

Tekstil Bankasi A.S.

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	B+
Short-Term IDR	B
Local Currency	
Long-Term IDR	B+
Short-Term IDR	B
National	
Long-Term Rating	A(tur)
Viability Rating	b+
Support Rating	5
Support Rating Floor	NF
Sovereign Risk	
Long-Term Foreign-Currency IDR	BBB-
Long-Term Local-Currency IDR	BBB

Outlooks

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

Financial Data

Tekstil Bankasi A.S.	31 Mar	31 Dec
Total assets (USDm)	1,985.5	2,067.7
Total assets (TRYm)	3,604.4	3,684.4
Total equity (TRYm)	580.0	574.9
Operating profit (TRYm)	9.1	31.1
Published net income (TRYm)	7.1	26.1
Comprehensive income (TRYm)	5.1	57.1
Operating ROAA (%)	1.02	0.89
Operating ROAE (%)	6.42	5.75
Fitch core capital/weighted risks (%)	17.02	16.61

Key Rating Drivers

Standalone Ratings: The ratings of Tekstil Bankasi A.S. (Tekstilbank) are driven by its stand-alone financial strength, measured by its Viability Rating (VR). Tekstilbank's financial profile and in particular its capital ratios are considered adequate in relation to its risk profile but in Q213 shareholders announced that they are seeking to divest their investment. In addition, a track record of deliberate deleveraging in times of stress and expanding when opportunities arise makes trends unpredictable which limits upside potential for the VR.

Underperforms Peers: Margins and operating performance indicators are below peer averages, reflecting Tekstilbank's narrower product range and low exposure to wider-margin retail business. Core customers are corporates (56% of loans) and commercial (29%) companies. Retail lending (15%) is not being actively expanded.

Asset Quality Deteriorating: All asset quality ratios suggest deterioration, albeit from a good starting point. A higher than peer average impaired loans/total loans ratio at Q113 (6%, above the 4.4% peer average) is distorted because, unlike Tekstilbank, peers sell impaired loans. Specific reserves covered 63% of these, in line with the peer average. Loan loss cover, including general and specific reserves, reached an estimated 80% of impaired loans which seems adequate considering high collateralisation.

Competition May Impact Risks: Tekstilbank is a boutique bank, providing niche loans to select customers. Tailor-made loans are prominent among its largest exposures. As margins narrow and competition for good business intensifies, Fitch considers that Tekstilbank may be disadvantaged due to its limited franchise.

Manageable Concentrations: Exposures by customer group, once sizeable, have reduced. At Q113, the 20 largest exposures represented 24% of global risks. The construction sector features prominently (10% of cash loans but quality is holding up). Customer deposits are fairly concentrated but core deposits, which include middle market names, are proving stable. Efforts to lengthen contractual deposit maturities are increasingly successful.

Low Leverage: Capital adequacy ratios are difficult to analyse, due to the bank's rapid expansion and reduction of risk-weighted assets. Nevertheless, leverage is low and the bank's equity/assets ratio hovers around the high 16% mark. Given the small absolute size of equity, a fairly large capital buffer is required to absorb potential risks.

Limited Market Risk: Interest rate risk is low, benefiting from the short-term maturity profile of loans in line with the deposit maturities. Foreign-currency risk is low, due to Tekstilbank's efforts to match currency positions. Turkish government securities (about 9% of assets) are highly liquid in the domestic markets. Tekstilbank easily meets tough regulatory prudential liquidity ratios.

Sovereign Support: In Fitch's opinion, sovereign support for the bank cannot be relied on.

Rating Sensitivities

Ownership Affects Ratings: Given plans to sell the bank, growth and strategic decisions are on hold. Under these circumstances, material changes in the risk profile are not envisaged. Fitch does not expect significant movement in the bank's VR in the foreseeable future. A change in ownership could alter strategy and risk profile but no potential investors have yet been identified.

Related Research

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

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Profile

Tekstilbank was established in 1986, and in 2002 GSD Holding (GSD), a Turkish trade and financial services group with equity of TRY764m at end-2012, became the majority shareholder. Tekstilbank is by far the group's largest investment. GSD controls 75.5% of the bank and the remaining shares are quoted on the Istanbul Stock Exchange.

Tekstilbank controls a modest share of domestic deposits (below 0.5%). Operating out of 44 branches, present in many of Turkey's most developed centres, it aims to compete on service, good customer relationships and quick response time. The bank's core business is corporate and commercial lending, trade finance and modest treasury activities. Tekstilbank's relationships are well established. The bank has a financial services branch in Berlin and a securities brokerage house.

In April 2013, GSD announced the appointment of an advisor to assist with the sale of their stake in the bank. Given the uncertainties surrounding future ownership, Fitch anticipates that growth will be flat in 2013. Preserving its franchise may prove challenging as competitors forge ahead with their growth plans.

Presentation of Accounts

Fitch's analysis is based on the bank's consolidated financial statements, prepared in accordance with Turkey's Bank Regulation and Supervision Agency (BRSA) reporting principles. These are broadly in line with IFRS.

Performance

Fitch upgraded Turkey's sovereign ratings to investment grade in November 2012. Following two years of rapid growth with signs of overheating, economic growth slowed into a soft landing in 2012 (GDP up 2.2%). Fitch expects this trend to continue, with GDP forecast to grow by 3.8% in 2013 – low by Turkish standards, affected mainly by global sluggishness. Q113 GDP was up a solid 3%, driven largely by a steep rise in public sector investment. Private consumption was up 3%, spurred by low interest rates (the central bank's policy rate was cut to a low annual 4.5% in May 2013), translating into sharp declines in lending rates. Real interest rates are close to 0% if inflation (8.9% in 2012, 6.5% for the year to end-May 2013) is taken into account. Bank lending expansion appears manageable, up 19% during the year to end-May 2013. The political and social unrest that erupted in end-May 2013 continues, but, to date, economic impacts appear manageable. Fitch continues to monitor this situation.

As for the banking sector, Fitch is expecting loan growth to moderately exceed the authorities' 15% 2013 guideline and profitability to come under pressure, given expected margin contraction. Some weakening in asset quality is expected as loan books season. Loan/deposits and capital adequacy ratios are likely to weaken slightly but, on the positive side, banks should continue to diversify and lengthen their funding instruments through bond issuance. Capitalisation should remain sound as loan growth should run only slightly ahead of internal capital generation.

Fitch believes the operating environment still provides good opportunities for Turkey's banks. There are signs that international investor interest in the banking sector has returned and a potential buyer for Tekstilbank may be identified. Fitch's opinion is that smaller banks with limited franchises and no easily distinguishable products or services may find it more difficult to compete. Tekstilbank's already limited franchise could also be eroded, pending strategic ownership decisions.

2012 was a good year for Turkish banks. Despite low interest rates, margins widened, reflecting rapid loan repricing. This trend has not continued into 2013. Margins are also being squeezed due to lower inflation, which impacts the profitability of government bonds whose remuneration is linked to the CPI (67% of Tekstilbank's securities are CPI-linkers).

Related Criteria

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

[National Ratings Criteria \(January 2011\)](#)

Figure 1

Peer Comparison – Key Financial Highlights

	Tekstil Bankasi (b+)			Turkland Bank (b+)			Sekerbank (bb-)			Alternatifbank (bb)			Anadolubank (bb)		
	Q113	2012	2011	Q113	2012	2011	Q113	2012	2011	Q113	2012	2011	Q113	2012	2011
Total Equity (TRYm)	580	575	518	371	367	338	1,941	1,874	1,500	603	591	506	1,219	1,218	912
Profitability (%)															
Operating profit/average total assets	1.02	0.89	0.97	2.01	0.70	0.70	2.19	2.16	1.11	1.66	1.11	0.82	3.26	2.67	1.82
Operating profit/average equity	6.42	5.75	5.76	16.50	5.01	5.37	17.3	19.47	11.32	22.29	14.78	8.97	19.65	18.98	13.10
Cost/income	57.30	63.51	70.46	58.24	66.89	75.34	61.76	61.09	73.7	39.83	40.25	56.53	50.74	43.98	60.37
Loan and securities impairment charges/pre-impairment op. profit	55.42	51.98	32.91	16.12	62.86	50.69	26.8	27.53	25.7	62.99	73.44	65.91	7.69	33.95	20.92
Net interest margin	4.75	5.12	4.17	4.54	4.81	4.34	7.5	6.9	4.71	6.29	6.43	4.83	6.86	6.73	5.74
Capitalisation (%)															
Equity/total assets	16.09	15.60	14.78	12.05	12.36	15.34	13.03	12.32	10.1	7.50	7.36	7.79	16.67	16.54	13.64
Fitch core capital/RWA	17.02	16.61	15.72	13.29	15.09	16.91	12.87	13.03	12.26	8.92	9.40	8.86	17.91	18.46	16.68
Regulatory Tier 1 ratio	15.68	15.18	15.11	13.26	14.14	17.17	11.91	12.09	12.2	8.81	9.06	8.72	16.26	16.12	16.67
Asset quality (%)															
Impaired loans/gross loans	5.92	4.89	4.16	3.16	3.34	2.65	4.73	3.83	5.66	4.64	4.38	4.83	3.47	3.38	2.37
Gross loan growth	-1.94	7.25	33.31	10.79	38.23	45.51	1.64	13.65	-1.42	2.00	20.35	34.46	0.36	13.26	23.91
Reserves/impaired loans	62.78	68.78	60.50	49.73	51.74	40.66	55.92	59.57	54.9	61.43	58.43	45.95	100.00	100.00	82.85
LICs/average gross loans	1.68	1.25	0.62	0.45	1.59	0.97	1.12	1.24	0.62	3.10	4.25	1.85	0.38	2.08	0.69
Impaired loans less reserves for imp loans/equity	10.29	7.34	8.18	9.72	9.02	6.90	11.7	8.86	16.05	16.17	16.47	22.90	0.00	0.00	2.06
Liquidity and funding (%)															
Liquid assets/total assets	21.48	21.76	21.25	25.79	27.31	28.07	22.59	24.71	34.24	31.33	30.86	28.00	24.91	23.94	25.07
Liquid assets/customer deposits	32.15	30.18	30.30	36.31	38.09	38.78	37.85	38.06	56.11	67.47	59.44	50.01	42.82	39.22	42.07
Loans/customer deposits	110.37	103.97	104.84	103.93	96.48	93.09	122.66	108.7	104.21	145.84	128.03	121.95	123.52	116.50	108.89

Source: Bank data adapted by Fitch

Nevertheless, overall, operating profitability is holding up reasonably well, despite an increasing trend in loan loss provision charges. Figure 1 above compares key financial ratios for Tekstilbank with the peer group average. Tekstilbank's performance indicators lag behind those of peers, which is unsurprising given the lower component of profitable SME/retail business undertaken by the bank. The funding structure and capital ratios compare reasonably well but Tekstilbank's overall franchise is considered to be more vulnerable. Should a change of ownership occur, prospects could well change, depending on new strategic plans.

Risk Management

Tekstilbank uses an eight-grade rating system for corporate and commercial customers in line with Basel II and a scoring system for its SME and retail customers. Loan approvals are centralised, mostly undertaken at head office. Exposures to interest rate and FX risks, which can be problematic in Turkey due to the volatile environment, are adequately controlled.

Credit Risk

Tekstilbank's customers are mainly corporates (companies with annual turnover in excess of TRY35m) and commercial companies (TRY4m–TRY35m). Active customers are mainly drawn from the commercial segments but, given smaller loan exposures, these represent around 29% of loans, with corporate customers dominating with 56%. The bank does not intend to expand retail lending. Approximately 70% of the bank's loans are extended in TRY; maturities are short, with around 35% of loans maturing within three months and around 45% of loans repricing within one month, thus minimising interest rate risk. Historically, at least 90% of loans have been backed by tangible collateral (cash, mortgages and other pledges).

Concentrations in the credit book are manageable. The only sizeable sector concentration is to the construction sector, which has long dominated the bank's risks. At Q113, such exposures represented 10% of cash, on-balance-sheet, loans and 13% of off-balance-sheet commitments

and guarantees. No other sector exceeds 5% of credit risks. At Q113, the bank's 20 largest exposures represented 24% of total exposures. A review of these credits highlights a broad mixture of clients and exposure type. Included in the portfolio are leading Turkish blue-chip corporates and conglomerate names, long established manufacturing and services companies well-known to the bank, but also some new and less established names.

Tekstilbank offers clients tailor-made products and these loans figure among its major credits. Lower internal rating scores feature amongst the top names, but the majority indicate an adequate risk profile and many exposures benefit from tangible collateral. The largest exposure at Q113, extended to a housing construction project and including on- and off-balance sheet exposure, was equivalent to a high 33% of Fitch core capital (FCC). The internal rating indicates above-average risk but management is confident that collateral is ample. There are two further large exposures, each representing around 10% of FCC and both of which are performing well. One exposure is to a leading Turkish conglomerate and the other is to a well-known customer operating in the metallurgy sector.

Off-balance-sheet commitments and guarantees have traditionally been high, reflecting Tekstilbank's focus on trade finance and exposures to the construction sector (performance bond guarantees), but these are reducing due to less favourable risk weightings.

Asset Quality Weakening

Internal ratings assigned to the entire loan portfolio have remained remarkably stable despite changing economic conditions in recent years. This appears somewhat curious as Fitch would have expected greater ratings migration of the portfolio throughout different credit cycles. Around 30% of loans are regularly classified in the lowest four categories. At these levels, collateral requirements are fairly tough which provides some comfort. Loan impairment charges have risen steadily. At 1.7% of Q113 average loans, this is somewhat higher than the 1.3% peer average but, given the small size of the banks, trends are volatile for all peers.

The stock of impaired loans continues to rise and the impaired loans/total loans ratio of c.6% seems somewhat high, considering the bank's corporate/commercial customer profile. Fitch's concern is that, as banks compete for quality business, Tekstilbank may be disadvantaged considering its limited franchise. Loan loss reserves cover, at 63% (end-Q113), does not look overly high, but if general reserves held on the liabilities side of the balance sheet are included, the ratio rises to c.80%. This is acceptable, considering the amount of collateral in place; in excess of 90% of loans enjoy some form of security. The most common form of security in Turkey is company and personal guarantees, which perform well. In addition, 30% of Tekstilbank's loans are secured by mortgages. Unlike its competitors, Tekstilbank does not write off or sell impaired loans and write-offs have been minimal.

Limited Market Risk

Tekstilbank calculates value at risk (VaR) daily. The maximum VaR calculated using a 99% confidence level for a 10-day holding period during Q113 was equivalent to a low 0.2% of equity. Government securities have hovered around 9%/10% of total assets for a number of years. Securities are denominated in Turkish lira and held in the available-for-sale portfolio, 90% of which were floating-rate at Q113. Maturities are medium-term. The bank's FX position is hedged.

Interest rate risk is limited, mainly due to the short-term nature of the loans and floating-rate government securities, resulting in almost matched repricing periods. 54% of loans reprice within three months; deposits reprice somewhat faster than the assets but the gaps are manageable. Regulators require Turkish banks to stress all interest-bearing assets and liabilities for a 5% rise/4% decrease in Turkish lira positions and a 2% movement in FX positions; according to these tests, the impact on Tekstilbank's equity would reach 10.5%, which is well within the 20% limit permitted.

Operational Risk

Tekstilbank calculates its capital charge for operational risk using the basic indicator approach, like other Turkish banks. The bank has a disaster recovery and business continuity centre based in Istanbul. It has been collecting loss data since 2002.

Corporate Governance

As a bank that issues publicly traded shares, Tekstilbank complies with the required governance codes. There is no reliance on shareholders for funding and related-party transactions are insignificant. There are six members of the board of directors, five of whom have no executive responsibilities at the bank. A separate corporate governance unit, comprising two independent directors, reports directly to the board. The audit committee, which in turn oversees risk management and internal control functions, reports directly to the board, which Fitch views favourably.

Funding, Liquidity and Capital

Increasingly Funded by Customer Deposits

Tekstilbank is mainly funded by customer deposits, generally split roughly equally between TRY and foreign currency. These represented c.80% of funding at Q113. Concentrations have long existed, with the 50 largest deposits representing around 40% of the total, reflecting a core base of corporate and commercial depositors. Related-party deposits, mainly from the shareholders, do not exceed 5% of customer deposits. Management is making efforts to lengthen the maturity profile of customer deposits, but like all Turkish banks, these are mainly short-term. At Q113, less than 8% of customer deposits had maturities in excess of three months. Reliance on the wholesale markets is insignificant and refinancing risk is minimal.

Tekstilbank comfortably complies with BRSA's tough prudential regulations concerning liquidity. Based on analysis of historical data, management estimates that around 75% of deposits are considered "core", showing considerable stability. The short-term nature of Tekstilbank's loan book also provides some comfort in liquidity management, with assets maturing in less than three months generally covering around two-thirds of liabilities maturing within the same period.

Tekstilbank's capital ratios are volatile, due to steep changes in volumes of risk-weighted assets. The FCC/weighted risks ratio is in keeping with the bank's risk profile. Fitch welcomes management's target to maintain capital ratios at fairly robust levels (the internal target is to maintain a total regulatory capital ratio of at least 14%) given concerns that growing competition in Tekstilbank's target customer base may give rise to some additional risk-taking in search of yield. Shareholders have demonstrated their commitment to the bank by providing cash capital injections in the past, but their current strategy is one of divestment.

Tekstil Bankasi A.S.
Income Statement

	31 Mar 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	3 Months - 1st Quarter		As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	TRYth							
1. Interest Income on Loans	36.6	66,390.0	8.97	301,801.0	9.66	228,237.0	7.62	156,850.0	6.89
2. Other Interest Income	5.0	9,027.0	1.22	39,998.0	1.28	29,733.0	0.99	30,557.0	1.34
3. Dividend Income	n.a.	n.a.	-	2.0	0.00	5.0	0.00	n.a.	-
4. Gross Interest and Dividend Income	41.5	75,417.0	10.19	341,801.0	10.94	257,975.0	8.62	187,407.0	8.23
5. Interest Expense on Customer Deposits	18.9	34,336.0	4.64	168,096.0	5.38	134,442.0	4.49	79,482.0	3.49
6. Other Interest Expense	2.9	5,232.0	0.71	20,100.0	0.64	16,335.0	0.55	9,954.0	0.44
7. Total Interest Expense	21.8	39,568.0	5.35	188,196.0	6.02	150,777.0	5.04	89,436.0	3.93
8. Net Interest Income	19.7	35,849.0	4.84	153,605.0	4.92	107,198.0	3.58	97,971.0	4.30
9. Net Gains (Losses) on Trading and Derivatives	1.2	2,091.0	0.28	14.0	0.00	14,451.0	0.48	9,413.0	0.41
10. Net Gains (Losses) on Other Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. Net Gains (Losses) on Assets at FV through Income Statement	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Net Insurance Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Net Fees and Commissions	2.5	4,458.0	0.60	17,898.0	0.57	18,828.0	0.63	20,932.0	0.92
14. Other Operating Income	3.1	5,585.0	0.75	5,811.0	0.19	6,456.0	0.22	4,318.0	0.19
15. Total Non-Interest Operating Income	6.7	12,134.0	1.64	23,723.0	0.76	39,735.0	1.33	34,663.0	1.52
16. Personnel Expenses	9.6	17,406.0	2.35	69,743.0	2.23	63,653.0	2.13	60,180.0	2.64
17. Other Operating Expenses	5.6	10,090.0	1.36	42,870.0	1.37	39,869.0	1.33	38,607.0	1.70
18. Total Non-Interest Expenses	15.1	27,496.0	3.72	112,613.0	3.60	103,522.0	3.46	98,787.0	4.34
19. Equity-accounted Profit/ Loss - Operating	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
20. Pre-Impairment Operating Profit	11.3	20,487.0	2.77	64,715.0	2.07	43,411.0	1.45	33,847.0	1.49
21. Loan Impairment Charge	5.6	10,087.0	1.36	32,609.0	1.04	13,766.0	0.46	5,182.0	0.23
22. Securities and Other Credit Impairment Charges	0.7	1,266.0	0.17	1,027.0	0.03	519.0	0.02	0.0	0.00
23. Operating Profit	5.0	9,134.0	1.23	31,079.0	0.99	29,126.0	0.97	28,665.0	1.26
24. Equity-accounted Profit/ Loss - Non-operating	0.0	0.0	0.00	0.0	0.00	0.0	0.00	30.0	0.00
25. Non-recurring Income	0.0	0.0	0.00	3,111.0	0.10	2,406.0	0.08	0.0	0.00
26. Non-recurring Expense	0.0	0.0	0.00	786.0	0.03	839.0	0.03	0.0	0.00
27. Change in Fair Value of Own Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
28. Other Non-operating Income and Expenses	0.0	0.0	0.00	0.0	0.00	0.0	0.00	(2,748.0)	(0.12)
29. Pre-tax Profit	5.0	9,134.0	1.23	33,404.0	1.07	30,693.0	1.03	25,947.0	1.14
30. Tax expense	1.1	2,031.0	0.27	7,346.0	0.24	6,067.0	0.20	5,905.0	0.26
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	3.9	7,103.0	0.96	26,058.0	0.83	24,626.0	0.82	20,042.0	0.88
33. Change in Value of AFS Investments	(1.4)	(2,517.0)	(0.34)	20,589.0	0.66	(9,530.0)	(0.32)	4,138.0	0.18
34. Revaluation of Fixed Assets	n.a.	n.a.	-	15,344.0	0.49	4,484.0	0.15	9,553.0	0.42
35. Currency Translation Differences	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
36. Remaining OCI Gains/(losses)	0.3	503.0	0.07	(4,880.0)	(0.16)	1,666.0	0.06	0.0	0.00
37. Fitch Comprehensive Income	2.8	5,089.0	0.69	57,111.0	1.83	21,246.0	0.71	33,733.0	1.48
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	3.9	7,103.0	0.96	26,058.0	0.83	24,626.0	0.82	20,042.0	0.88
40. Memo: Common Dividends Related to the Period	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
41. Memo: Preferred Dividends Related to the Period	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00

Exchange rate

USD1 = TRY1.81540

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

Tekstil Bankasi A.S.
Balance Sheet

	31 Mar 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010		
	3 Months - 1st Quarter s - USDm	1st Quarter TRYth	As % of Assets	Year End TRYth	As % of Assets	Year End TRYth	As % of Assets	Year End TRYth	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	79.1	143,595.0	3.98	159,106.0	4.32	165,688.0	4.73	134,345.0	5.22
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	110.1	199,950.0	5.55	196,976.0	5.35	170,091.0	4.86	132,245.0	5.14
4. Corporate & Commercial Loans	1,247.3	2,264,367.0	62.82	n.a.	-	2,132,363.0	60.87	1,571,220.0	61.10
5. Other Loans	55.5	100,710.0	2.79	2,406,005.0	65.30	107,171.0	3.06	93,965.0	3.65
6. Less: Reserves for Impaired Loans/ NPLs	55.5	100,710.0	2.79	92,969.0	2.52	64,838.0	1.85	58,746.0	2.28
7. Net Loans	1,436.5	2,607,912.0	72.35	2,669,118.0	72.44	2,510,475.0	71.66	1,873,029.0	72.84
8. Gross Loans	1,492.0	2,708,622.0	75.15	2,762,087.0	74.97	2,575,313.0	73.52	1,931,775.0	75.13
9. Memo: Impaired Loans included above	88.4	160,411.0	4.45	135,173.0	3.67	107,171.0	3.06	93,965.0	3.65
10. Memo: Loans at Fair Value included above	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
B. Other Earning Assets									
1. Loans and Advances to Banks	40.7	73,858.0	2.05	117,536.0	3.19	107,542.0	3.07	76,144.0	2.96
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	3,000.0	0.08	0.0	0.00	0.0	0.00
3. Trading Securities and at FV through Income	1.1	2,027.0	0.06	2,045.0	0.06	1,413.0	0.04	360.0	0.01
4. Derivatives	1.3	2,377.0	0.07	3,670.0	0.10	24,412.0	0.70	4,396.0	0.17
5. Available for Sale Securities	173.4	314,715.0	8.73	329,402.0	8.94	350,218.0	10.00	323,363.0	12.58
6. Held to Maturity Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. At-equity Investments in Associates	0.0	0.0	0.00	0.0	0.00	42.0	0.00	48.0	0.00
8. Other Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Total Securities	175.8	319,119.0	8.85	338,117.0	9.18	376,085.0	10.74	328,167.0	12.76
10. Memo: Government Securities included Above	168.9	306,532.0	8.50	321,421.0	8.72	333,036.0	9.51	307,934.0	11.98
11. Memo: Total Securities Pledged	89.6	162,736.0	4.51	20,718.0	0.56	168,288.0	4.80	214,906.0	8.36
12. Investments in Property	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Insurance Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
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	1,653.0	3,000,889.0	83.26	3,124,771.0	84.81	2,994,102.0	85.47	2,277,340.0	88.56
C. Non-Earning Assets									
1. Cash and Due From Banks	217.0	393,857.0	10.93	362,834.0	9.85	303,741.0	8.67	174,925.0	6.80
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Fixed Assets	51.6	93,681.0	2.60	94,216.0	2.56	80,013.0	2.28	77,146.0	3.00
5. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	1.1	1,956.0	0.05	1,625.0	0.04	1,532.0	0.04	1,667.0	0.06
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	2.0	3,637.0	0.10	1,869.0	0.05	4,718.0	0.13	1,617.0	0.06
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Other Assets	60.8	110,407.0	3.06	99,134.0	2.69	119,005.0	3.40	38,685.0	1.50
11. Total Assets	1,985.5	3,604,427.0	100.00	3,684,449.0	100.00	3,503,111.0	100.00	2,571,380.0	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	65.6	119,108.0	3.30	252,147.0	6.84	154,868.0	4.42	151,288.0	5.88
2. Customer Deposits - Savings	503.8	914,648.0	25.38	959,115.0	26.03	825,825.0	23.57	633,007.0	24.62
3. Customer Deposits - Term	782.5	1,420,468.0	39.41	1,445,247.0	39.23	1,475,690.0	42.13	990,398.0	38.52
4. Total Customer Deposits	1,351.9	2,454,224.0	68.09	2,656,509.0	72.10	2,456,383.0	70.12	1,774,693.0	69.02
5. Deposits from Banks	0.0	9.0	0.00	53,569.0	1.45	172.0	0.00	8,054.0	0.31
6. Repos and Cash Collateral	80.4	146,019.0	4.05	11,156.0	0.30	126,255.0	3.60	143,166.0	5.57
7. Other Deposits and Short-term Borrowings	146.0	265,068.0	7.35	235,903.0	6.40	166,233.0	4.75	48,664.0	1.89
8. Total Deposits, Money Market and Short-term Funding	1,578.3	2,865,320.0	79.49	2,957,137.0	80.26	2,749,043.0	78.47	1,974,577.0	76.79
9. Senior Debt Maturing after 1 Year	7.3	13,231.0	0.37	13,198.0	0.36	75,506.0	2.16	18,662.0	0.73
10. Subordinated Borrowing	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
11. Other Funding	0.0	0.0	0.00	72,048.0	1.96	81,886.0	2.34	0.0	0.00
12. Total Long Term Funding	7.3	13,231.0	0.37	85,246.0	2.31	157,392.0	4.49	18,662.0	0.73
13. Derivatives	6.3	11,463.0	0.32	2,488.0	0.07	26,773.0	0.76	6,906.0	0.27
14. Trading Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
15. Total Funding	1,591.9	2,890,014.0	80.18	3,044,871.0	82.64	2,933,208.0	83.73	2,000,145.0	77.78
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Credit impairment reserves	13.4	24,395.0	0.68	24,590.0	0.67	20,191.0	0.58	12,378.0	0.48
3. Reserves for Pensions and Other	9.7	17,633.0	0.49	15,637.0	0.42	11,856.0	0.34	9,998.0	0.39
4. Current Tax Liabilities	6.0	10,889.0	0.30	10,325.0	0.28	11,440.0	0.33	7,387.0	0.29
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	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. Insurance Liabilities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Other Liabilities	44.9	81,506.0	2.26	14,125.0	0.38	8,626.0	0.25	44,928.0	1.75
10. Total Liabilities	1,666.0	3,024,437.0	83.91	3,109,548.0	84.40	2,985,321.0	85.22	2,074,836.0	80.69
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
G. Equity									
1. Common Equity	292.8	531,531.0	14.75	524,428.0	14.23	498,370.0	14.23	473,744.0	18.42
2. Non-controlling Interest	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Securities Revaluation Reserves	8.3	15,043.0	0.42	17,057.0	0.46	581.0	0.02	8,220.0	0.32
4. Foreign Exchange Revaluation Reserves	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Fixed Asset Revaluations and Other Accumulated OCI	18.4	33,416.0	0.93	33,416.0	0.91	18,839.0	0.54	14,580.0	0.57
6. Total Equity	319.5	579,990.0	16.09	574,901.0	15.60	517,790.0	14.78	496,544.0	19.31
7. Total Liabilities and Equity	1,985.5	3,604,427.0	100.00	3,684,449.0	100.00	3,503,111.0	100.00	2,571,380.0	100.00
8. Memo: Fitch Core Capital	316.4	574,397.0	15.94	571,407.0	15.51	516,258.0	14.74	494,877.0	19.25
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = TRY1.81540

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

Tekstil Bankasi A.S. Summary Analytics

	31 Mar 2013 3 Months - 1st Quarter	31 Dec 2012 Year End	31 Dec 2011 Year End	31 Dec 2010 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	9.71	11.61	10.29	8.77
2. Interest Expense on Customer Deposits/ Average Customer Deposits	5.45	6.99	6.44	4.92
3. Interest Income/ Average Earning Assets	9.99	11.39	10.03	9.01
4. Interest Expense/ Average Interest-bearing Liabilities	5.41	6.56	6.34	4.95
5. Net Interest Income/ Average Earning Assets	4.75	5.12	4.17	4.71
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	3.41	4.03	3.63	4.46
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	4.75	5.12	4.17	4.71
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	25.29	13.38	27.04	26.13
2. Non-Interest Expense/ Gross Revenues	57.30	63.51	70.46	74.48
3. Non-Interest Expense/ Average Assets	3.06	3.21	3.46	4.19
4. Pre-impairment Op. Profit/ Average Equity	14.39	11.97	8.58	7.06
5. Pre-impairment Op. Profit/ Average Total Assets	2.28	1.84	1.45	1.44
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	55.42	51.98	32.91	15.31
7. Operating Profit/ Average Equity	6.42	5.75	5.76	5.98
8. Operating Profit/ Average Total Assets	1.02	0.89	0.97	1.22
9. Taxes/ Pre-tax Profit	22.24	21.99	19.77	22.76
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.46	1.88	1.32	1.34
11. Operating Profit / Risk Weighted Assets	1.10	0.90	0.89	1.14
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	4.99	4.82	4.87	4.18
2. Net Income/ Average Total Assets	0.79	0.74	0.82	0.85
3. Fitch Comprehensive Income/ Average Total Equity	3.57	10.56	4.20	7.03
4. Fitch Comprehensive Income/ Average Total Assets	0.57	1.63	0.71	1.43
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	0.79	0.74	0.82	0.85
6. Net Income/ Risk Weighted Assets	0.85	0.76	0.75	0.80
7. Fitch Comprehensive Income/ Risk Weighted Assets	0.61	1.66	0.65	1.34
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	17.02	16.61	15.72	19.66
2. Fitch Eligible Capital/ Weighted Risks	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	15.96	15.52	14.74	19.26
4. Tier 1 Regulatory Capital Ratio	15.68	15.18	15.11	18.60
5. Total Regulatory Capital Ratio	16.96	16.47	15.93	19.50
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	16.09	15.60	14.78	19.31
8. Cash Dividends Paid & Declared/ Net Income	0.00	0.00	0.00	0.00
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	0.00	0.00	0.00	0.00
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	4.97	4.53	4.76	4.04
E. Loan Quality				
1. Growth of Total Assets	(2.17)	5.18	36.23	20.16
2. Growth of Gross Loans	(1.94)	7.25	33.31	17.50
3. Impaired Loans(NPLs)/ Gross Loans	5.92	4.89	4.16	4.86
4. Reserves for Impaired Loans/ Gross loans	3.72	3.37	2.52	3.04
5. Reserves for Impaired Loans/ Impaired Loans	62.78	68.78	60.50	62.52
6. Impaired Loans less Reserves for Imp Loans/ Equity	10.29	7.34	8.18	7.09
7. Loan Impairment Charges/ Average Gross Loans	1.50	1.25	0.62	0.29
8. Net Charge-offs/ Average Gross Loans	n.a.	0.00	0.00	0.01
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	5.92	4.89	4.16	4.86
F. Funding				
1. Loans/ Customer Deposits	110.37	103.97	104.84	108.85
2. Interbank Assets/ Interbank Liabilities	820,644.44	219.41	62,524.42	945.42
3. Customer Deposits/ Total Funding excl Derivatives	85.26	87.32	84.52	89.04

Tekstil Bankasi A.S.
Reference Data

	31 Mar 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	3 Months - 1st Quarter	1st Quarter	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	TRYth	Assets	TRYth	Assets	TRYth	Assets	TRYth	Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Other off-balance sheet exposure to securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Guarantees	516.6	937,901.0	26.02	1,001,751.0	27.19	887,708.0	25.34	718,246.0	27.93
4. Acceptances and documentary credits reported off-balance sheet	139.5	253,300.0	7.03	246,360.0	6.69	337,440.0	9.63	169,975.0	6.61
5. Committed Credit Lines	208.4	378,307.0	10.50	367,702.0	9.98	382,334.0	10.91	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	386,920.0	15.05
7. Total Business Volume	2,850.0	5,173,935.0	143.54	5,300,262.0	143.85	5,110,593.0	145.89	3,846,521.0	149.59
8. Memo: Total Weighted Risks	1,858.6	3,374,157.0	93.61	3,439,551.0	93.35	3,284,542.0	93.76	2,517,069.0	97.89
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
10. Fitch Adjusted Weighted Risks	1,858.6	3,374,157.0	93.61	3,439,551.0	93.35	3,284,542.0	93.76	2,517,069.0	97.89
B. Average Balance Sheet									
Average Loans	1,506.8	2,735,354.5	75.89	2,598,578.0	70.53	2,218,446.0	63.33	1,787,925.0	69.53
Average Earning Assets	1,687.1	3,062,830.0	84.97	3,001,648.0	81.47	2,571,697.0	73.41	2,079,353.0	80.87
Average Assets	2,007.5	3,644,438.0	101.11	3,511,052.0	95.29	2,994,524.0	85.48	2,355,694.0	91.61
Average Managed Securitized Assets (OBS)	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Average Interest-Bearing Liabilities	1,634.6	2,967,442.5	82.33	2,870,442.0	77.91	2,379,003.0	67.91	1,808,056.0	70.31
Average Common equity	290.8	527,979.5	14.65	512,166.0	13.90	485,720.0	13.87	463,723.0	18.03
Average Equity	318.1	577,445.5	16.02	540,810.0	14.68	505,750.0	14.44	479,678.0	18.65
Average Customer Deposits	1,407.6	2,555,366.5	70.90	2,403,933.0	65.25	2,089,044.0	59.63	1,615,938.0	62.84
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	477.4	866,659.0	24.04	927,078.0	25.16	911,045.0	26.01	812,722.0	31.61
Loans & Advances 3 - 12 Months	496.7	901,755.0	25.02	951,643.0	25.83	903,133.0	25.78	504,485.0	19.62
Loans & Advances 1 - 5 Years	343.8	624,151.0	17.32	581,750.0	15.79	533,325.0	15.22	430,482.0	16.74
Loans & Advances > 5 years	118.6	215,347.0	5.97	208,647.0	5.66	120,639.0	3.44	90,121.0	3.50
Debt Securities < 3 Months	6.1	11,112.0	0.31	12,994.0	0.35	51,455.0	1.47	69,386.0	2.70
Debt Securities 3 - 12 Months	18.6	33,790.0	0.94	16,948.0	0.46	39,491.0	1.13	77,482.0	3.01
Debt Securities 1 - 5 Years	107.6	195,292.0	5.42	199,948.0	5.43	236,406.0	6.75	146,050.0	5.68
Debt Securities > 5 Years	43.5	78,925.0	2.19	105,227.0	2.86	48,691.0	1.39	35,201.0	1.37
Interbank < 3 Months	40.7	73,858.0	2.05	117,536.0	3.19	n.a.	-	8,054.0	0.31
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	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	1,244.2	2,258,763.0	62.67	2,489,228.0	67.56	2,066,041.0	58.98	1,679,536.0	65.32
Other Deposits 3 - 12 Months	103.5	187,906.0	5.21	162,223.0	4.40	307,693.0	8.78	94,208.0	3.66
Other Deposits 1 - 5 Years	4.2	7,555.0	0.21	5,058.0	0.14	82,649.0	2.36	949.0	0.04
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	0.0	9.0	0.00	53,569.0	1.45	172.0	0.00	8,054.0	0.31
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	80.1	145,397.0	4.03	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	65.9	119,671.0	3.32	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	7.3	13,231.0	0.37	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	153.3	278,299.0	7.72	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
D. Equity Reconciliation									
1. Equity	319.5	579,990.0	16.09	574,901.0	15.60	517,790.0	14.78	496,544.0	19.31
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
4. Published Equity	319.5	579,990.0	16.09	574,901.0	15.60	517,790.0	14.78	496,544.0	19.31
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	319.5	579,990.0	16.09	574,901.0	15.60	517,790.0	14.78	496,544.0	19.31
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	1.1	1,956.0	0.05	1,625.0	0.04	1,532.0	0.04	1,667.0	0.06
6. Deferred tax assets deduction	2.0	3,637.0	0.10	1,869.0	0.05	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	316.4	574,397.0	15.94	571,407.0	15.51	516,258.0	14.74	494,877.0	19.25
10. Eligible weighted Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange Rate

USD1 = TRY1.81540

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

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