

Financial Services
Turkey
Full Rating Report

Lider Faktoring Hizmetleri A.S.

Ratings

National	
Long-Term Rating	BBB+(tur)
Sovereign Risk	
Long-Term Foreign-Currency IDR	BB+
Long-Term Local-Currency IDR	BB+

Outlooks

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

Financial Data

Lider Faktoring Hizmetleri A.S.	31 Dec 10	31 Dec 09
Total assets (USDm)	240.6	205.9
Total assets (TRYm)	370.9	307.0
Total equity (TRYm)	58.5	52.0
Operating profit (TRYm)	6.5	17.1
Published net income (TRYm)	5.4	13.7
Comprehensive income (TRYm)	6.4	14.2
Operating ROAA (%)	1.92	6.63
Operating ROAE (%)	11.79	38.11
Internal capital generation (%)	9.26	26.26

Analysts

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Related Research

- Criteria
- [Global Financial Institutions Rating Criteria \(August 2010\)](#)
 - [National Ratings Criteria \(January 2011\)](#)
 - [Finance and Leasing Companies Criteria, \(December 2010\)](#)

Rating Rationale

- The National Long-Term Rating of Lider Faktoring Hizmetleri A.S. (Lider) reflects its small size within the Turkish financial system and weakened profitability as well as its good asset quality, access to long-term funding, sound capitalisation and good corporate governance standards.
- Lider's factoring receivables grew by 21% in 2010, less than the sector average of 45%. Lider enjoys competitive advantages over its independent peers in terms of the availability of stable long-term funding and factoring receivables that are well diversified by seller, buyer, industrial sector and geographical area.
- Profitability weakened in 2010, mainly reflecting a continued narrowing of margins in a declining interest rate environment, with assets repricing faster than liabilities, resulting in the factoring yield declining more than the cost of funding. Despite a focus on controlling expenses, Lider's cost base is higher than that of peers, reflecting its focus on labour-intensive smaller-ticket business. In 2010, Lider continued to recover its pro-cyclical provisions, which it had cautiously set aside in 2008.
- Asset quality continued to improve in 2010 and remained better than the Turkish factoring segment average. Lider maintains 100% reserve coverage for impaired receivables.
- In managing its liquidity, the company closely monitors the maturity profile of its receivables and borrowings using cash flow and liquidity gap analysis. In order to diversify funding sources and stabilise the cost of funding, Lider issued the first TRY50m tranche of TRY150m of floating-rate notes with a two-year maturity in June 2010.
- Shareholders retained earnings at the company in 2010 to support planned growth, and no dividend distribution is planned until 2013. Equity remained sound and equalled 16% of assets at end-2010, while Lider's factoring receivables/equity ratio was significantly better than the regulatory ceiling (30x) at 6.12x.

Support

- Although Lider's shareholders may have the financial capacity and willingness to support the company if need be, this cannot be ascertained and therefore cannot be relied upon.

Key Rating Drivers

- Upside to the rating is limited given Lider's small share of the Turkish financial system. Downside risk, although small, could arise from major and persistent asset quality deterioration leading to weakening capitalisation.

Profile

Lider provides only with-recourse domestic factoring services to its customers and is focused on serving SMEs. Lider was the largest independent factoring company in Turkey in 2010 and the eighth-largest factoring company overall (including bank-owned companies). Credit Suisse Investments (Netherlands) B.V. of Credit Suisse Group AG (Credit Suisse Group; 'AA-' / Stable) is a minority shareholder with a 9.9% share.

- Turkey’s eighth-largest factoring company and the largest independent factoring company in 2010
- Credit Suisse is a minority shareholder with a 9.9% share
- Only with-recourse domestic factoring
- Focused on small-ticket SME business

Profile

Lider was established in 1992 and was purchased by its current majority shareholders in 2002. By 2007, it had become one of the leading players in Turkey’s factoring segment. Credit Suisse Group first provided long-term funding to Lider and became a minority shareholder in 2008. Lider’s seven-member board of directors includes one representative of Credit Suisse Group and one independent member. Lider has an advanced corporate governance structure supported by committees and well-defined procedures. The shareholders’ sole business is financial services and the company does not have any related-party factoring receivables.

Since 2006, factoring companies in Turkey, along with other non-bank financial institutions, have been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA). Factoring companies in Turkey offer receivables collection and cash management services to companies in return for commercial receivables, which are mostly in the form of post-dated company cheques or invoices. About 89% of total factoring transaction turnover in 2010 was made up of domestic factoring transactions (Lider: 100%) and 57% was with-recourse financing (Lider: 100%). In with-recourse financing, even if the undersigners of the cheques (buyers) default on their debts, the customers (sellers) remain liable for repayment.

Bank-owned factoring companies dominate the Turkish factoring sector. In 2010, their share of total factoring turnover stood at 78%. The rest of the sector comprises independent factoring companies. Lider was the eighth-largest factoring company in 2010 with about a 2% market share in total factoring turnover in Turkey, and it ranked as the largest independent factoring company with a market share of about 9%.

Focused on Small-Ticket SME Business

Lider provides only with-recourse domestic factoring services to its customers. The company focuses on financing manufacturing companies, particularly SMEs that produce intermediary goods for large manufacturers in Turkey. Average receivables per customer equalled TRY10,067 at end-2010 (end-2009: TRY9,085; end-2008: TRY8,137). Lider provides factoring services through its head office and 14 representative offices, which act only as marketing units and cover 47 of the country’s 81 provinces. Lider has centralised operations, and its advanced IT infrastructure enables the monitoring of a large number of small transactions.

Presentation of Accounts

Fitch Ratings’ analysis is based on Lider’s audited financial statements prepared in accordance with IFRS, unless otherwise stated.

Performance

Improving Operating Environment

Turkey is experiencing a strong “V-shaped” recovery from its deep recession. This is boosting public finances and confidence that a lasting transformation of the country’s economic prospects and stability is under way. Turkey has proved relatively resilient to the severe stress test of the global financial crisis. GDP has recovered strongly, and annual GDP growth equalled a robust 8.9% yoy in 2010. CPI inflation has declined (4.26% at end-April 2011), unemployment has fallen (11.5% at end-February 2011), public finances are strengthening, and debt dynamics are favourable. Nevertheless, there is some uncertainty over whether Turkey can grow robustly without generating significant imbalances that pose a threat to macroeconomic stability.

Turkey’s well-capitalised and retail deposit-funded banking system’s asset quality deteriorated during the economic contraction in 2009. Impaired loans started to decline and equalled 3.65% at end-2010, and reserve coverage is high at 84%.

Figure 1
Shareholding Structure as at December 2010

	Share (%)
Yuda Elenkave	39.82
Nedim Menda	34.85
Jak Sucaz	10.20
Credit Suisse Group	9.90
Others	5.23
	100.00

Source: Lider

- Growth of factoring receivables lower than the sector average
- Margins narrowed due to assets repricing faster than liabilities
- Profitability weakened mainly due to narrowed margins despite better contribution of fees and commissions
- Cost base relatively high due to focus on smaller-ticket labour-intensive business

Weaker Profitability From Narrower Margins

Lider's factoring receivables grew by 21% in 2010, less than the sector average of 45%, with bank-owned factoring companies registering greater growth than independents. Lider enjoys a competitive advantage over its independent peers in the form of its long-term funding from Credit Suisse Group. Its new long-term funding through domestic bond issuance also managed to increase short-term funding limits from domestic banks.

Figure 2

Comparison of Fitch-Rated Independent Factoring Companies

National Long-Term Rating/Outlook (%)	Turkish Factoring Sector ^b		Lider ('BBB+(tur)'/Stable) ^c		Ekspo ('BBB+(tur)'/Stable) ^c		Optima ('BBB-(tur)'/Stable) ^c	
	2010	2009	2010	2009	2010	2009	2010	2010
Total assets (TRYm)	14,534	10,490	371	307	224	153	122	70
Equity (TRYm)	2,974	2,537	59	52	74	63	24	22
Equity/assets	20.5	24.2	15.7	17.0	33.2	41.0	19.4	31.5
Gross factoring receivables (TRYm)	12,916	8,921	368	304	224	153	119	65
Factoring yield	12.1	16.1	11.39	20.7	13.8	19.7	22.7	38.3
Cost of funding	6.9	7.7	11.5	16.3	8.4	10.6	12.5	18.1
NIM on earning assets	4.4	6.6	2.2	7.3	8.8	14.1	13.1	25.6
Cost/income	42.2	39.7	76.4	51.8	31.8	22.6	49.3	40.4
Cost/assets (av.)	3.9	4.1	5.5	6.7	3.6	4.3	8.8	12.3
LICs ^a /pre-impairment op. profit	28.4	27.0	-12.1	-7.1	-2.4	-3.2	9.0	6.9
LICs ^a /gross factoring receivables (av.)	1.7	2.0	-0.2	-0.5	-0.2	-0.5	0.9	1.4
Impaired receivables/gross factoring receivables	4.0	5.9	2.7	3.5	1.3	2.2	7.1	12.0
Operating ROAA	3.8	4.5	1.9	6.6	8.0	15.3	8.2	16.9
Operating ROAE	17.2	16.8	11.8	38.1	22.0	34.2	34.5	50.0

^a LICs: Loan impairment charges
^b BRSA sector data adapted by Fitch
^c IFRS bank data adapted by Fitch
 Source: Fitch

Profitability weakened in 2010, mainly reflecting a continued narrowing of margins in a declining interest rate environment, resulting in the factoring yield declining more than the cost of funding. Operating income was lower despite a better contribution of net fees and commissions, mainly as a result of narrowed margins. Foreign-exchange translation losses of TRY204,000 on small foreign-currency funding (included in Line 14. Other Operating Income of the *Income Statement*) had a small negative impact on operating income in 2010 (see *Matched Foreign currency Position*).

Despite cost controls and hence lower operating expenses as a percentage of average assets, the cost/income ratio weakened due to lower operating income. The cost base remained higher than peers', reflecting Lider's focus on labour-intensive smaller-ticket business.

Recoveries Exceeded Loan Impairment Charges

In 2010, Lider continued to recover its pro-cyclical provisions, which it had cautiously set aside in 2008. Net loan impairment charges (LICs) remained positive in 2010, in contrast to the factoring sector in general, where LICs exceeded collections (see *Asset Quality Continued to Improve and Remained Better Than Sector*).

Competitive Edge through Well-Diversified Book and Long-Term Funding

Lider has wider coverage throughout the country compared with its non-bank owned independent peers through its expanding network of representative offices. This provides it with a well-diversified portfolio in terms of both sellers and buyers, as well as geographical and sectoral concentration. Lider's well-diversified receivables book supports its asset quality, while its focus on smaller-ticket

business keeps the cost base high. Its ability to provide a stable product offering supported by available funding gives Lider a competitive edge. Lider's in-house developed IT infrastructure enables rapid growth and allows risks to be closely monitored.

Lider estimates that its factoring receivables will increase by 20% in 2011 and will benefit from already secured long-term funding and stable funding due to its established relations with banks. A possible increase in market interest rates would support profitability, but more reliable sources of profitability should come from a continued contribution of recoveries from impaired loans, fees and commission income and improvements in efficiency. Lider also envisages the possibility of an IPO in 2011.

Risk Management

Well-Diversified Receivables Portfolio

In 2010, Lider only met 30% of total financing requests from its customers, reflecting its tight internal credit assessment rules for selecting the best fitting transactions. Lider has an in-house developed risk-rating system and applies risk-based pricing for its factoring transactions. Lider establishes limits for its customers (sellers) and their buyers using a credit assessment system based on their financial standing and payment history and on its assessment of the underlying commercial transaction. The factoring companies have also had full access to the Credit Bureau since end-2010 that has enabled them to closely monitor the credit risk of their existing and potential customers.

Lider has an internal limit for each of the industrial sectors in which its customers (sellers) and their buyers operate; these limits cannot exceed 20% of total factoring receivables. At end-2010, the receivables portfolio was well diversified by industrial sector, with textiles having the largest share at 15% of the total, followed by construction with 11% and iron and steel with 10%. All other sectors accounted for less than 10%.

Lider has internal limits for its exposure to each customer equal to 10% and to each originator (buyer) equal to 4% of its equity. Borrower concentration of the portfolio further improved in 2010 as Lider's top 10 customers' exposure was equal to 13% of the total portfolio (end-2009: 15%, end-2008: 16%) and 82% of equity at end-2010 (end-2009: 88%, end-2008: 79%).

Asset Quality Continued to Improve and Remained Better Than Sector

Lider starts litigation seven to 10 days after non-payment of a discounted cheque. According to Lider's internal measures, 97% of factoring receivables were collected at their respective maturities at end-2010 (end-2009: 96%; end-2008: 88%), 2.60% were being followed up and collected through recourse at end-2010 (end-2009: 3.93%; end-2008: 9.3%), and a mere 0.10% were in litigation (end-2009: 0.1%; end-2008: 2.4%). Impaired receivables are defined according to the company's IFRS report as factoring receivables that remain unpaid at least 30 days after their respective maturity in line with its internal measurement of asset quality. According to regulatory classification, however, a factoring receivable is classified as non-performing after 90 days. Lider's impaired receivables ratio under IFRS continued to improve to 2.65% at end-2010 from 3.49% at end-2009 (2008: 6.16%), while reserve coverage remained at 100%, which compared favourably with the sector average despite a stricter classification (see Figure 2).

Positive Maturity and Repricing Gaps Leading to Comfortable Liquidity

Lider has an internal rule of maintaining 20% more factoring receivables than funding in the same maturity brackets. This means it funds a considerable amount of its business with equity, which provides some comfort in terms of liquidity in times of systemic stress. In managing its liquidity, the company uses cash flow and

- Diversified receivables portfolio in terms of sellers, buyers, industrial sectors and geographical areas
- Asset quality continued to improve in 2010 and remained better than the Turkish factoring segment average
- Liquidity management by cash flow and liquidity gap analysis

liquidity gap analysis. The average maturity of factoring receivables equalled 72 days at end-2010 (end-2009: 69; end-2008: 68), whereas the average maturity of borrowed funds (excluding long-term funding from Credit Suisse Group) equalled 148 days (end-2009: 175; end-2008: 154; end-2007: 169). The interest rate repricing mismatch had a continued impact on narrowing margins in 2010 when interest rates continued to decline.

Matched Foreign-Currency Position

Lider only finances domestic TRY factoring business and funds itself in the same currency. Its only FX position is generated from Japanese Yen funding of part of its head office building, which will mature in October 2012. Hence its gross short FX position equalled a minimal 3% of equity at end-2010 (end-2009: 3%; end-2008: 10%).

Funding and Capital

Stable Long-Term Funding Further Diversified Through Bond Issuance

Lider has long-term funding amounting to TRY40m with a three-year maturity provided by its minority shareholder, Credit Suisse Group, in April 2008. TRY20m of this was repaid in October 2010, and the remainder matured in April 2011. Lider does not plan to renew the financing from Credit Suisse Group as it has sufficient funding sources with a favourable cost of funding. Lider continues to utilise its committed lines at around 25 Turkish banks for borrowing, generally with three to six months' maturity and backed by the cheques it has discounted with 10% margin. The company had total available bank limits of TRY346m at end-2010 (2009: TRY283m), of which 76% was used as of the year-end (2009: 86%).

In order to diversify funding sources and stabilise its cost of funding, Lider issued the first TRY50m tranche of TRY150m of floating-rate notes with a two-year maturity in June 2010. It plans to continue issuing under the same or a new programme in 2011.

Strong Capitalisation

Lider's shareholders retained earnings at the company in 2010 in order to support planned growth. They do not plan to distribute any dividends until 2013. Equity stood at 16% of assets at end-2010. Factoring companies do not have to maintain a minimum capital ratio, but must comply with a regulatory maximum factoring receivables/equity ratio of 30x. Lider's regulatory ratio equalled 6.12x at end-2010 (end-2009: 5.63x; end-2008: 4.82x), well below the regulatory limit. However, Lider internally limits this to 6.67x, which translates to an equity/factoring receivables ratio of a maximum 15%, which it has already almost attained. The company plans to increase its capital through an IPO to support continued growth within its internally imposed leverage limitations.

- Availability of stable long-term funding
- Improved diversification of funding sources through issuance of domestic bonds
- Committed lines from range of domestic banks
- Comfortable capital supported retained earnings

Lider Faktoring Hizmetleri A.S.
Income Statement

	31 Dec 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	TRYth	Earning	TRYth	Earning	TRYth	Earning	TRYth	Earning
	Unqualified	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets
1. Interest Income on Loans	24.8	38,232.0	10.68	51,408.0	17.55	68,675.4	37.70	45,064.0	32.07
2. Other Interest Income	0.0	36.5	0.01	312.9	0.11	594.0	0.33	51.1	0.04
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	24.8	38,268.5	10.69	51,720.9	17.66	69,269.4	38.02	45,115.1	32.10
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	20.1	31,002.0	8.66	34,296.6	11.71	37,921.1	20.82	23,035.9	16.39
7. Total Interest Expense	20.1	31,002.0	8.66	34,296.6	11.71	37,921.1	20.82	23,035.9	16.39
8. Net Interest Income	4.7	7,266.5	2.03	17,424.3	5.95	31,348.3	17.21	22,079.2	15.71
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	11.3	17,447.8	4.87	15,511.7	5.30	5,149.4	2.83	744.8	0.53
14. Other Operating Income	-0.1	-118.5	-0.03	207.1	0.07	-3,535.9	-1.94	468.0	0.33
15. Total Non-Interest Operating Income	11.2	17,329.3	4.84	15,718.8	5.37	1,613.5	0.89	1,212.8	0.86
16. Personnel Expenses	9.4	14,534.9	4.06	13,155.6	4.49	13,415.1	7.36	6,019.3	4.28
17. Other Operating Expenses	2.8	4,249.2	1.19	4,005.1	1.37	2,481.2	1.36	3,507.0	2.50
18. Total Non-Interest Expenses	12.2	18,784.1	5.25	17,160.7	5.86	15,896.3	8.73	9,526.3	6.78
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-impairment Operating Profit	3.8	5,811.7	1.62	15,982.4	5.46	17,065.5	9.37	13,765.7	9.80
21. Loan Impairment Charge	-0.5	-704.4	-0.20	-1,130.5	-0.39	7,409.9	4.07	2,383.6	1.70
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	4.2	6,516.1	1.82	17,112.9	5.84	9,655.6	5.30	11,382.1	8.10
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	125.5	0.07	71.1	0.05
29. Pre-tax Profit	4.2	6,516.1	1.82	17,112.9	5.84	9,781.1	5.37	11,453.2	8.15
30. Tax expense	0.7	1,102.6	0.31	3,447.1	1.18	1,989.2	1.09	2,335.4	1.66
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	3.5	5,413.5	1.51	13,665.8	4.67	7,791.9	4.28	9,117.8	6.49
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	0.7	1,015.8	0.28	581.3	0.20	4,869.5	2.67	0.0	0.00
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
37. Fitch Comprehensive Income	4.2	6,429.3	1.80	14,247.1	4.86	12,661.4	6.95	9,117.8	6.49
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	3.5	5,413.5	1.51	13,665.8	4.67	7,791.9	4.28	9,117.8	6.49
40. Memo: Common Dividends Related to the Period	0.0	0.0	0.00	0.0	0.00	6,059.0	3.33	4,597.0	3.27
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = TRY1.54130			USD1 = TRY1.49090		USD1 = TRY1.52545		USD1 = TRY1.16210	

Lider Faktoring Hizmetleri A.S.
Balance Sheet

	31 Dec 2010				31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End USDm	Year End TRYth	As % of Assets	Average TRYth	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	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	238.6	367,733.2	99.15	335,594.1	303,454.9	98.85	194,129.0	92.76	144,316.0	93.96
6. Less: Reserves for Impaired Loans/ NPLs	6.3	9,750.3	2.63	10,177.7	10,605.1	3.45	11,949.0	5.71	4,539.0	2.96
7. Net Loans	232.3	357,982.9	96.52	325,416.4	292,849.8	95.39	182,180.0	87.05	139,777.0	91.01
8. Gross Loans	238.6	367,733.2	99.15	335,594.1	303,454.9	98.85	194,129.0	92.76	144,316.0	93.96
9. Memo: Impaired Loans included above	6.3	9,750.3	2.63	10,177.7	10,605.1	3.45	11,949.0	5.71	4,539.0	2.96
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets										
1. Loans and Advances to Banks	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	n.a.	-	0.0	0.00	750.0	0.49
13. Insurance Assets	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	232.3	357,982.9	96.52	325,416.4	292,849.8	95.39	182,180.0	87.05	140,527.0	91.50
C. Non-Earning Assets										
1. Cash and Due From Banks	0.3	409.4	0.11	1,403.4	2,397.4	0.78	14,741.0	7.04	4,172.0	2.72
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	7.6	11,780.6	3.18	11,329.2	10,877.7	3.54	11,028.0	5.27	3,376.0	2.20
5. Goodwill	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	0.1	112.2	0.03	120.3	128.3	0.04	100.0	0.05	68.0	0.04
7. Current Tax Assets	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	0.0	0.0	0.00	0.0	0.0	0.00	116.0	0.06	2,345.0	1.53
9. Discontinued Operations	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	0.4	616.0	0.17	675.0	734.0	0.24	1,108.0	0.53	3,097.0	2.02
11. Total Assets	240.6	370,901.1	100.00	338,944.2	306,987.2	100.00	209,273.0	100.00	153,585.0	100.00
Liabilities and Equity										
D. Interest-Bearing Liabilities										
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Deposits from Banks	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	172.5	265,879.4	71.68	239,919.4	213,959.4	69.70	129,527.0	61.89	128,707.0	83.80
8. Total Deposits, Money Market and Short-term Funding	172.5	265,879.4	71.68	239,919.4	213,959.4	69.70	129,527.0	61.89	128,707.0	83.80
9. Senior Debt Maturing after 1 Year	28.3	43,677.5	11.78	40,743.0	37,808.4	12.32	39,337.0	18.80	2,556.0	1.66
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Other Funding	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	28.3	43,677.5	11.78	40,743.0	37,808.4	12.32	39,337.0	18.80	2,556.0	1.66
13. Derivatives	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
14. Trading Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	200.8	309,556.9	83.46	280,662.4	251,767.8	82.01	168,864.0	80.69	131,263.0	85.47
E. Non-Interest Bearing Liabilities										
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	0.6	911.3	0.25	770.8	630.2	0.21	488.3	0.23	301.0	0.20
4. Current Tax Liabilities	0.3	504.0	0.14	483.5	463.0	0.15	9.0	0.00	1,097.0	0.71
5. Deferred Tax Liabilities	0.2	265.3	0.07	324.0	382.7	0.12	0.0	0.00	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	0.8	1,203.6	0.32	1,458.2	1,712.8	0.56	2,128.1	1.02	1,316.0	0.86
10. Total Liabilities	202.7	312,441.1	84.24	283,698.8	254,956.5	83.05	171,489.4	81.95	133,977.0	87.23
F. Hybrid Capital										
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
G. Equity										
1. Common Equity	33.7	51,993.4	14.02	49,286.7	46,579.9	15.17	32,914.1	15.73	19,608.0	12.77
2. Non-controlling Interest	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	n.a.	-
3. Securities Revaluation Reserves	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	n.a.	-
4. Foreign Exchange Revaluation Reserves	0.0	0.0	0.00	0.0	0.0	0.00	0.0	0.00	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	4.2	6,466.6	1.74	5,958.7	5,450.8	1.78	4,869.5	2.33	0.0	0.00
6. Total Equity	37.9	58,460.0	15.76	55,245.4	52,030.7	16.95	37,783.6	18.05	19,608.0	12.77
7. Total Liabilities and Equity	240.6	370,901.1	100.00	338,944.2	306,987.2	100.00	209,273.0	100.00	153,585.0	100.00
8. Memo: Fitch Core Capital	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	n.a.	-	n.a.	-	n.a.	-
Exchange rate		USD1 = TRY1.54130			USD1 = TRY1.49090		USD1 = TRY1.52545		USD1 = TRY1.16210	

Lider Faktoring Hizmetleri A.S.

Summary Analytics

	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	11.39	20.66	40.58	36.42
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	11.76	21.78	42.93	37.99
4. Interest Expense/ Average Interest-bearing Liabilities	11.05	16.31	25.27	21.04
5. Net Interest Income/ Average Earning Assets	2.23	7.34	19.43	18.59
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	2.45	7.81	14.84	16.58
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.23	7.34	19.43	18.59
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	70.46	47.43	4.90	5.21
2. Non-Interest Expense/ Gross Revenues	76.37	51.78	48.23	40.90
3. Non-Interest Expense/ Average Assets	5.54	6.65	8.76	7.38
4. Pre-impairment Op. Profit/ Average Equity	10.52	35.59	59.47	79.35
5. Pre-impairment Op. Profit/ Average Total Assets	1.71	6.19	9.41	10.67
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	-12.12	-7.07	43.42	17.32
7. Operating Profit/ Average Equity	11.79	38.11	33.65	65.61
8. Operating Profit/ Average Total Assets	1.92	6.63	5.32	8.82
9. Taxes/ Pre-tax Profit	16.92	20.14	20.34	20.39
10. Pre-Impairment Operating Profit / Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
11. Operating Profit / Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	9.80	30.43	27.15	52.56
2. Net Income/ Average Total Assets	1.60	5.29	4.29	7.07
3. Fitch Comprehensive Income/ Average Total Equity	11.64	31.73	44.12	52.56
4. Fitch Comprehensive Income/ Average Total Assets	1.90	5.52	6.98	7.07
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
7. Fitch Comprehensive Income/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	n.a.	n.a.	n.a.	n.a.
2. Fitch Eligible Capital/ Weighted Risks	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	15.74	16.91	18.02	12.73
4. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	15.76	16.95	18.05	12.77
8. Cash Dividends Paid & Declared/ Net Income	0.00	0.00	77.76	50.42
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	0.00	0.00	47.85	50.42
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	9.26	26.26	4.59	23.06
E. Loan Quality				
1. Growth of Total Assets	20.82	46.69	36.26	47.07
2. Growth of Gross Loans	21.18	56.32	34.52	39.88
3. Impaired Loans(NPLs)/ Gross Loans	2.65	3.49	6.16	3.15
4. Reserves for Impaired Loans/ Gross loans	2.65	3.49	6.16	3.15
5. Reserves for Impaired Loans/ Impaired Loans	100.00	100.00	100.00	100.00
6. Impaired Loans less Reserves for Imp Loans/ Equity	0.00	0.00	0.00	0.00
7. Loan Impairment Charges/ Average Gross Loans	-0.21	-0.45	4.38	1.93
8. Net Charge-offs/ Average Gross Loans	-0.34	-0.94	-0.18	-0.10
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.65	3.49	6.16	3.15
F. Funding				
1. Loans/ Customer Deposits	n.a.	n.a.	n.a.	n.a.
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding excl Derivatives	n.a.	n.a.	n.a.	n.a.

Lider Faktoring Hizmetleri A.S. Reference Data

	31 Dec 2010			31 Dec 2009			31 Dec 2008			31 Dec 2007		
	Year End USDm	Year End TRYth	As % of Assets	Year End TRYth	As % of Assets	Year End TRYth	As % of Assets	Year End TRYth	As % of Assets	Year End TRYth	As % of Assets	
A. Off-Balance Sheet Items												
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Guarantees	0.0	51.6	0.01	39.6	0.01	17.0	0.01	86.0	0.06			
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
7. Total Business Volume	240.7	370,952.7	100.01	307,026.8	100.01	209,290.0	100.01	153,671.0	100.06			
8. Memo: Total Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
9. Fitch Adjustments to Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
10. Fitch Adjusted Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
B. Average Balance Sheet												
Average Loans	217.7	335,594.1	90.48	248,792.0	81.04	169,222.5	80.86	123,743.6	80.57			
Average Earning Assets	211.1	325,416.4	87.74	237,514.9	77.37	161,353.5	77.10	118,761.6	77.33			
Average Assets	219.9	338,944.2	91.38	258,130.1	84.08	181,429.0	86.69	129,008.2	84.00			
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Average Interest-Bearing Liabilities	182.1	280,662.4	75.67	210,315.9	68.51	150,063.5	71.71	109,478.5	71.28			
Average Common equity	32.0	49,286.7	13.29	39,747.0	12.95	26,261.1	12.55	17,347.4	11.29			
Average Equity	35.8	55,245.4	14.89	44,907.2	14.63	28,695.8	13.71	17,347.4	11.29			
Average Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
C. Maturities												
Asset Maturities:												
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Liability Maturities:												
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 3 - 12 Months	n.a.	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.	-	n.a.	-	
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	129,527.0	61.89	131,671.0	85.73			
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	39,337.0	18.80	1,905.0	1.24			
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	168,864.0	80.69	133,576.0	86.97			
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Covered Bonds	n.a.	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.	-	n.a.	-	
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
D. Equity Reconciliation												
1. Equity	37.9	58,460.0	15.76	52,030.7	16.95	37,783.6	18.05	19,608.0	12.77			
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Published Equity	37.9	58,460.0	15.76	52,030.7	16.95	37,783.6	18.05	19,608.0	12.77			
E. Fitch Eligible Capital Reconciliation												
1. Total Equity as reported (including non-controlling interests)	37.9	58,460.0	15.76	52,030.7	16.95	37,783.6	18.05	19,608.0	12.77			
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Non-loss-absorbing non-controlling interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Other intangibles	0.1	112.2	0.03	128.3	0.04	100.0	0.05	68.0	0.04			
6. Deferred tax assets deduction	n.a.	n.a.	-	n.a.	-	116.0	0.06	n.a.	-	n.a.	-	
7. Net asset value of insurance subsidiaries	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. First loss tranches of off-balance sheet securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
9. Fitch Core Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
10. Eligible weighted Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
11. Government held Hybrid Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
12. Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
13. Eligible Hybrid Capital Limit	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Exchange Rate	USD1 = TRY1.54130			USD1 = TRY1.49090			USD1 = TRY1.52545			USD1 = TRY1.16210		

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