into consideration in the assessment of the Bank's rating.

It should be noted that solo financials of Aktif Bank, the Turkish banking sector and development & investment banking sector prepared in accordance with BRSA regulations were used to determine more accurately the comparable and stand-alone performance of the Bank. In addition, financials, which were prepared in accordance to International Financial Reporting Standards (IFRS), were also utilized.

## 2. Outlook

JCR-Eurasia has affirmed a **"Stable"** outlook for the long and short term national ratings as well as international ratings perspectives of Aktif Bank, considering the Bank's assets composition, internal resources generation competency, steadiness in asset quality, level of liquidity, the effects of parent company activities and level of capital adequacy.

Upgrades in Turkey's country ceiling ratings, continuity in high profit generation and assets quality, and the management of additional risks combined with the growth of the Bank and equity injection when required are the significant factors that may be taken into consideration for any future change in ratings and outlook status.

The constraining factors of the ratings are a downgrading in the sovereign rating of Turkey, deterioration in assets quality, decrease in net interest and profit margin, difficulties in accessing diversified fund resources, deceleration in economic activities and expansion of civil unrest in Syria covering Turkey and Turkey's neighboring countries.

## 3. Sponsor Support and Stand Alone

The parent Company Çalık Holding A.Ş., one of the largest leading conglomerates in Turkey, operates in fifteen countries across three Continents, with its prime business activities based in Turkey, the Balkan States and Turkic Republics. The Holding has diversified its geographical and business risks by having interests in finance, construction, textile, mining, energy, telecom, marketing and media. As of December 31, 2012, the total asset size of the group was USD 7.7bn and total revenue was USD 2.8bn

The Sponsor Support Note, reflecting the non-financial standing and expected supportive potential of the Bank ultimate shareholders Çalık Holding A.Ş., has been determined as **"3"**, which denotes an adequate external support possibility despite same uncertainties, and adequate levels of tendency to support the Bank and capability.

Given its sound balance sheet structure, sustainable and high profit generating capacity, capitalization and liquidity level, robust growth performance, fund diversification capacity and access to external funds, the Bank is likely to be able to manage its balance sheet risks successfully even if the shareholders or public authorities do not provide any assistance. As a result, The Stand Alone Note of the Bank has been determined as "**AB**", which signifies a strong Bank, sustainable profitability, sound balance sheet composition and good management, operating environment and expectations.

## 4. Company Profile

Aktif Yatırım Bankası A.Ş. was established under the name Çalık Yatırım Bankası A.Ş. in July, 1999 as an investment bank. On August 1, 2008, the Bank publicized its new name as Aktif Yatırım Bankası A.Ş, and the head office was shifted to a new location to a group owned premise located in Zincirlikuyu.

The Bank mainly offers corporate banking, retail banking, financial leasing, factoring, trade finance and consulting services. Since the restructuring process commenced in 2007, the Bank has demonstrated a metamorphosis and exhibited exceptional performances in all fields. In this new stage under its business model called "New Generation Banking", Aktif Bank's strategies rest on three pillars; 'Direct Banking', Regional Banking' and 'City Banking'.

As of December 31, 2012, the Bank employed 436 people (2011: 373) and operated with a total network of eight branches. In addition to the conventional services stream offered through the branch network, Aktif Bank has the largest network through efficient use of alternative delivery channels (ADC) including over 4,000 PTT offices, call center, ATMs, mobile and internet banking facilities to reach its customers with ease.

The Bank has established its organizational structure and committees as stated under the Turkish Banking Law No: 5411. The Board of Aktif Bank consists of six members. One member is non-executive and none are independent. The senior management team of the Bank is comprised of the CEO, ten executive vice presidents, four managing directors and one chief legal counsel. These managers are highly educated in their respective fields and have relevant prior work experience making them highly competent to manage the affairs of the Bank. These managers meet all the requirements set by the Banking Regulation and Supervisory Authority (BRSA).

The utmost shareholder of Aktif Bank is Çalık Holding A.Ş., which holds 98.99% of the shares. The shareholding pattern is detailed in the following table.

| Shareholding Structure | 2010<br>Share % | 2011<br>Share % | 2012<br>Share % |
|---|---|---|---|
| Çalık Holding A.Ş. | 98.58 | 98.99 | 98.99 |
| GAP Güneydoğu Tekstil Sanayi ve Tic.A.Ş. | 0.75 | 0.53 | 0.53 |
| Ahmet ÇALIK | 0.33 | 0.24 | 0.24 |
| Başak Enerji Elektrik Üretim San.ve Tic.A.Ş. | 0.17 | 0.12 | 0.12 |
| Irmak Enerji Elektrik Üretim Madencilik San.ve Tic.A.Ş. | 0.17 | 0.12 | 0.12 |
| Total | 100.00 | 100.00 | 100.00 |
| Paid Capital-TRY (000) | 163,000 | 230,000 | 230,000 |

## 5. Sector Analysis

The Turkish banking sector remained its sturdy position in 2012 thanks to its strong equity structure, robust liquidity profile, low level of leveraging, widespread deposit-based funding structure and prudent stance without any requirement of budget aids. The Turkish economy and banking sector, which was restructured subsequent to the crisis in 2000 and 2001, positively differentiated in several aspects compared to the EU, USA and other developed countries considering the increasingly deepening grounds of the latest intractable global crisis of 2008. Regulation, supervision and monitoring activities disciplined the sector. In recent years, budgeting, flow of funds, grading, generation of internal collateralization and risk methodologies have been more noticed, rational pricing policies have been implemented and objective loan criteria have been developed.

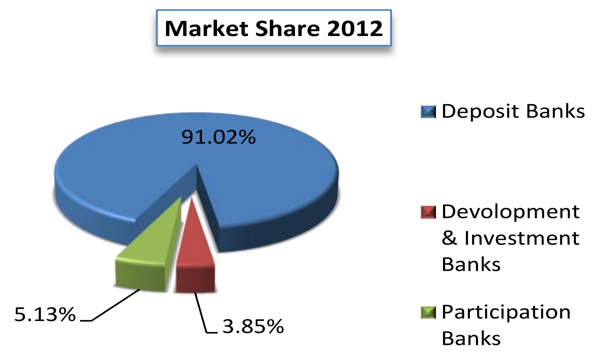
Banks in Turkey maintain their advantages of sustainable course of activities through traditional functions owing to the continuity of the corporate and retail banking potential. Hence, the Turkish banking sector was able to abstain from sub-prime mortgages and other such complicated derivative instruments that triggered the crisis.

The banking system forms the basis of the financial sector in Turkey. Considering scale differentiation of state and private banks and the concentration of market dominance in a few banks, an excessive and typical oligopolistic structure is identifiable in the Turkish banking system. Within the current legislation, the sector is classified under the following 3 functional categories; deposit banks, participation banks and development and investment banks.

The share of the Turkish banking sector within the financial system, according to BRSA data, was approximately 61% as of FYE2012 and employed 201,496 staff. At the end of FY2012, the Turkish banking sector grew by 12.57% in TRY based assets size and reached 1,370bl (USD 771bl).

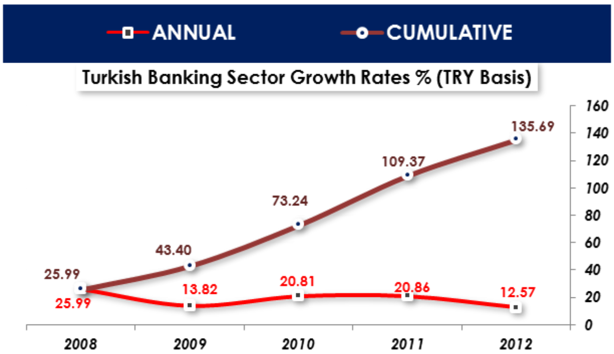
| 2012 DECEMBER<br>TURKSIH BANKING SECTOR | NUMBER OF BANKS | NUMBER OF BRANCHES | NUMBER OF STAFF |
|---|---|---|---|
| DEPOSIT BANKS | 32 | 10,192 | 181,218 |
| State Banks | 3 | 3.079 | 51,587 |
| Private Banks | 12 | 5,100 | 90,612 |
| SDIF Bank | 1 | 1 | 226 |
| Foreign Banks | 16 | 2,012 | 38,793 |
| DEVELOPMENT & INVESTMENT BANKS | 13 | 42 | 4,902 |
| PARTICIPATION BANKS | 4 | 828 | 15,376 |
| TOTAL | 49 | 11,062 | 201,496 |

The shares of deposit banks, development & investment banks and participation banks in the sector stood at 91.02%, 3.85% and 5.13%, respectively as of FYE2012. Compared to the previous year, deposit banks' share demonstrated a decrease of 0.95 percentage points while participation banks and development & investment banks shares increased by 0.52 and 0.43 percentage points, respectively.

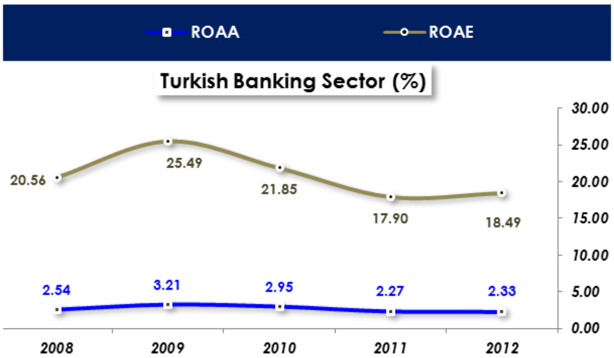



The banking sector grew cumulatively by 135.69% on TRY basis and 53.71% on USD basis in the period between 2008 and 2012. Compared to the previous year, the sector grew by 12.57% on TRY basis and 19.62% on USD basis due to the revaluation of the Turkish lira against the US dollar. Deceleration in economic activities in 2012, the GDP growth decreased to 2.2% from 8.8% FY2011, drawn the growth rate down. The sector's growth is anticipated over 15% for the ongoing year.

Regarding the breakdown of the 2012's growth, development & investment banks recorded the highest growth at 26.70%. While participation banks grew by 25.18%, deposit banks growth was a more modest 11.41%. In previous years, growth sources were principally based on the deposits and equity increase through internal profit generation. However, growth in 2012 was essentially supported through issued debt securities.

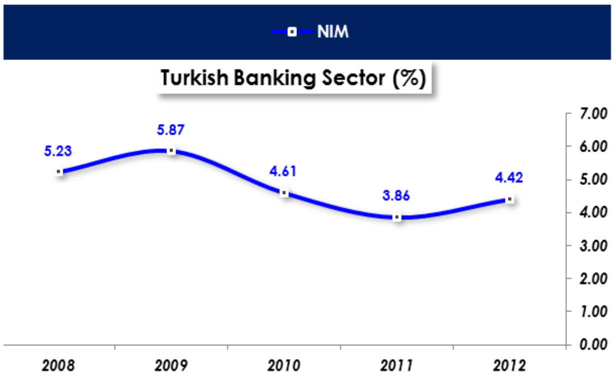



Returns on equity and assets ratios of the banking sector attained its sound levels and demonstrated slight increase in FY2012.

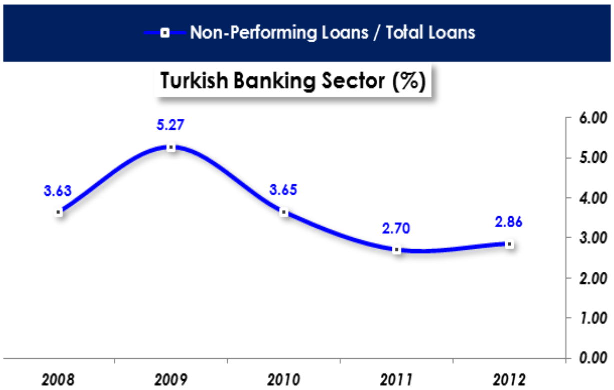



The increase in net interest margin confirmed and supported these high turns under the current global economic circumstances. The key drivers of the prudent returns and increase of net interest margin were (i) strong growth in loans portfolio, (ii) sturdiness of the banking sector in general and retarded reflection of decreasing interest rate on loan portfolio, (iii) lower increase in operating expenses at 12.85%, and (iv) the 24.70% increase in total interest income over that of the increase in total interest expense, contributing to net interest margins. Furthermore, as monetary policy, increasing reserves for deposits were utilized by CBRT as controlling instrument of loans growth in 2012. Increasing cost of deposits due to reserves directed the bank debt securities issues, which contribute to interest expense and the diversification fund sources at the same time.

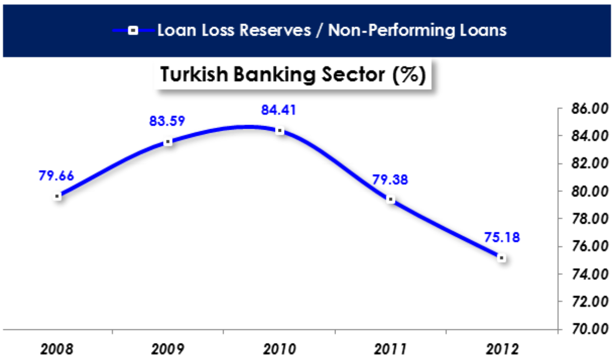
For the ongoing year, due to shrinking interest rates, a limited decrease in net interest margin is anticipated in the sector.




The sector's non-performing loans to gross loans ratio was 2.86% at the end of FY2012, displaying a slight increase compared to the previous year. However, this ratio is lower than global averages and signifies the sector's high assets quality. Furthermore, write-offs, sale of receivables and restructuring of non- performing loans curb the NPLs ratio to some extent. Acceleration in economic activity and improvement in employment reduced impairments in all types of loans, contributing to the improvement in the quality of loan portfolios.




Loan provisioning ratios followed a downward trend from 2010. While special provisions accounted for 84.41% of non-performing loans at the end of FY2010, this ratio declined to 75.18% in 2012. Although the loan loss reserves ratio has tended to decrease, it still stood at a higher level.

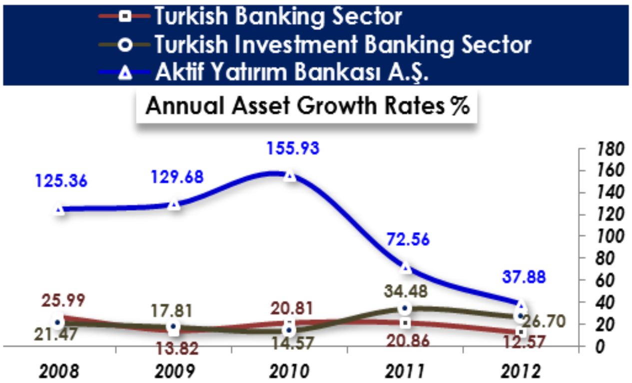



## 6. Financial Analysis

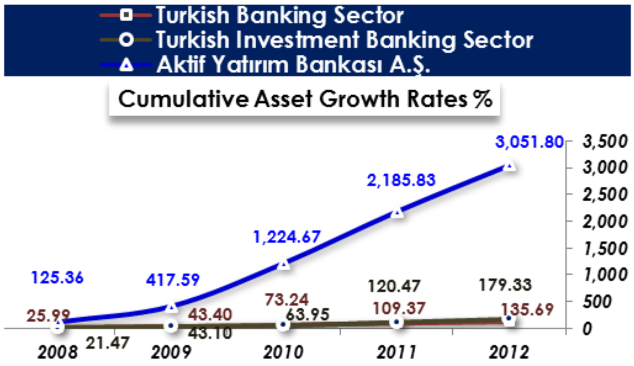
### 6.1. Performance & Profitability

In FY2012, Aktif Bank recorded a 37.88% growth in total asset size, remarkably higher than both the development & investment banking sector and the entire Turkish banking sector's growth rates of 26.70% and 12.57%, respectively. However, growth rates of the bank demonstrated noteworthy deceleration during the last two consecutive years.

The graphs below present the growth of the Bank's asset base in comparison to the sector. Under the reviewed period the overall asset base growth performance of the Bank remained well above the sectors averages.

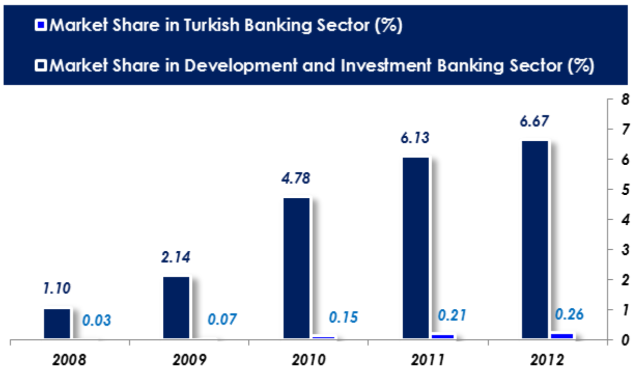



Following the metamorphosis initiated in 2007, the Bank's cumulative growth performance over the reviewed period was 3,051.80% and 22.49 times that of the average cumulative growth of the Turkish banking sector. These results specify outstanding achievement regarding the assets growth.

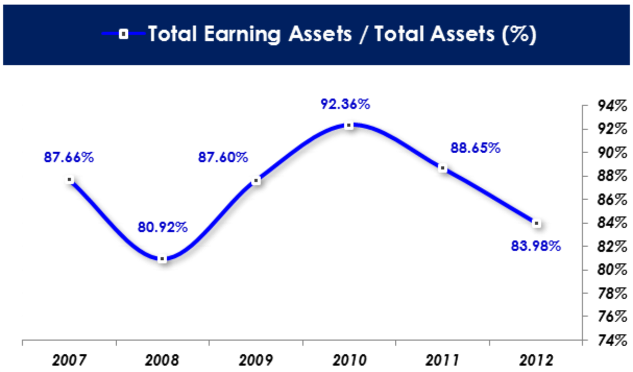



According to the IFRS compliant financials, the Bank exhibited a similar performance in asset base growth.

The Bank's asset size market shares amongst all 13 development & investment banks and the entire Turkish banking sector progressively increased over the reviewed period and reached 6.67% and 0.26%, respectively, at the end of FY2012. Thanks to its exceptional growth performance during last five years, Aktif Bank's rank in assets size rose to 25th from 41st of 45 banking institutions at the end of 2012. We, as JCR-Eurasia, assume that the growth phase of the Bank will decelerate in the ongoing year as the capital adequacy ratio has approached the threshold.

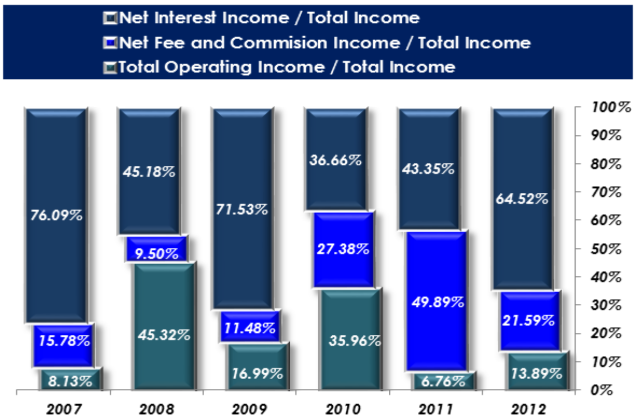



The Bank's total earning assets to total asset ratio followed a fluctuating pattern between 2007 and 2012 and tended to decrease in the last two consecutive years. A continuing decrease in the ratio will exert pressure on profitability ratios. The high level of this ratio designates the effective usage of the banks' resources.




Aktif Bank gained a net profit of TRY 95mn in FY2012, a substantial increase of 45% compared to the TRY 65.5mn net profit of FY2011. In the same period, the Turkish banking and the development & investment banking sectors' net profit figures exhibited increases of 18.87% and 23.39%, respectively.

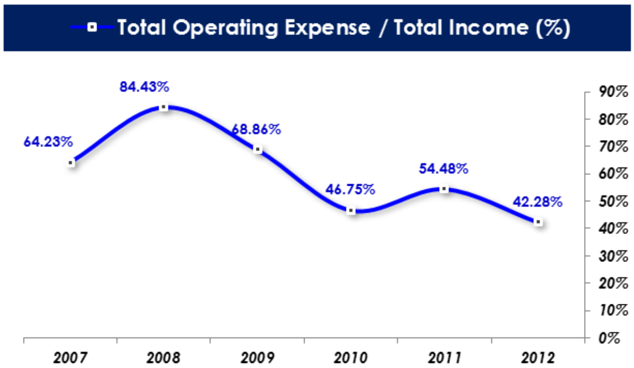
As of December 31,2012, 64.52%, 21.59% and 13.89% of total income was contributed by net interest income, net fee & commission income and operating income, respectively. 86.11% of the Bank's total income derived from sustainable streams and was engendered mainly through core banking activities, which state the maintenance of the profitability level.



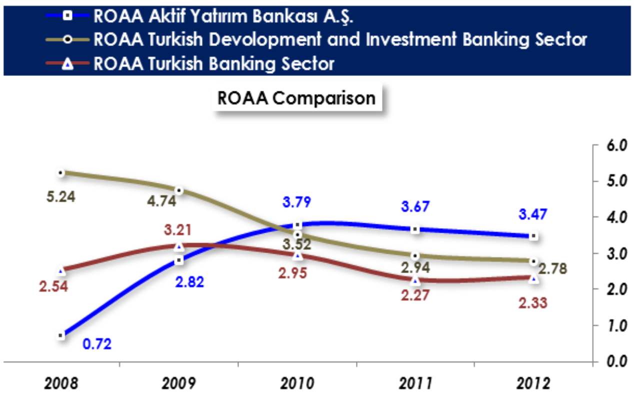

In tandem with the expansion of the loan portfolio along with the improvement of net interest margin, the interest share in total income exhibited an increase. Adversely, the share of net fee and commission income declined remarkably resulting mainly from the shrinkage of remittance fee from TRY 50.4mn to 6.5mn. However, the net fee and commission share in total income of the bank is aligned with the Turkish banking sector's average of 20.53% and well beyond the average of Development & Investment banking sector of 8.29%.

The Bank's total operating expenses decreased by 16.98% at the end of FY2012 compared to the previous year, thanks to decreases in other operating expenses at 44.20% in 2012 (*in 2011, the Bank provisioned for possible losses in the amount of TRY 30mn, pursuant to the cautious management policy for any loss arising from market conditions, however in 2012, the bank did not voluntary provision against possible losses, which supported the decrease in other operating expenses in 2012*) and lower increase in personnel expenses at 11.40% in case of expansion.

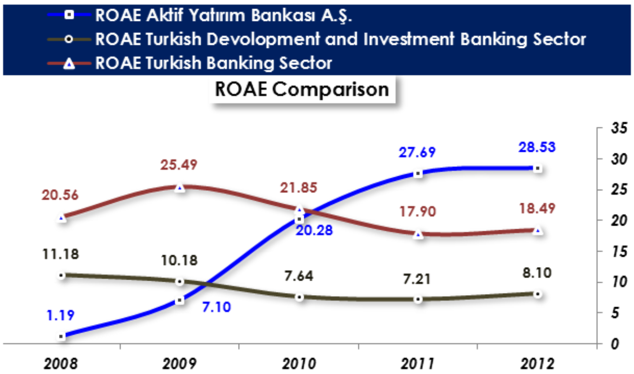
Consequently, the Bank's total operating expenses as a proportion of total income decreased to 42.28% in 2012 from 54.48% in 2011, as a result of contracting operating expenses and an increase of 6.98% in total income.



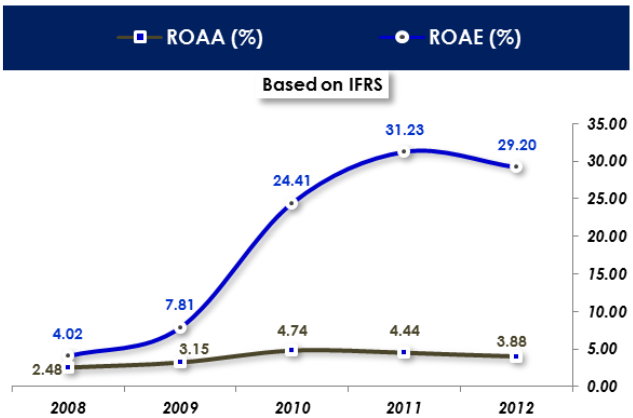

Return on assets ratio of the bank has tended to decrease during last two consecutive years, although it was remained higher than the sector averages in last three year period.



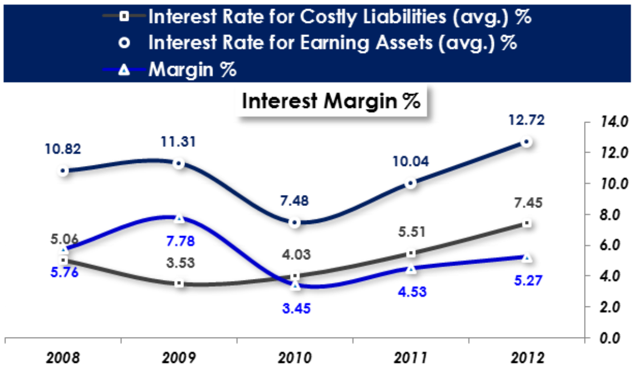

The Bank's ROAE ratio has sustained an upsurge over the reviewed period and outpaced the sector averages in during 2011 and 2012. The Bank's ROAA and ROAE ratios, the main profitability indicators, specify sound figures and were almost 1.3 and 3.5 times that of the development & investment banking sector as of FY 2012, respectively.




Furthermore, the Bank's ROAA and ROEA ratios stood at 3.88% and 29.20%, respectively at the end of FY2012 regarding the data based on the consolidated IFRS audit report. These figures are slightly higher than those of the unconsolidated BRSA audit report and demonstrated a decrease compared to the previous year.



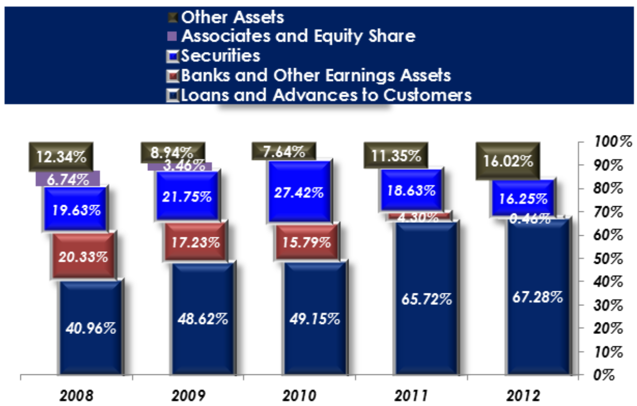

The interest margin sustained a steady increase during 2012 and reached 5.27% at the end of FY2012 from 4.53% FY2011. With the exception of FY2010, the Bank's interest margin remained above the sector average under the period reviewed. Net Interest Margin Ratio is one of the superior performance indicators broadly used in the banking sector to indicate bank effectiveness.




### 6.2. Risk Management

The Board of Directors has the overall responsibility for establishing and supervising the Bank's risk management framework. The credit, market, liquidity and operational risks are executed under the created risk management frame. The Bank has set up **Audit, Credit, Corporate Governance, Asset and Liability,** and **Remuneration Committees and Internal Control, Internal Audit, Fraud Prevention, Compliance and Risk Management Departments under the Internal System** in line with BRSA regulations to establish a thorough and comprehensive risk management system.

Aktif Bank executes its credit risk by the allocation of loan limits for customers and customer groups as well as the definition of limits for sectors with considerations of maximizing risk-adjusted returns. The Bank continuously monitors credit assessment of its customers, takes necessary precautions and allocated limits are reviewed at least once year. Credit limit reviews are done as and when deemed necessary before the one year period due to the changes in overall economic conditions. In accordance with lending policies, collaterals such as cash, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees are required in line with the financial position of the debtor and its creditworthiness.



Credit risk of the Bank results principally from loans & advances to customers and the securities portfolio. Loans and advances to customers account for 67.28% of the total assets and demonstrated continuous increases during the reviewed period.

When assessing the credit worthiness of customers, the Bank uses an in-house developed internal corporate credit risk assessment system which grades all loans in 12 categories on a scale of 'AAA' to 'D3'. The Bank's internal rating system has not yet been assessed by the BRSA for compliance with Basel processes due to the absence of related regulations within this framework. The concept of and the requirements for externality have not yet been defined in the local legislation and the external validation of the system has not been obtained from an independent rating agency.

Furthermore, as stated in the audit report, the Bank has graded all cash loans and non-cash loans in three categories; low risk, medium risk and high risk. The Bank rated 75.94% of its outstanding cash loans as low risk (FY2011: 76.24%), 15.79% at medium risk (FY2011: 20.99%) and 3.20% (FY2011: 1.09%) at high risk. These outcomes indicate an increase in high risk categorized loans and a slight decrease in low level and medium level risk categorized loans.

In the context of non-cash loans portfolio, the Bank graded 63.52% of its non-cash loans (FY2011: 76.23%) low risk, 28.49% (FY2011:23.52%) medium risk and 3.99% (FY2011: 0.25%) high risk. Furthermore, 4% of the non-cash loans and 5.07% of cash loans were not rated.

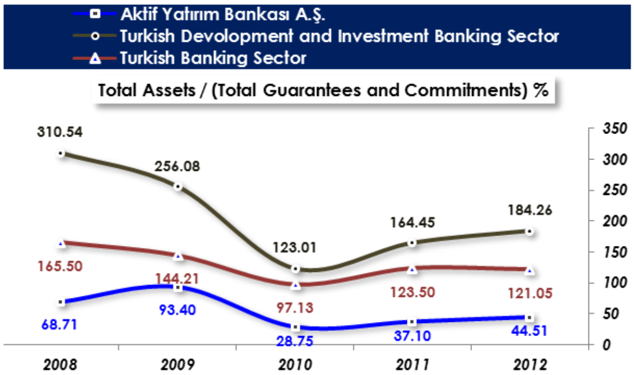
The Bank granted 72.79% (FY2011: 66.73%) of total outstanding loans to corporate clients and the remaining 27.17% (FY2011:33.18%) to retail customers. The distribution within the cash loans portfolio displays concentration principally in general services which composes 41% of the total outstanding loan portfolio as in previous year as well as a similar concentration in construction sector, which accounts of 40% of non-cash loans.

On the other hand, 53.82% (FY2011:48.54%) and 58.59% (FY2011: 64.50%) of the Bank's cash and non-cash loans directly or indirectly are given to group companies; although these credits are presumed to have no repayment risk, they increase the risk concentration and curtail the expansion of the customer base.

13.33% of the total outstanding cash loans of the Bank are secured with cash blockage (7.12%) and pledge (6.21%) on assets. The lower assets based collateralized level exert pressure on the asset quality and may engender a threat on return on loans in the event of strong volatility in financial market and downturn in the economy.

The first 20 customers constitute 82.54% of the total cash outstanding loans, while they constitute 93.22% of total non-cash loans, specifying very high concentration.

Total assets to off-balance sheet commitment and contingencies of Aktif Bank exhibited an increase during the last two years. Compared to the Turkish banking sector and development & investment banking sector averages, the Bank's off balance sheet liabilities were very high. Although the Bank appears to have taken on more risk in the field of off-balance sheet commitments & contingencies in comparison to the sector, the risk exposure of the Bank is restricted as 58.59% of it is allocated to group companies, a decrease from 64.50% in 2011.




The Bank manages and monitors its market risk activities and takes the necessary measurements in accordance with the Communiqué on Measurement and Evaluation of Capital Adequacy of Banks'. The Bank's market risk exposure is calculated by the Standard Method and reported on a monthly basis. In addition to the 'Standard Method', Aktif Bank daily measures and monitors its market risk with the value at risk (VaR) methods in the context of the 'Internal Model'. VaR is calculated using the 'Historical Simulation' and 'Parametric' methods, and is supported with back-tests & stress tests. The results are shared with the related units and risks are closely monitored.

In the scope of market risk, the Bank is principally exposed to interest rate risks. To manage any particular interest rate risk, pre-approved limits of repricing bands have been set and interest rate gaps are continuously monitored. The Bank measures the interest rate sensitivity of assets, liabilities and off-balance sheet items and assessed in the weekly meetings of the Asset- Liability Committee.

The Bank's total foreign currency position to assets and equity ratios were 0.00% and 0.03%, respectively, at the end of FY2012, specifying the balance FX asset and liabilities. The Bank use derivatives instruments such as forward exchange contracts to hedge against foreign currency risk. The Bank faced a loss in the amount of TRY 5.9mn in 2012 derived from derivative financial instruments.

Aktif Bank manages its liquidity risk maintaining the adequate liquid assets to meet its obligation with timely manner even in stressed conditions using the framework defined under the 'Communiqué on Measurement and Evaluation of Liquidity Adequacy of Banks' published by BRSA on November 1, 2006. As per the framework, weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should stand at a minimum of 80% and 100%, respectively. The Bank's liquidity ratios were above the requirement levels and remained compliant with BRSA parameters in 2012.

Funds for short-term liquidity needs are provided through either internal sources or interbank lines, while long term liquidity needs are managed by utilizing capital market instruments through both domestic and foreign markets. At the end 2012, 45.85% of the Bank's liabilities stood in the less than one month maturity bracket. Although short term mature structure of the funds exerts pressure on the liquidity management, the bank has maintained adequate liquidity.

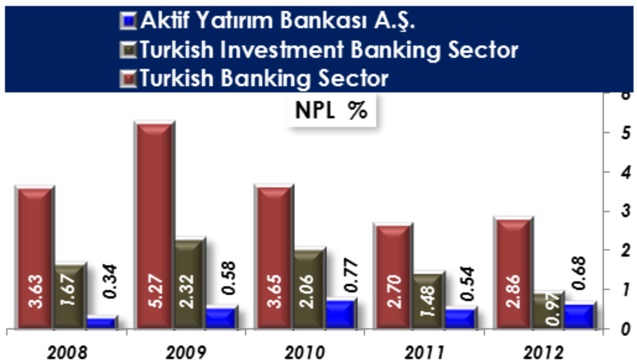
Operational risks arise principally from human error, fraud, embezzlement, system errors & failure and other external events such as earthquake, floods, terrorist attacks and fire. In the event that necessary precautions are not taken in time, these risks cause a loss and may dampen the brand value of the institutions.

The Bank reported operational losses of TRY 107k, 12k of which resulted from staff fault in FY2012. Taking into account the Bank's assets, net profit and equity figures, the operational loss encountered was negligible.

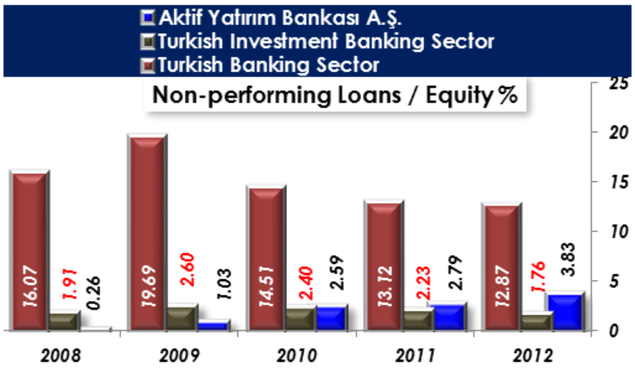
To minimize operational risk and its potential effects, the Bank implements human resources, network security, back-up and disaster recovery policies. In addition to the Bank's timely risk management applications, assisted by risk management, internal audit, fraud prevention, internal control and compliance departments, the Bank has insured its premises and equipment, money transfers, liability insurance, business interruption and loss of rent.

### 6.3. Asset Quality

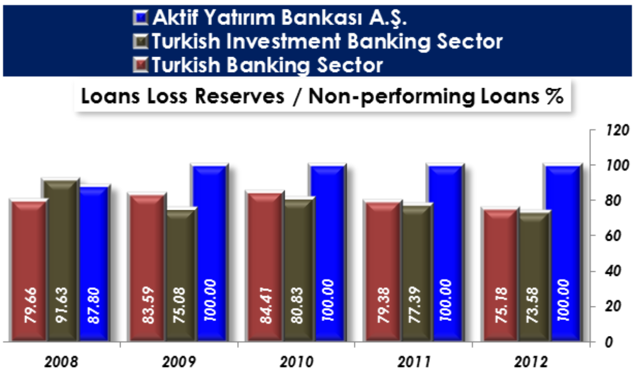
The non-performing loans ratio is a forthright indicator of asset quality. Hence, the remarkably lower NPL ratio reflects Aktif Bank's high asset quality. Over the period reviewed, the Bank preserved its asset quality despite demonstrating exceptional growth in loans size. As seen in the chart below, Aktif Bank's non-performing loans to gross loans (NPL) ratios stood noticeably below the averages of both the Turkish banking sector as a whole and development & investment banks between FY2008 and FY2012. In FY2012, the non-performing loans portfolio of the Bank exhibited a significant 111.25% YOY increase in absolute terms; however the credit expansion of 41.05% limits the increase in the NPLs ratio. On the other hand, in the banking sector some non- performing loans thought to be un-collectible, were written off. Such implementations lower disclosed NPLs ratios in the sector. Comparing Aktif Bank with the sectors it should be born in mind that the Bank had not written off any non-performing loans.




The Bank's non-performing loans to equity ratio stayed higher than that of the development & investment banking sector for the last three years and demonstrated an increase in the same period, although the ratio of the investment banking sector was decreased. However, compared to the Turkish banking sector, the ratio was considerably lower and almost a third of the sector's average at the end of FY2012.

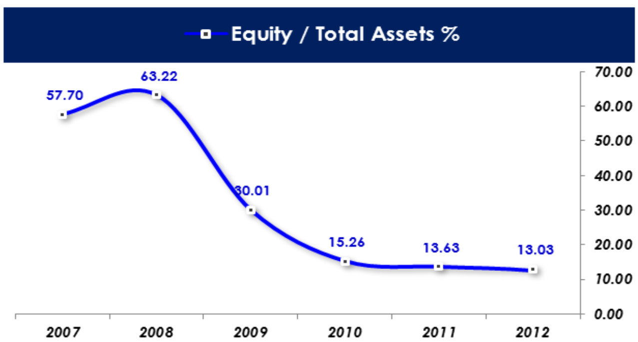



Over the period reviewed, the Bank fully provisioned non-performing loans as part of its cautious management approach. Full provisioning contributes to the Bank's asset quality.




## 6.4. Funding and Adequacy of Capital

Following the restructuring processes in 2007, the Bank's total resources configuration exhibited an essential transformation. The share of equity in total resources decreased to 13.03% in 2012 from 63.22% in 2008 in parallel with the outstanding growth performance. Equity to total assets ratio for development & investment banks was 32.25% at the end of FY2012 (FY2011:37.10%) and 13.27% (FY2011: 11.88%) for the entire Turkish banking sector.

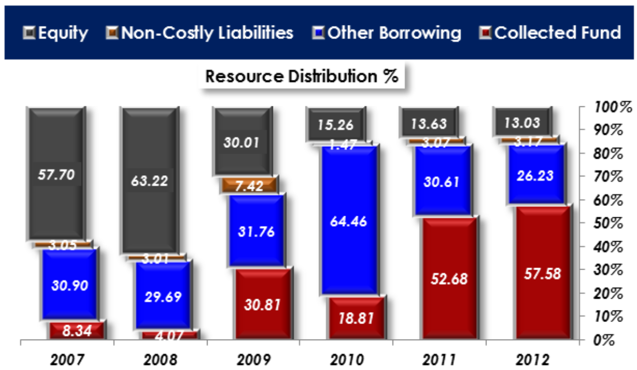



As an investment bank, Aktif Bank is not entitled to collect customer deposits. This circumstance directs the Bank to alternative and new fund resources. As a result of significant effort, the bank diversified its funding resources through innovative streams.

Aktif Bank was the first Turkish bank to issue bank bonds (Aktif Bono) in 2009 and successfully arranged unsecured bond issuances in the total amount of TRY 6bn as of FY2012. Furthermore, the Bank's issued Asset Back Securities (ABS) reached TRY859mn at the end of 2012.

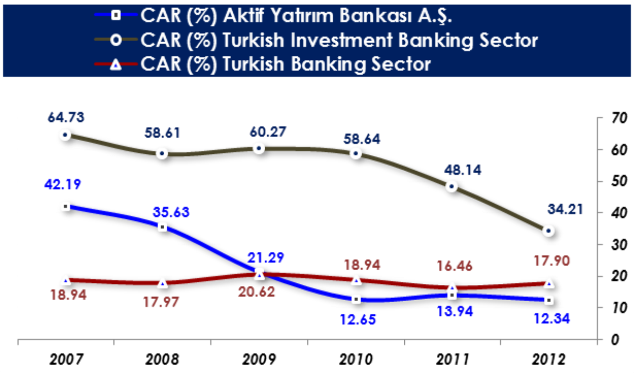
The Bank meets its funding needs mainly through, in descending order, issued debt securities, borrowed funds from domestic & international institutions, and current balances of its loan customers, equity and obligations under repurchase agreement.

In the graph below, debt securities issued and current balances of loan customers indicated under the collected funds, which account for a 57.58% share of the Bank's total resources. The debt securities issued to total liabilities was 49.08% at the end of FY2012, an increase of79.33% YOY, and became the bank's main fund source.




Basel II regulations come into force in July 2012 and risk weights and risk-weighted asset composition were altered. In this context, 75% of risk weight assets were defined for the first time.

Despite the Bank's high internal resources generation capacity and retention profit policy, the capital adequacy ratio decreased to 12.34% at the end of FY2012 from 13.94% FY2011, the result of the 41.05% growth of loans and significant increase in 200% risk weighted assets in 2012. The CAR ratio stood above the minimum CAR requirements set by the Basel Accord (8%) and required by BRSA (12%). However, it remained below the averages of the banking sector at 17.90% and of development & investment banks' at 34.21%.




Taking in account the BRSA's required capital adequacy ratio of 12%, the unused limit of risk exposure ratio of the Bank fell to the 2.77% at the end of FY2012, signifying the lack of room for further growth without cash equity injection or providing subordinated loans.

### 6.5. Projection

Aktif Bank has projected a growth of 22.31% in asset size, 15.25% in loans, and 54.37% in equity base with an increase of 8.42% in net profit. These targets are assumed to be achievable considering the past successful performance of the Bank.

As of March 31, 2013, the Bank gained a net profit of TRY 30mn, which exhibited an increase of 62.19% in comparison to the same period in FY2012. Regarding the assets base growth, the Bank has almost reached its target ending FY2013 in the first quarter of 2013. In addition, the loans growth in 1Q2013 was 23.62% and outperformed its year-end target at present. Those outcomes in 1Q2013 corroborate that the 2013 projections are realizable.

| Projected-Balance Sheet TRY | FYE 2012-Actual | FYE 2013P | Change % |
|---|---|---|---|
| Total Assets (mn) | 3,518 | 4,303 | 22.31 |
| Total loans (mn) | 2,367 | 2,728 | 15.25 |
| Total Non-Cash Loans (mn) | 1,885 | 1,223 | -35.12 |
| Shareholder's Equity | 458 | 707 | 54.37 |
| Net Profit | 95 | 103 | 8.42 |

## 7. Corporate Governance

Aktif Bank carries out its operations under Banking Law and the Banking Regulation and Supervision Authority (BRSA) regulations. The Bank mostly complies with the Communiqué on Corporate Governance Principles of Banks' published on November 1, 2006 by BRSA. Hence, the Bank has set up Corporate and Remuneration committees, and disclosed its mission, vision, values, periodic financials, annual reports and ethical rules pursuant with the Communıque of BRSA.

On the other hand, the major deficiencies with regards to internationally accepted practices and regulation of the Turkish Capital Market are the absence of the independent members in the Board of Directors, necessity of Board of Directors approval for share transfers, absence of a stakeholders policy protecting the stakeholder's rights beyond the general legal frame work, and the absence of disclosure and social responsibility polices.

| Aktif Yatırım Bankası A.Ş. BALANCE SHEET - ASSET (000) | FYE 2012 USD (Converted) | FYE 2012 TRY (Original) | FYE 2012 TRY (Average) | FYE 2011 TRY (Original) | FYE 2011 TRY (Average) | FYE 2010 TRY (Original) | FYE 2010 TRY (Average) | FYE 2009 TRY (Original) | As % of 2012 Assets (Original) | As % of 2011 Assets (Original) | As % of 2010 Assets (Original) | FYE 2012 Growth Rate % | FYE 2011 Growth Rate % | FYE 2010 Growth Rate % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A- TOTAL EARNING ASSETS ( I+II+III )** | **1,661,924** | **2,954,236** | **2,608,636** | **2,263,035** | **1,814,674** | **1,366,313** | **935,900** | **505,486** | **83.98** | **88.65** | **92.36** | **30.54** | **65.63** | **170.30** |
| **I- LOANS AND LEASING RECEIVABLES (net)** | **1,331,323** | **2,366,560** | **2,022,173** | **1,677,786** | **1,202,449** | **727,112** | **503,829** | **280,546** | **67.28** | **65.72** | **49.15** | **41.05** | **130.75** | **159.18** |
| **a)** Short Term Loans | 1,330,456 | 2,365,018 | 2,021,387 | 1,677,755 | 1,200,530 | 723,305 | 497,606 | 271,906 | 67.23 | 65.72 | 48.89 | 40.96 | 131.96 | 166.01 |
| **b)** Lease Assets | 867 | 1,542 | 787 | 31 | 1,919 | 3,807 | 5,541 | 7,274 | 0.04 | 0.00 | 0.26 | 4,874.19 | -99.19 | -47.66 |
| **c)** Medium & Long Term Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **d)** Over Due Loans | 10,640 | 18,913 | 13,933 | 8,953 | 7,246 | 5,538 | 3,646 | 1,754 | 0.54 | 0.35 | 0.37 | 111.25 | 61.66 | 215.74 |
| **e)** Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **f)** Receivable from Customer due to Brokerage Activities | 0 | 0 | 0 | 0 | 0 | 0 | 683 | 1,366 | n.a | n.a | n.a | n.a | n.a | -100.00 |
| **g)** Allowance for Loan and Receivables Losses (-) | -10,640 | -18,913 | -13,933 | -8,953 | -7,246 | -5,538 | -3,646 | -1,754 | -0.54 | -0.35 | -0.37 | 111.25 | 61.66 | 215.74 |
| **II- OTHER EARNING ASSETS** | **9,088** | **16,155** | **62,930** | **109,704** | **171,655** | **233,606** | **166,524** | **99,442** | **0.46** | **4.30** | **15.79** | **-85.27** | **-53.04** | **134.92** |
| **a)** Balance With Banks -Time Deposits | 9,088 | 16,155 | 18,141 | 20,126 | 101,498 | 182,870 | 123,706 | 64,542 | 0.46 | 0.79 | 12.36 | -19.73 | -88.99 | 183.33 |
| **b)** Money Market Placements | 0 | 0 | 0 | 0 | 0 | 0 | 13,253 | 26,505 | n.a | n.a | n.a | n.a | n.a | -100.00 |
| **c)** Reserve Deposits at CB (*) | 0 | 0 | 44,789 | 89,578 | 70,157 | 50,736 | 29,566 | 8,395 | n.a | 3.51 | 3.43 | -100.00 | 76.56 | 504.36 |
| **d)** Balance With CB- Demand Deposits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **III- SECURITIES AT FAIR VALUE THROUGH P/L** | **321,513** | **571,521** | **523,533** | **475,545** | **440,570** | **405,595** | **265,547** | **125,498** | **16.25** | **18.63** | **27.42** | 20.18 | 17.25 | 223.19 |
| **a)** Treasury Bills and Government Bonds | 321,513 | 571,521 | 514,760 | 457,999 | 417,388 | 376,776 | 241,919 | 107,061 | 16.25 | 17.94 | 25.47 | 24.79 | 21.56 | 251.93 |
| **b)** Other Investment | 0 | 0 | 8,773 | 17,546 | 23,183 | 28,819 | 23,628 | 18,437 | n.a | 0.69 | 1.95 | -100.00 | -39.12 | 56.31 |
| **c)** Repurchase Agreement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **B- INVESTMENTS IN ASSOCIATES (NET) + EQUITY SHARE** | **0** | **0** | **0** | **0** | **0** | **0** | **9,979** | **19,958** | **n.a** | **n.a** | **n.a** | **n.a** | **n.a** | **-100.00** |
| **a)** Investments in Associates (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 9,979 | 19,958 | n.a | n.a | n.a | n.a | n.a | -100.00 |
| **b)** Equity Share | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **C- NON-EARNING ASSETS** | **316,921** | **563,359** | **426,567** | **289,775** | **201,427** | **113,079** | **82,346** | **51,613** | **16.02** | **11.35** | **7.64** | **94.41** | **156.26** | **119.09** |
| **a)** Cash and Cash Equivalents | 8,519 | 15,144 | 9,081 | 3,017 | 16,839 | 30,661 | 16,103 | 1,545 | 0.43 | 0.12 | 2.07 | 401.96 | -90.16 | 1,884.53 |
| **b)** Balance With Banks - Current Accounts | 279,265 | 496,422 | 374,028 | 251,633 | 156,601 | 61,568 | 34,943 | 8,317 | 14.11 | 9.86 | 4.16 | 97.28 | 308.71 | 640.27 |
| **c)** Financial Assets at Fair Value through P/L | 2,659 | 4,726 | 2,363 | 0 | 0 | 0 | 0 | 0 | 0.13 | n.a | n.a | n.a | n.a | n.a |
| **d)** Accrued Interest from Loans and Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **e)** Other | 26,478 | 47,067 | 41,096 | 35,125 | 27,988 | 20,850 | 31,301 | 41,751 | 1.34 | 1.38 | 1.41 | 34.00 | 68.47 | -50.06 |
| - Intangible Assets | 11,019 | 19,588 | 17,628 | 15,667 | 14,250 | 12,832 | 17,341 | 21,850 | 0.56 | 0.61 | 0.87 | 25.03 | 22.09 | -41.27 |
| - Property and Equipment | 4,003 | 7,115 | 5,915 | 4,715 | 4,681 | 4,647 | 9,347 | 14,047 | 0.20 | 0.18 | 0.31 | 50.90 | 1.46 | -66.92 |
| - Deferred Tax | 2,314 | 4,113 | 3,535 | 2,956 | 1,478 | 0 | 0 | 0 | 0.12 | 0.12 | n.a | 39.14 | n.a | n.a |
| - Other | 9,142 | 16,251 | 14,019 | 11,787 | 7,579 | 3,371 | 4,613 | 5,854 | 0.46 | 0.46 | 0.23 | 37.87 | 249.66 | -42.42 |
| **TOTAL ASSETS** | **1,978,845** | **3,517,595** | **3,035,203** | **2,552,810** | **2,016,101** | **1,479,392** | **1,028,225** | **577,057** | **100.00** | **100.00** | **100.00** | **37.79** | **72.56** | **156.37** |

| Aktif Yatırım Bankası A.Ş. BALANCE SHEET LIABILITIES & SHAREHOLDERS' EQUITY (000) | FYE 2012 USD (Converted) | FYE 2012 TRY (Original) | FYE 2012 TRY (Average) | FYE 2011 TRY (Original) | FYE 2011 TRY (Average) | FYE 2010 TRY (Original) | FYE 2010 TRY (Average) | FYE 2009 TRY (Original) | As % of 2012 Assets (Original) | As % of 2011 Assets (Original) | As % of 2010 Assets (Original) | FYE 2012 Growth Rate % | FYE 2011 Growth Rate % | FYE 2010 Growth Rate % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A- COST BEARING RESOURCES ( I+II )** | **1,658,391** | **2,947,955** | **2,537,123** | **2,126,290** | **1,679,097** | **1,231,903** | **796,482** | **361,060** | **83.81** | **83.29** | **83.27** | **38.64** | **72.60** | **241.19** |
| **I- DEPOSIT** | **1,139,376** | **2,025,354** | **1,685,130** | **1,344,906** | **811,585** | **278,263** | **228,030** | **177,797** | **57.58** | **52.68** | **18.81** | **50.59** | **383.32** | **56.51** |
| **a)** TL Deposit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **b)** FC Deposit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **c)** FC & LC Banks Deposits | 1,139,376 | 2,025,354 | 1,685,130 | 1,344,906 | 811,585 | 278,263 | 228,030 | 177,797 | 57.58 | 52.68 | 18.81 | 50.59 | 383.32 | 56.51 |
| **II- BORROWING FUNDING LOANS & OTHER** | **519,015** | **922,601** | **851,993** | **781,384** | **867,512** | **953,640** | **568,452** | **183,263** | **26.23** | **30.61** | **64.46** | **18.07** | **-18.06** | **420.37** |
| **a)** Borrowing From Domestic Market | 70,804 | 125,862 | 91,387 | 56,912 | 461,034 | 865,155 | 450,493 | 35,830 | 3.58 | 2.23 | 58.48 | 121.15 | -93.42 | 2,314.61 |
| **b)** Borrowing From Overseas Markets | 223,983 | 398,153 | 385,547 | 372,940 | 229,992 | 87,043 | 74,342 | 61,641 | 11.32 | 14.61 | 5.88 | 6.76 | 328.45 | 41.21 |
| **c)** Borrowing from Interbank | 0 | 0 | 0 | 0 | 721 | 1,442 | 721 | 0 | n.a | n.a | 0.10 | n.a | -100.00 | n.a |
| **d)** Securities Sold Under Repurchase Agreements | 224,227 | 398,586 | 375,059 | 351,532 | 175,766 | 0 | 42,896 | 85,792 | 11.33 | 13.77 | n.a | 13.39 | n.a | -100.00 |
| **e)** Subordinated Loans & Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | n.a | n.a | n.a | n.a | n.a | n.a |
| **B- NON-COST BEARING RESOURCES** | **62,640** | **111,348** | **94,910** | **78,471** | **50,104** | **21,737** | **32,271** | **42,804** | **3.17** | **3.07** | **1.47** | **41.90** | **261.00** | **-49.22** |
| **a)** Provisions | 22,605 | 40,182 | 42,877 | 45,571 | 24,559 | 3,547 | 2,130 | 713 | 1.14 | 1.79 | 0.24 | -11.83 | 1,184.78 | 397.48 |
| **b)** Current & Deferred Tax Liabilities | 5,175 | 9,199 | 4,600 | 0 | 0 | 0 | 970 | 1,940 | 0.26 | n.a | n.a | n.a | n.a | -100.00 |
| **c)** Trading Liabilities (Derivatives) | 1,825 | 3,244 | 1,622 | 0 | 106 | 212 | 132 | 52 | 0.09 | n.a | 0.01 | n.a | -100.00 | 307.69 |
| **d)** Other Liabilities | 33,035 | 58,723 | 45,812 | 32,900 | 25,439 | 17,978 | 29,039 | 40,099 | 1.67 | 1.29 | 1.22 | 78.49 | 83.00 | -55.17 |
| **C- TOTAL LIABILITIES** | **1,721,030** | **3,059,303** | **2,632,032** | **2,204,761** | **1,729,201** | **1,253,640** | **828,752** | **403,864** | **86.97** | **86.37** | **84.74** | **38.76** | **75.87** | **210.41** |
| **D- MINORITY INTEREST** | **0** | **0** | **0** | **0** | 0 | **0** | **0** | **0** | **n.a** | **n.a** | **n.a** | **n.a** | **n.a** | **n.a** |
| **E- EQUITY** | **257,815** | **458,292** | **403,171** | **348,049** | **286,901** | **225,752** | **199,473** | **173,193** | **13.03** | **13.63** | **15.26** | **31.67** | **54.17** | **30.35** |
| **a)** Prior Year's Equity | 195,797 | 348,049 | 286,901 | 225,752 | 199,473 | 173,193 | 168,817 | 164,441 | 9.89 | 8.84 | 11.71 | 54.17 | 30.35 | 5.32 |
| **b)** Equity (Added From Internal & External Recourses At This Year) | 8,550 | 15,199 | 35,975 | 56,751 | 32,898 | 9,044 | 7,321 | 5,597 | 0.43 | 2.22 | 0.61 | -73.22 | 527.50 | 61.59 |
| **c)** Profit & Loss | 53,468 | 95,044 | 80,295 | 65,546 | 54,531 | 43,515 | 23,335 | 3,155 | 2.70 | 2.57 | 2.94 | 45.00 | 50.63 | 1,279.24 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **1,978,845** | **3,517,595** | **3,035,203** | **2,552,810** | **2,016,101** | **1,479,392** | **1,028,225** | **577,057** | **100.00** | **100.00** | **100.00** | **37.79** | **72.56** | **156.37** |

| Aktif Yatırım Bankası A.Ş. INCOME STATEMENT (000) TRY | FY 2012 | FY 2011 | FY 2010 | FY 2009 | FY 2008 |
|---|---|---|---|---|---|
| **Net Interest Income** | **142,748.00** | **89,652.00** | **37,940.00** | **32,574.00** | **13,411.00** |
| **a)** Interest Income | 331,810.00 | 182,220.00 | 70,050.00 | 40,495.00 | 16,757.00 |
| **b)** Interest Expense | 189,062.00 | 92,568.00 | 32,110.00 | 7,921.00 | 3,346.00 |
| **Net Fee and Commission Income** | **47,768.00** | **103,173.00** | **28,334.00** | **5,227.00** | **2,820.00** |
| **a)** Fee and Commission Income | 59,382.00 | 112,756.00 | 30,485.00 | 5,718.00 | 3,000.00 |
| **b)** Fee and Commission Expense | 11,614.00 | 9,583.00 | 2,151.00 | 491.00 | 180.00 |
| **Total Operating Income** | **30,726.00** | **13,988.00** | **37,207.00** | **7,736.00** | **13,453.00** |
| Net trading income (+/-) | 3,054.00 | 11,334.00 | 6,861.00 | 5,320.00 | 1,659.00 |
| Foreign Exchange Gain or Loss (net) (+/-) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross Profit from Retail Business | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Premium income from insurance business | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Income on Sale of Equity Participations and Consolidated Affiliates | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gains from Investment Securities (Net) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Operating Income | 27,672.00 | 2,654.00 | 30,346.00 | 2,416.00 | 11,794.00 |
| Taxes other than Income | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Provisions** | **10,003.00** | **4,560.00** | **6,416.00** | **1,000.00** | **0.00** |
| Provision for Impairment of Loan and Trade Receivables | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Provision | 10,003.00 | 4,560.00 | 6,416.00 | 1,000.00 | 0.00 |
| **Total Operating Expense** | **93,531.00** | **112,663.00** | **48,378.00** | **31,355.00** | **25,061.00** |
| Salaries and Employee Benefits | 55,792.00 | 50,084.00 | 26,876.00 | 18,689.00 | 16,323.00 |
| Depreciation and Amortization | 4,702.00 | 3,370.00 | 2,339.00 | 1,224.00 | 2,588.00 |
| Other Expenses | 33,037.00 | 59,209.00 | 19,163.00 | 11,442.00 | 6,150.00 |
| **Profit from Operating Activities before Income Tax** | **117,708.00** | **89,590.00** | **48,687.00** | **13,182.00** | **4,623.00** |
| Income Tax – Current | 22,664.00 | 24,044.00 | 3,808.00 | 2,403.00 | -330.00 |
| Income Tax – Deferred | 0.00 | 0.00 | 1,364.00 | 7,624.00 | 0.00 |
| **Net Profit for the Period** | **95,044.00** | **65,546.00** | **43,515.00** | **3,155.00** | **4,953.00** |
| | | | | | |
| **Total Income** | **221,242.00** | **206,813.00** | **103,481.00** | **45,537.00** | **29,684.00** |
| **Total Expense** | **93,531.00** | **112,663.00** | **48,378.00** | **31,355.00** | **25,061.00** |
| **Provision** | **10,003.00** | **4,560.00** | **6,416.00** | **1,000.00** | **0.00** |
| **Pre-tax Profit** | **117,708.00** | **89,590.00** | **48,687.00** | **13,182.00** | **4,623.00** |

| Aktif Yatırım Bankası A.Ş. FINANCIAL RATIOS % | FY 2012 | FY 2011 | FY 2010 |
|---|---|---|---|
| **I. PROFITABILITY & PERFORMANCE** | | | |
| 1. ROA - Pretax Profit / Total Assets (avg.) | 3.88 | 4.44 | 4.74 |
| 2. ROE - Pretax Profit / Equity (avg.) | 29.20 | 31.23 | 24.41 |
| 3. Total Income / Equity (avg.) | 54.88 | 72.09 | 51.88 |
| 4. Total income / Total Assets (avg.) | 7.29 | 10.26 | 10.06 |
| 5. Provisions / Total Income | 4.52 | 2.20 | 6.20 |
| 6. Total Expense / Total Liabilities (avg.) | 3.55 | 6.52 | 5.84 |
| 7. Net Profit for the Period / Total Assets (avg.) | 3.13 | 3.25 | 4.23 |
| 8. Total Income / Total Expenses | 236.54 | 183.57 | 213.90 |
| 9. Non Cost Bearing Liabilities + Equity- Non Earning Assets / Total Assets | 0.18 | 5.36 | 9.09 |
| 10. Non Cost Bearing Liabilities - Non Earning Assets / Total Assets | -12.85 | -8.28 | -6.17 |
| 11. Total Operating Expenses / Total Income | 42.28 | 54.48 | 46.75 |
| 12. Interest Margin | 5.47 | 4.94 | 4.05 |
| 13. Operating ROAA (avg.) | 10.11 | 9.04 | 7.86 |
| 14. Operating ROAE (avg.) | 76.09 | 63.49 | 40.51 |
| 15. Interest Coverage – EBIT / Interest Expenses | 162.26 | 196.78 | 251.63 |
| 16. Net Profit Margin | 42.96 | 31.69 | 42.05 |
| 17. Gross Profit Margin | 53.20 | 43.32 | 47.05 |
| 18. Market Share in Turkish Investment Banking Sector | 6.67 | 6.13 | 4.78 |
| 19. Market Share in Entire Banking System | 0.26 | 0.21 | 0.15 |
| 20. Growth Rate | 37.79 | 72.56 | 156.37 |
| **II. CAPITAL ADEQUACY** | | | |
| 1. Equity Generation / Prior Year's Equity | 4.37 | 25.14 | 5.22 |
| 2. Internal Equity Generation / Previous Year's Equity | 27.31 | 29.03 | 25.13 |
| 3. Equity / Total Assets | 13.03 | 13.63 | 15.26 |
| 4. Core Capital / Total Assets | 11.77 | 13.35 | 13.27 |
| 5. Supplementary Capital / Total Assets | 1.31 | 0.79 | 0.89 |
| 6. Tier 1 / Risk Weighted Assets | 12.85 | 14.00 | 13.01 |
| 7. Capital / Total Assets | 13.08 | 14.14 | 14.16 |
| 8. Own Fund / Total Assets | 12.51 | 14.14 | 14.16 |
| 9. Standard Capital Adequacy Ratio | 12.34 | 13.94 | 12.65 |
| 10. Surplus Own Fund | 35.18 | 42.60 | 36.74 |
| 11. Free Equity / Total Assets | 12.27 | 12.84 | 14.08 |
| 12. Equity / Total Guarantees and Commitments + Equity | 10.63 | 13.63 | 11.09 |
| **III. LIQUIDITY** | | | |
| 1. Liquidity Management Success (On Demand) | 97.71 | 93.51 | 89.28 |
| 2. Liquidity Management Success (Up to 1 Month) | 95.20 | 99.23 | 97.59 |
| 3. Liquidity Management Success (1 to 3 Months) | 96.38 | 93.00 | 98.36 |
| 4. Liquidity Management Success (3 to 6 Months ) | 97.72 | 96.13 | 99.95 |
| 5. Liquidity Management Success (6 to 12 Months) | 97.72 | 95.10 | 99.99 |
| 6. Liquidity Management Success (Over 1 Year & Unallocated) | 94.32 | 94.50 | 88.47 |
| **IV. ASSET QUALITY** | | | |
| 1. Loan and Receivable's Loss Provisions / Total Loans and Receivables | 0.79 | 0.53 | 0.76 |
| 2. Total Provisions / Profit Before Provision and Tax | 7.83 | 4.84 | 11.64 |
| 3. Non-performing Loans / Gross Loans | 0.79 | 0.53 | 0.76 |
| 4. Non-performing Loans / Equity | 4.13 | 2.57 | 2.45 |
| 5. Loss Reserves for Loans / Impaired Loans | 100.00 | 100.00 | 100.00 |
| 6. Total FX Position / Total Assets | 0.00 | 0.08 | 0.11 |
| 7. Total FX Position / Equity | 0.03 | 0.61 | 0.70 |
| 8. Assets / Total Guarantees and Commitments + Assets | 47.72 | 53.65 | 44.98 |

## The Rating Results Issued by JCR Eurasia

| aktif bank | | September 26, 2008 | | June 15, 2009 | | July 09, 2010 | | May 31, 2011 | | May 23, 2012 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term | Long-Term | Short-Term |
| International | Foreign currency | BB- | B | BB- | B | BB | B | BB | B | BB | B |
| International | Local currency | BB- | B | BB- | B | BB | B | BB | B | BB | B |
| International | Outlook | Stable | Stable | Stable | Stable | Stable | Stable | Stable | Stable | Stable | Stable |
| National | Local Rating | A-(Trk) | A-1(Trk) | A-(Trk) | A-1(Trk) | A-(Trk) | A-1(Trk) | A (Trk) | A-1(Trk) | A+(Trk) | A-1(Trk) |
| National | Outlook | Stable | Stable | Positive | Stable | Positive | Stable | Positive | Stable | Positive | Stable |
| Sponsor Support | | 2 | - | 2 | | 2 | - | 2 | - | 3 | - |
| Stand-alone | | B | - | B | | B | - | B | - | AB | - |
| Sovereign* | Foreign currency | BB- | - | BB- | - | BB | - | BB | - | BB | - |
| Sovereign* | Local currency | BB- | - | BB- | - | BB | - | BB | - | BB | - |
| Sovereign* | Outlook FC | Stable | - | Stable | - | Stable | - | Stable | - | Stable | - |
| Sovereign* | Outlook LC | Stable | - | Stable | - | Stable | - | Stable | - | Stable | |
| | | (*):Assigned by JCR on August 28,2008 | | (*):Affirmed by JCR on June 4, 2009 | | (*):Affirmed by JCR on Feb 1,2010 | | (*):Affirmed by JCR on February 21,2011 | | (*):Affirmed by JCR on February 21,2011 | |
| Analyst | | Şevket GÜLEÇ | | Şevket GÜLEÇ | | Şevket GÜLEÇ | | Şevket GÜLEÇ | | Şevket GÜLEÇ | |