



Corporate Governance and Credit Rating Services, Inc.

Corporate Governance Rating Report



LIDER
FAKTORING

21 July 2011

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Rating and Executive Summary

LİDER FAKTORİNG HİZMETLERİ A.Ş.

SAHA
Corporate Governance Rating:

7.87
FLF-Priv.

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MAIN SECTIONS: Avg. 78.68

Shareholders: 81.67



Public Disclosure & Transparency: 89.65



Stakeholders: 87.97



Board of Directors: 63.24



0 10 20 30 40 50 60 70 80 90 100

EXECUTIVE SUMMARY

LİDER FAKTORİNG is rated with **7.87** as a result of the Corporate Governance study based on the "Private Factoring, Leasing and Finance Companies (FLF-Priv.)" methodology of SAHA. Details of this study are presented in the following chapters as main sections and sub-sections. Our rating methodology (page 5) is based on the Capital Markets Board's (CMB) "Corporate Governance Principles" (the Principles). Ratings of main sections and sub-sections are disclosed separately.

We observed that LİDER FAKTORİNG took the necessary steps to determine its Corporate Governance risks and improved in setting up sound internal controls and management systems. However, there is still room for improvements in order to fully comply with the CMB's Corporate Governance Principles.

Under the **Shareholders** heading, LİDER FAKTORİNG scored **8.17**. Having no limitations for voting rights, presence of a shareholder relations unit, conducting general shareholders' meetings in compliance with the country's rules and regulations are positive aspects, whereas, the lack of cumulative voting procedures, the lack of right to request appointment of special auditor from the general meeting and limitations on share transfer are areas that need further improvement.

LIDER FAKTORING attained **8.97** under the **Public Disclosure and Transparency** caption. The company has a website and public disclosure is done in accordance with BRSA (Banking Regulation and Supervision Agency) norms. However, the fact that annual report lacks information about employees social rights and environmental issues, the lack of informative document for the general shareholders' meeting and the lack of audit committee's involvement in selection of the external audit firm are areas of improvement.

On the topic of **Stakeholders**, Lider Faktoring score above country and sector averages (**8.80**) in terms of company policy about stakeholders, protection of company assets, human resources policy, ethical rules and relations with customers and suppliers. On the other hand, there are no provisions in the articles of association of the company regarding the participation of stakeholders in the management of the company.

From the perspective of the principles regarding the **Board of Directors**, Lider Faktoring's tally is **6.32**. There is a well communicated company mission and vision. The board consists of broadly experienced and competent individuals of high ethical standards. The board of directors established the Auditing and Financial Control, Corporate Governance, Risk, Shareholder Relations and Public Disclosure Committees. However, lack of independent members in the board and therefore in committees, and the lack of cumulative voting system procedures remain as areas for improvement.

DISCLAIMER

This Corporate Governance Rating Report has been prepared by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA Corporate Governance and Credit Rating Services, Inc.) based on information made available by Lider Faktoring Hizmetleri A.Ş. and according to the Corporate Governance Principles by the Turkish Capital Markets Board as amended on 2005.

This report, conducted by SAHA A.Ş. analysts and based on their best intentions, knowledge base and experience, is the product of an in depth study of the available information which is believed to be correct as of this date. It is a final opinion about the degree of sensitivity of a company to its shareholders' and stakeholders' rights, its commitment to public disclosure and transparency, and conduct and credibility of its board of directors.

The contents of this report and the final corporate governance rating should be interpreted neither as an offer, solicitation or advice to buy, sell or hold securities of any companies referred to in this report nor as a judgment about the suitability of that security to the conditions and preferences of investors. SAHA A.Ş. makes no warranty, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes.

SAHA A.Ş. has embraced and published on its web site (www.saharating.com) the IOSCO (International Organization of Securities Commissions) Code of Conduct for Credit Rating Agencies and operates on the basis of independence, objectivity, transparency, and analytic accuracy.

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Corporate Governance in Turkey

From the Turkish Republic's establishment until relatively recently, the state played a dominant role in Turkey's economic development. Although a pro-market philosophy started to develop in the mid-twentieth century, significant state involvement in the economy continued through the 1970s with the state often acting as a significant producer and/or subsidizing private enterprises. Beginning in the 1980s, a trend toward liberalization started to expose Turkish companies to global competition while providing some of them with opportunities to attract foreign investment. Following the establishment of a regulatory framework for the capital markets in the early 1980s, the ISE (Istanbul Stock Exchange) opened in 1985.

Responding to the economic crisis of 2000-01, the Turkish authorities implemented measures to address the causes of financial and fiscal instability, facilitate a quick recovery and establish the conditions for further integration with the EU. After contracting by almost 7.5% in 2001, real GDP has increased every year at an average rate of 7.1%. Consumer price inflation rate fell from 54% in 2001 to approximately 10% in 2006.

From the mid-1980s until after the economic crisis of 2000-01, economic conditions were difficult for companies. Thin markets, relatively few active institutional investors and an unpredictable macro-economic environment limited incentives for companies to adopt good corporate governance practices. More recently, however, the return of foreign investors, greater opportunities for Turkish companies to do business abroad and an increasing competition for foreign capital appear to be encouraging more companies to make good corporate governance practices a competitive advantage.

Turkey is a civil law country. The principal sources of general mandatory corporate governance standards are the joint stock companies' provisions in the TCC (Turkish Commercial Code), the CML (Capital Markets Law) and subordinate instruments published under the CML, generally in the form of CMB communiqués. The term "Capital Markets Law" is used to refer collectively to the CML and all of the compulsory subordinate instruments relating to the CML, including communiqués, regulations and CMB decisions of general application.

In late 2005, draft legislation based on a comprehensive package of reforms to the TCC developed by an expert Commission was tabled in Parliament. The parliament is considering the reforms and the amendments could come into force by mid 2008.

The corporate governance framework rests primarily upon a "public enforcement" model, with the Capital Markets Board (CMB) playing a leading role in setting corporate governance standards for publicly held companies, enforcing the applicable standards and fostering market integrity.

The ambitious, state-of-the-art and comprehensive CMB principles, adopted in 2003, are the principal source of non-binding corporate governance standards for publicly held companies. They were revised in 2005 to take into account revisions made to the OECD Principles in 2004. Listed companies must publish an annual Corporate

Governance Compliance statement, disclosing which CMB principles have not been adopted and the reasons for not doing so.

The corporate governance landscape in Turkey is characterized by concentrated ownership, often in the form of family-controlled, complex financial-industrial company groups such as holding structures and conglomerates, usually comprising both publicly held and privately held companies. State ownership has declined drastically thanks to the unwavering execution of a privatization policy.

Free floats are often low, pyramidal structures are common and there is a high degree of cross-ownership within the groups. Due to the limited free float, takeovers are rare. This obviously weakens the extent of corporate control over the market. Foreign institutional investors, however, are increasingly seen in the market, seeking to increase their share holdings in Turkish companies. Approximately 30% of ISE-listed companies have "floatation ratios" of less than 25% as of the end of 2006. This floatation ratio represents the percentage of a company's stock held by the Central Securities Depository (CSD) in Turkey.

Controlling shareholders often hold shares with nomination privileges and/or multiple voting rights. Family members often serve on the board and play a leading role in the daily management and strategic direction of publicly held companies. Preserving family control is the norm. A small number of families control a large number of the listed companies.

Turkish companies issue ordinary shares, preference shares, and non-voting shares. Golden shares only exist in few state-owned companies. Most of the shares traded at the ISE are bearer shares.

Shareholders who own at least 5% of the company's capital are granted minority rights. They can call an extraordinary General Meetings or propose agenda items. Shareholders must personally attend the General Meeting or they can be represented by a proxy.

The corporate environment in Turkey, however, is better positioned than many European countries to tackle corporate governance challenges ahead, because:

- the authorities have already adopted, or are introducing, high quality corporate governance standards (including audit standards);
- transparency has improved significantly, particularly in the area of financial reporting (listed companies are urged to adopt accounting standards which are almost identical to IFRS);
- a positive trend toward widespread implementation of a number of key corporate governance standards can be observed; and
- the authorities are now focusing their attention on monitoring implementation, identifying the remaining gaps and risk areas, focusing their resources on these risk areas and implementing institutional reforms as needed to strengthen supervisory, enforcement and remedial processes.

* Parts of this text uses the Pilot Study (Corporate Governance in Turkey) prepared and published by the OECD on 17 October 2006 as a resource. The full text of the study can be found at <http://www.sourceoecd.org/governance/9264028633>.

Rating Methodology

SAHA's "Private, Factoring, Leasing & Finance Companies" methodology (FLF-Priv.) for rating the degree of compliance with the Principles of Corporate Governance is based upon the CMB's Corporate Governance Principles released on July 2003, as revised on February 2005.

The CMB based these principles on the leading work of The World Bank, Organization of Economic Cooperation and Development (OECD) and the Global Corporate Governance Forum (GCGF), which has been established in cooperation with the representatives of these two organizations and private sector. Experts and representatives from the CMB, the Istanbul Securities Exchange and the Turkish Corporate Governance Forum have participated in the committee that was established by the CMB for this purpose; additionally many qualified academicians, private sector representatives as well as various professional organizations and NGOs have stated their views and opinions, which were added to the Principles after the required evaluations. Accordingly, these Principles have been established as a product of contributions of all high-level bodies.

Within the Principles, "comply or explain" approach is valid. The implementation of the Principles is optional. However, the explanation concerning the implementation status of the Principles, if not detailed reasoning thereof, conflicts arising from inadequate implementation of these Principles, and explanation on whether there is a plan for change in the company's governance practices in the future should all be included in the annual report and disclosed to public.

The Principles consist of four main sections: shareholders, public disclosure and transparency, stakeholders and board of directors:

On the foundation of these Principles, SAHA Corporate Governance Rating methodology features over 350 code criteria. During the rating process, each criterion is evaluated on the basis of information provided by the company officials and disclosed publicly. Some of these criteria can be evaluated by a simple YES/NO answer; others require more detailed analysis and examination.

SAHA assigns ratings between 1 (weakest) and 10 (strongest). In order to obtain a rating of 10, a company should be in full and perfect compliance with the Principles (see Rating Definitions, p.19).

Parallel to the CMB's directive, to reach an overall Corporate Governance Rating for "Private, Factoring, Leasing & Finance Companies" (FLF-Priv.), SAHA allocates the following weights to the four main sections of the Principles:

Shareholders: **35%**
Disclosure and Transparency: **20%**
Stakeholders: **15%**
Board of Directors: **30%**

To determine the final overall rating, SAHA utilizes its proprietary methodology which consists of sub-section weightings and weightings for the criteria there under. A separate rating is assigned to each one of the main sections as well.

Company Overview

Lider Faktoring Hizmetleri A.Ş	
 LİDER FAKTORİNG	<p>CHAIRMAN Yuda Elenkave</p> <p>GENERAL MANAGER Can Güney</p>
<p>Esentepe Büyükdere Cad. Maya Akar Center, No:100-102, K:25 D.96-97 Şişli/ İstanbul www.liderfaktoring.com.tr</p>	<p>Shareholder Relations Unit Manager Burak Temiz Tel: (0212) 444 45 37, Fax: (0212) 213 16 60 info@liderfaktoring.com.tr</p>

In the general shareholders' meeting of 07.05.2009, Lider Faktoring did not distribute the annual profit of 8.426.523 TL and then in the extraordinary shareholders' meeting of 07.12.2009 added retained earnings of 7.426.484 TL to the paid-in capital. Lider Faktoring's capital is thus raised to 30.000.000 TL.

The company's shares are divided into three groups; Class A, Class B, and Class C. Class A shares are 50.000 units where Class B shares are 26.980.000 units and Class C shares are 2.970.000 units.

The capital structure of the company is as follows:

Capital Structure and Shareholding					
Shareholder	A Group	B Group	C Group	Number of shares	Percentage (%)
Yuda Elenkave	20,000	11,925,130		11,945,130	39.82
Nedim Menda	10,000	10,445,000		10,455,000	34.85
Jak Sucaz	10,000	3,050,000		3,060,000	10.20
Raşel Elenkave	10,000	1,520,000		1,530,000	5.10
Credit Suisse İnvestments (Nederland) BV			2,970,000	2,970,000	9.90
Can Güney		13,290		13,290	0.04
Ayşe Bayoğlu		13,290		13,290	0.04
İbrahim Betil		13,290		13,290	0.04
Total	50,000	26,980,000	2,970,000	30,000,000	100.00

The ownership structure didn't change in 2010.

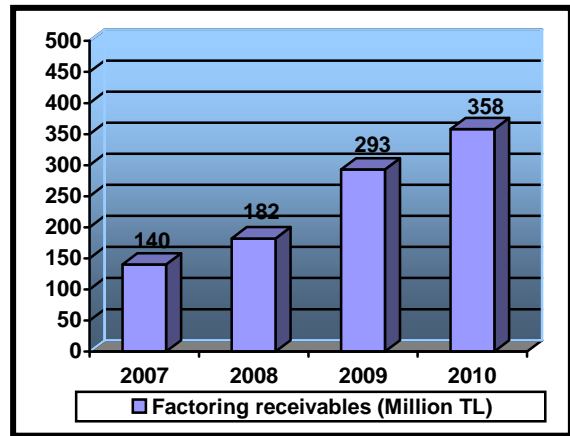
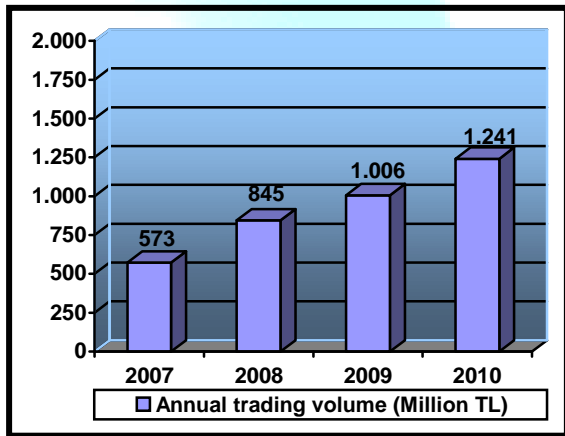
The Board of Directors as per the General Shareholder Meeting of 21st. April 2008 has formed for three years as follows:

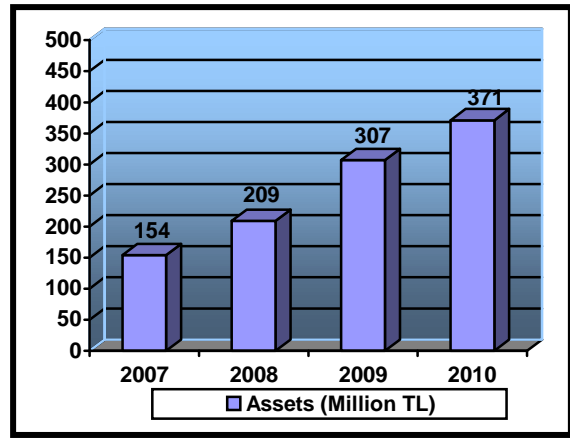
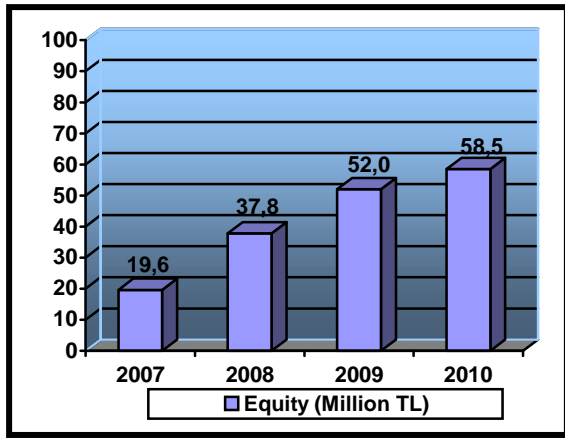
Lider Faktoring Hizmetleri A.Ş. BOARD OF DIRECTORS	
Name	Title
Yuda Elenkave	Chairman
Nedim Menda	Vice Chairman
Jak Sucaz	Vice Chairman
Can Güney	Member-Ceo
Ayşe Bayoğlu	Member
İbrahim Betil	Member
Markus Niemeier	Member

The authority to regulate and supervise the non-banking financial sector has been given to the Banking Regulation and Supervision Agency (BRSA) as per the "Regulation on Establishment and Operations of Leasing, Factoring, and Finance Companies" published in the Official Gazette No. 26315 of 10th. October 2006. The sector is restructured by this regulation and existing factoring companies are urged to complete the adaptation procedures within one year to obtain their operation licenses. In this context, Lider Faktoring Hizmetleri A.Ş. has completed the adaptation process and received its license to operate as of 30.04.2008.

Lider Faktoring issued a bond of 50 million TL in 11.06.2010, which has two years of maturity and semi-annual coupon payment. Issued bonds were sold to both domestic and international investors which is a "first" in the sector. Bonds, which are quoted on İstanbul Stock Exchange (ISE) and that are on CMB's list, are traded under the code TRLIDFA. Lider Faktoring discloses important developments on KAP (Public Disclosure Platform) due to this issuance.

Lider Faktoring Hizmetleri A.Ş.'s graphs that show performance over the last four years are as follows:





Factoring Sector:

Trading volume of factoring increased by 83% in 2010. Factoring is the fastest growing sub-section of the non-banking financial sector. According to BRSA's statistics, total assets of the sector has grown by 38% and reached to 14.4 billion TL. Total number of factoring companies operating in Turkey is 76. Out of this number, 64 of them are members of Factoring Association and they create 85% of trading volume of the sector.

The following table provides comparisons with the sector for Lider Faktoring A.Ş.:

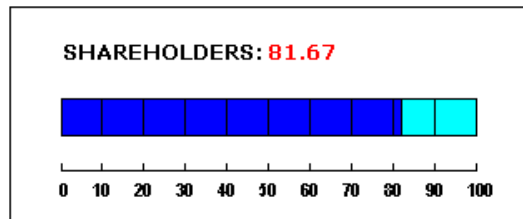
Domestic Factoring Trading Volume (Million TL)	2007	2008	2009	2010
Total of Factoring Association Members	24,364	27,543	36,530	66,112
Lider Faktoring	573	845	1,006	1,241
Lider Faktoring Market Share	2.4%	3.1%	2.8%	1.9%
Lider Faktoring's Ranking	12	8	6	8
Ranking Among Independent Firms	4	2	1	1

Kaynak: Faktoring Derneği

Lider Faktoring's number of employees and representatives are as follows:

	2007	2008	2009	2010
Representation	10	11	13	14
Number of employees	110	128	124	132

SECTION 1: SHAREHOLDERS



SYNOPSIS

+	There is a shareholder relations unit
+	General shareholder meetings are conducted in compliance with related rules and regulations
+	Equal treatment of shareholders
+	Use of voting rights are facilitated
+	Dividend policy is defined
-	Group A shares have nominating privilege
-	Limitations on share transfer
-	Shareholders do not have the right to request appointment of special auditors from the general shareholder meeting
-	Minority rights are not defined
-	Lack of cumulative voting procedures

Lider Faktoring employs a "shareholder relations" officer who is responsible for managing relations with the shareholders. The conduct and management of this function is satisfactory and records of shareholders are kept properly, securely and up-to-date. Shareholders' right to have information is defined in the Information Policy of the company in detail.

There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholder meeting. The conduct of general shareholder meetings poses

no risk upon the rights of shareholders. The general shareholders' meetings are executed according to the relevant laws and procedures. The board values shareholder views and opinions, endeavors to consider all requests about items to be placed on the agenda. Verbal information about the candidates for board membership was given to the shareholders during the general shareholders' meeting. Minimum requirements for disclosure of information about candidates however, are not stated in the articles of association.

Company shares are classified as A, B and C groups. There are no provisions to apply certain ceilings on the number of votes a shareholder might exercise and no obstacles to the implementation of voting rights of shareholders are present. The right to vote is automatically granted once the share is acquired. However, The articles of association of the company do not allow the execution of cumulative voting procedures. Moreover, minority shareholders lack the right to request the appointment of a special auditor from the general shareholder meeting for the examination and clarification of a specific material situation.

Lider Faktoring has issued a generally defined dividend policy and disclosed this to the shareholders. There are no privileges imposed on dividend rights. Interim and advanced payment policy is included in the articles of association.

1.1. Facilitating the Exercise of Shareholders' Statutory Rights:

A "Shareholder Relations Department" is formed in order to answer the questions of shareholders and stakeholders in a timely manner. The shareholder relations unit manager is Mr. Burak Temiz and reports to Mr. Can Güney. We have observed that the company displays a proactive approach and a genuine willingness to improve the implementation of Corporate Governance Principles.

Shareholder records are kept up-to-date and securely; shareholders' written queries for information regarding the company (excluding the undisclosed information that is confidential and trade secret) are responded to; and the general shareholders' meeting is conducted in accordance with the corporate statute and other in-house regulations. Information on agenda items and other relevant details are provided at the headquarters of the company prior to the General Meeting. Voting results and minutes are well documented, duly disclosed, and published on the company web site.

1.2. Shareholders' Right to Obtain and Evaluate Information:

All information required to exercise shareholders' rights in a sound manner is made available to all shareholders. All channels of communications, such as the comprehensive corporate web site (www.Liderfaktoring.com.tr), telephone, e-mail and personal visits are open to shareholders. Shareholders' right to obtain and evaluate information are documented in the company's *information policy* document.

In the articles of association, there is no provision that allows each shareholder to have the right to request from the general shareholder

meeting that a special auditor is appointed for the examination and clarification of a specific material situation.

Financial analysts, press and other interested parties are duly directed to the Shareholder Relations Department; applied accounting policies and operational results are disclosed to the shareholders; in case any change occurs in the financial status or operations of the company, or such a change is expected in the near future, shareholders, stakeholders and related authorities are informed accordingly.

A unilateral declaration of the newly formed Corporate Governance committee, which covers information about whether or not the Principles are being properly applied and the reasons for non-application and all possible conflicts of interest, is submitted to our side. Naturally, this declaration is non-existent in the annual report and the compliance report of the company.

1.3. Minority Rights:

There are no provisions regarding the minority rights in the articles of association of company. Lider Faktoring acts within the boundaries of Turkish Commercial Code. There are no provisions to apply certain ceilings on the number of votes a shareholder might exercise and no obstacles to the implementation of voting rights of shareholders are present. Proxy forms are available at the company headquarters for those who will appoint a proxy for the meeting, and these forms are open to use of shareholders in electronic media.

The articles of association of the company states that majority of the board members will be nominated by the Class A shares. Likewise, internal auditors will also be nominated by the Class A shares.

Moreover, the articles of association of the company do not allow the execution of cumulative voting procedures.

1.4. The Right to Participate in the General Shareholder Meeting:

The last general shareholders' meeting of Lider Faktoring has been conducted in accordance with Turkish Commercial Code item Nr. 370. All the board members but one were present. There has been no implementation of preventing the shareholders from participating the meeting.

The purpose and content of the information released prior to the General Meeting are clear and pertinent to the agenda items. However, an informative document pertinent to the agenda items was not prepared. Information submitted to the shareholders before the conduct of general shareholders' meeting is easily associated with agenda items.

Prior to the meeting, proxy forms were available at the company headquarters for those who will appoint a proxy for the meeting. The board values shareholder views and opinions, endeavors to consider all requests about items to be placed on the agenda.

The conduct and execution of the general shareholders' meeting have been appropriate, fair, and efficient. Chairman and all but one of the board members have attended in person. Verbal information about the candidates for board membership was given to the shareholders during the General Shareholders Meeting. Minimum requirements for disclosure of information about candidates however, are not stated in the articles of association.

The company is subject to external audit by the Banking Regulation and Supervision Agency's (BRSA) rules and regulations, and the external audit firm has made the necessary presentation to the general shareholders' meeting.

General shareholders' meetings are conducted in compliance with rules and regulations and shareholders are provided with sufficient time and information. Annual Reports and financial statements are at the disposal of shareholders before the General Meeting through internet. The meeting venue (company HQ) is easily accessible, comfortable and suitable for maximum attendance.

The general shareholders' meetings are executed according to the procedures and the chairman conducts the meeting efficiently on fair grounds. Each agenda item is voted separately, the votes are counted and results of voting are announced before the end of the meeting.

1.5. Voting Rights:

There are no ceilings applied on the number of votes that a shareholder may exercise during the general shareholders' meeting. Each shareholder is provided with the opportunity to exercise his/her voting right in the most appropriate and convenient way. The right to vote is automatically granted once the share is acquired. There are no obstacles on the voting of institutional and legal representatives. Procedures of voting are stated in the articles of association and the last meeting was conducted in accordance with these provisions.

On the other hand, it is a weak point in terms of corporate governance principles to grant the privilege of nominating the majority of board members and internal auditors to the Class A shares.

1.6. Dividend Rights:

Lider Faktoring has issued a generally defined dividend policy in 2008 which is in compliance with the Turkish Commercial Code. There are no privileges imposed on dividend rights. Lider Faktoring's dividend policy prescribes that, to the extent permitted by relevant legislation and the company's investment requirements and financial resources, the company shall distribute the entire distributable profit of the company.

Interim and advanced payment policy, which allows to distribute at most half of the distributable profit, is included in the articles of association.

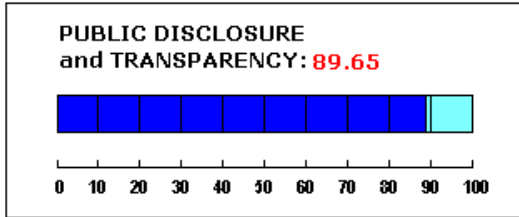
1.7. Transfer of Shares:

Any transaction that causes a shareholder to own more than 10% of shares and/or change the control of the company is subject to BRSA's approval. This is a separate clause in the articles of association of the company. Moreover, there are limitations in transfer of shares. These limitations are in accordance with the Turkish Commercial Code and eases the first right of purchase of present shareholders.

1.8. Equal Treatment of Shareholders:

As a result of our examinations of the conduct, execution and minutes of the general shareholders' meetings, pending litigations, and interviews with company officials, we have no reason to speak against the equitable treatment of shareholders.

SECTION 2: PUBLIC DISCLOSURE AND TRANSPARENCY



SYNOPSIS

+	Dividend policy is defined and disclosed to public
+	List of insiders published
+	Disclosure about developments that may affect the value of the company complies with BRSA legislation
+	Information policy established
+	External audit reports posted on the web site
-	Corporate governance compliance report does not include reasons of lacking implementation
-	External audit report does not contain information about internal control system

Although it is a private company, Lider Faktoring is performing above the country averages in terms of public disclosure and transparency. The presence of shareholder relations unit is an important and positive step towards better public disclosure. Furthermore, the company has an easy to access, and informative web site. The company has issued and posted on the web site a "Corporate Governance Compliance Report", though it is not obliged to do so. The list of ultimate controlling individual shareholders, after being released from indirect or cross shareholding relationships between co-owners, is also posted on the web site.

Being a private factoring company, Lider Faktoring operates under the rules and regulations of BRSA (Banking Regulation and Supervision Agency) and TCC (Turkish Commercial Code), thus prepares the financial statements accordingly. The annual report and the periodical financial statements are not signed by the responsible board members and executives indicating that the current periodical financial statements completely reflect the true financial status of the company and that the company acts in accordance with the related legislation. Annual report and periodic financial statements are posted at the web site.

The external audit firm chosen by the company is an independent and well known one. There has been no legal conflict between the company and the external audit firm.

A list of the names of executives and other persons and institutions who provide services to the company, and who can potentially possess price-sensitive information are prepared and disclosed to public.

On the other hand, the English version of the company web site needs improvement.

2.1. Principles and Means for Public Disclosure:

The task of public disclosure is executed by the shareholder relations unit. The unit has its own procedures and issued a written information policy document. Accounting policy and operational financial results are accurately disclosed. Although being a private company, Lider Faktoring

discloses its special events in accordance with the CMB regulations on its web site under the heading of "News". Lider Faktoring issued a bond in June 2010 and discloses the necessary information on Public Disclosure Platform (KAP) of CMB. Disclosure of special events by the company is subject to the signature of financial executives but there were exceptions where disclosure documents were signed by the management team.

Disclosure is normally done via the general shareholder meetings and all the shareholders are able to reach necessary information since some of them are executives. Additional information is provided to the BRSA as required. Any developments that may affect the value of the company's capital market instruments are disclosed to shareholders via the above mentioned media. Overall, in terms of public disclosure, we can conclude that Lider Faktoring tries to comply with the current legislation.

The Corporate Governance Compliance Report that lists the principles and implementations that are embraced and omitted by the company is included in the web site. However, the report does not include reasons of lacking implementation. Dividend policy, on the other hand, is included in the compliance report of the company.

Save for the provisions of the legislation, the preparation or revision of pro forma financial statements are subject to a compliance audit by the external auditor. The audit and public disclosure thereof, and the method to be adopted for disclosing information are in compliance with the country standards.

The company's website (www.Liderfaktoring.com.tr) is secure and easily accessible and the

letterhead includes the address of the web site of the company. However, the English version of the web site should be improved.

2.2. Public Disclosure of Relations between the Company and Its Shareholders, the Board of Directors and Executives:

No transactions that involved 5% or more of the total number of shares have been in effect, however company officials formally declare that they will disclose such information immediately upon being informed thereof, except otherwise required under relevant legislation. Any transaction that causes a shareholder to own more than 10% of shares and/or change the control of the company is subject to BRSA's approval. This is a separate clause in the articles of association of the company.

The company's ultimate controlling individual shareholder or shareholders are disclosed to the public, as identified after being released from indirect or cross shareholding relationships between co-owners. Such a table is incorporated into the audit report and notes to the financial statements which are posted on the web site.

Likewise, commercial and non-commercial transactions between the company and companies, where board members, executives and shareholders, who either directly or indirectly own at least 5% of the company's capital, possess at least 5% and more of shareholding or having the control of the latter are present in the compliance report.

2.3. Periodical Financial Statement and Reports in Public Disclosure:

Being a private factoring company, Lider Faktoring operates under the rules and regulations of BRSA

(Banking Regulation and Supervision Agency) and "Accounting Standards of Capital Markets" code of CMB, thus prepares the financial statements accordingly.

Both the annual report and the periodical financial statements and reports of the company are not signed by the responsible board members and executives, indicating that the current periodical financial statements completely reflect the true financial status of the company and that the company acts in accordance with the related legislation. The annual report incorporates the scope of activities of the company and information about the sector in which the company operates and the company's status within this sector, the management's evaluation and analysis of financial status and operational results, Lider Faktoring's credit and corporate governance ratings, dividend policy, the level of achievement of the planned operations and the company's position with respect to the defined strategic objectives; however, it does not include the audit firm's opinion about the internal control system.

The fact that financial statements present fairly the financial position of Lider Faktoring as of 31.12.2010, and its financial performance for the year ended in accordance with Financial Reporting Standards of the BRSA is stated in the audit report.

Lacking items of highest importance in the annual report of Lider Faktoring are as follows:

- a) Internal control system and the Board's opinion about this system
- b) Payments to the employees, all forms of incentives that is designed to grant shares to employees, i.e. Employee stock ownership plans based on shares and/or other capital market instruments.

2.4. Functions of External Audit:

The external audit firm chosen by the company (Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.) is an independent and international audit company accredited by the BRSA. The operations of the audit firm and the contents of the contract signed with them are in compliance with the legislation. There has been no legal conflict between the company and the external audit firm.

However, during the nomination and election process of the audit firm, the audit committee was not effective.

2.5. The Concept of Trade Secret and Insider Trading:

Lider Faktoring acts in accordance with the rules of accuracy, reliability and good faith and attains a good balance between the protection of trade secrets of the company and the stakeholders' right to obtain information. A list of the names of executives and other persons and institutions who provide services to the company, and who can potentially possess price-sensitive information are prepared and disclosed to public in compliance report. The concept of trade secret is defined in detail in the personnel code of the company as follows; " Whether related to the job or not, the personnel is required to keep any information, secret and relevant document about the company and can not disclose or submit these to unauthorized individuals or entities. These liabilities are subject to continuation even after the case of termination of the job agreement."

Parallel to this, there is a clause in the employee agreements that restricts competition with the company.

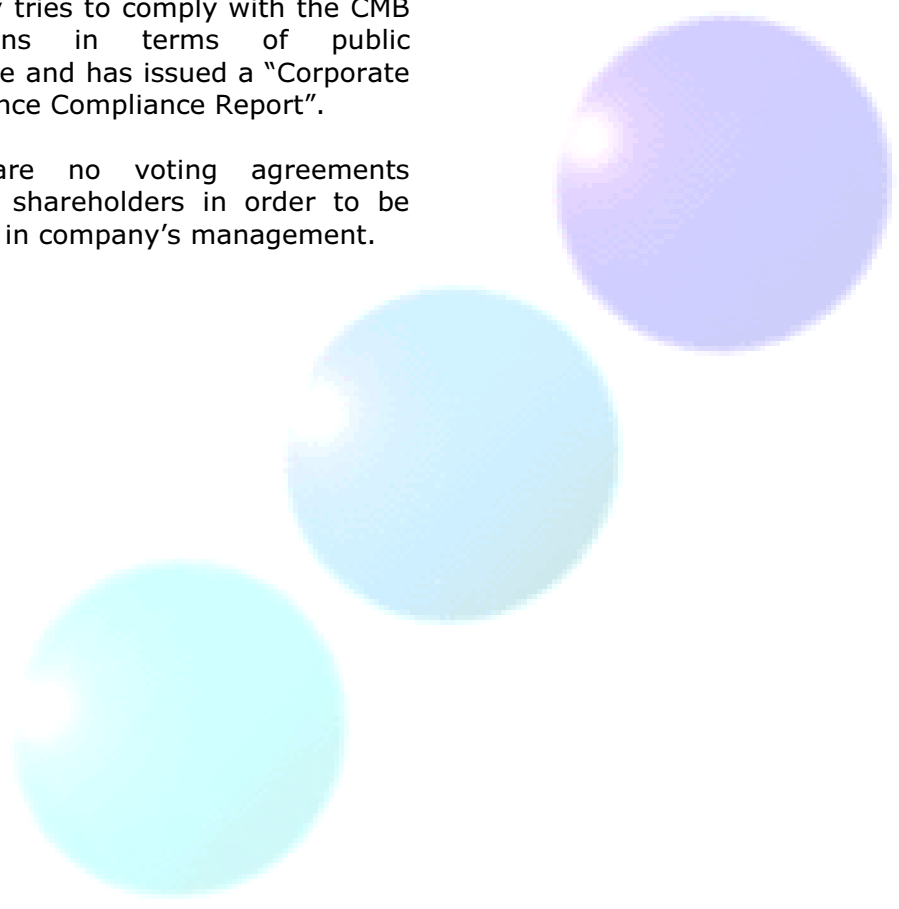
Security and control is provided by requiring passwords to enter the

system. All systems are equipped with antivirus software.

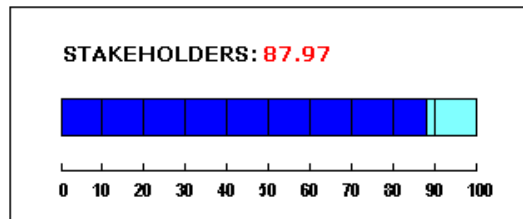
2.6. Significant Events and Developments That Must Be Disclosed to the Public:

Our analysis and interviews with the company officials show that Lider Faktoring complies with the rules and regulations of the BRSA in terms of disclosure to the public. Moreover, company tries to comply with the CMB regulations in terms of public disclosure and has issued a "Corporate Governance Compliance Report".

There are no voting agreements between shareholders in order to be effective in company's management.



SECTION 3: STAKEHOLDERS



SYNOPSIS

+	All necessary facilities are utilized to preserve stakeholders' rights
+	Effective human resources policy
+	Internal training activities
+	Strict quality standards in products and services
-	No provision in the articles of association regarding the participation of stakeholders in the management of the company

With regard to relations between the company and all related public and private parties (stakeholders) other than shareholders and the board of directors, over 40 sub-sections have been analyzed under the following headings:

- Company policy,
- Participation in the company management,
- Protection of company assets,
- Human resources policy,
- Relations with customers and suppliers,
- Ethical rules and
- Social responsibility.

We conclude that procedures and implementations of Lider Faktoring score above country and sector averages in terms of protection of company assets, human resources policy, ethical rules and relations with customers and suppliers.

We came across to no evidence of any negligent or wrong doing either by the board or the top management that caused the company assets loose value and led to a deliberate loss for stakeholders.

An efficient human resources policy is in place and training requirements of the personnel is appropriately emphasized. Company organizes training sessions for all the employees at the headquarters and at the branches.

Although there are models and mechanisms regarding the participation of stakeholders in company management, there are no provisions in the articles of association or in the internal rules and regulations of the company regarding this issue.

The company fully complied with the rules and regulations listed in the Banking Regulation and Supervision Agency's (BRSA) Communiqué on the Principles and Procedures regarding the Reserves as a Provision for the Receivables of Factoring, Leasing and Finance Companies, thus received its license.

A written document of Ethical Rules can be found both on the internet site and in the Corporate Governance Compliance report of Lider Faktoring. The same document is a part of the Personnel Code of the company.

3.1. Company Policy Regarding Stakeholders:

The management structure of the company allows and protects the rights of all stakeholders, including employees and their representatives, to convey their concerns and

reservations about any illegal or unethical implementations to management without any apprehension. Company officials declare that all client requests and complaints are acknowledged and dealt with; however, a registry of these claims is not kept. Stakeholders are not sufficiently informed about the company's policies and procedures, which aim to protect stakeholders' rights.

3.2. Stakeholders' Participation in the Company Management:

Lider Faktoring developed models and mechanisms regarding the participation of stakeholders, especially employees, in company management which started to take place in November 2010. The company formed a "Brain Storming Team" and this team consists of three main sub-teams which are Secerriat, Employees' Team and External Team. These teams realized 3 meetings so far and the demands/suggestions of these meetings were communicated with the board. However, there are no provisions in the articles of association regarding this issue.

We came across to no evidence of violation of the principle of equal opportunity among different groups of stakeholders, by using any information which is classified as trade secret and obtained as a result of a privilege that results from incentives granted to a particular group of stakeholders regarding the review of the management and operations of the company.

There is no trade union in the company.

3.3. Protection of Company Assets:

The company pays due attention to the protection of company assets as it

has to abide by the rules and regulations of the Banking Regulation and Supervision Agency (BRSA). Furthermore, company officials declared that the company, as of 30.04.2008, fully complied with the rules and regulations listed in the BRSA's Communiqué on the Principles and Procedures regarding the Reserves as a Provision for the Receivables of Factoring, Leasing and Finance Companies, thus received its license.

Risks resulting from any conflicts of interest are monitored and we came across to no evidence of any negligent or wrong doing either by the board or the top management that caused the company assets loose value and led to a deliberate loss for stakeholders.

3.4. Company Policy on Human Resources:

Lider Faktoring has a well established human resources policy that integrates appropriate procedures. With respect to country specific standards, we conclude that the company's human resources policy ensures equal opportunities, social rights and sound career planning. On the job training and personnel promotion schemes are of satisfactory level.

Human resources department, assistant general manager and representatives are responsible for training. In terms of training requirements of the personnel, Lider Faktoring organizes special training sessions at least twice a year. These sessions are mainly on basic factoring applications, finance and legal affairs. Moreover, company employees participate Factoring Association's courses on subjects like; financial analysis, rules of factoring, law of valuable paper, GRIF and FCI. Employees have access to updated training documents, electronic tests and performance evaluation tests on

www.liderfaktoring.com.tr/training
page of the web site of the company.

During the rating process, we came across to no evidence of any incidents that are related to discrimination on the basis of race, religion, language and sex among the employees or any physical, spiritual and emotional mistreatments in the company. Working conditions are safe and secure and are maintained and improved in time. Employees are informed of any significant developments or decisions taken by the company that clearly affects them and productivity and other factors that are deemed material are prioritized while determining compensation and other employee benefits.

It is stated that communication workshops are being practiced to establish effective and resourceful relations, and to create team spirit among the employees. A corporate communication network is implemented within the company in order to inform the employees. All announcements and notifications were carried from paper to electronic media by an internal information sharing system. Certain social activities are also monitored through this system.

3.5. Relations with Customers and Suppliers:

Lider Faktoring keeps records of customers and suppliers and within the scope of trade-secret concept, confidentiality of information is duly respected. Notices of concerns and suggestions received from customers and suppliers, however, are not filed and kept for further scrutiny.

The factoring sector is authorized by the Banking Regulation and Supervision Agency (BRSA). The

sector is being restructured by BRSA and existing factoring companies are urged to complete the adaptation procedures. In this context, Lider Faktoring Hizmetleri A.Ş. is one of the firms which has completed the adaptation process.

3.6. Ethical Rules:

A written document of Ethical Rules can be found both in the Corporate Governance Compliance report of Lider Faktoring and in the company's Personnel Code. It is duly disclosed to public in the web site of the company.

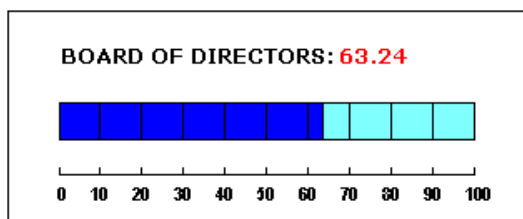
3.7. Social Responsibility:

Company officials confirmed that there were no major conflicts with the tax office in recent years and no sanctions imposed by the regulating authority. Lider Faktoring does not employ an in-house lawyer. Such services are subcontracted to outside law firms.

Lider Faktoring is a member of the Factoring Association of Turkey. Only 64 out of 76 existing factoring companies are members of the Factoring Association.

We also observed that Lider Faktoring has not yet taken part in any projects that involve environmental and social responsibility initiatives.

SECTION 4: BOARD OF DIRECTORS



SYNOPSIS

+	The company's vision, mission and strategic goals are clearly defined
+	The board is staffed with effective members
+	Audit, Corporate Governance and Risk committees present
+	CEO and Chairman positions are separately chaired
+	Board members signed compliance and liability statement
-	No independent members
-	Cumulative voting rights not in effect
-	No provisions in the articles of association defining procedures for shareholders or stakeholders to invite the board to convene

It is our observation that the Board of Directors has clearly defined the vision and mission of the company and is staffed by experienced members maintaining high moral standards. The Board is overseeing that company activities are managed in compliance with the legislation, articles of association, internal procedures and established policies.

There are Risk, Investor Relations, Public Disclosure, Corporate Governance and Internal Audit and Financial Control committees within the board.

Since most of the board members are not executives, the number thereof is compliant with corporate governance criteria.

The lack of independent members and unavailability of cumulative voting rights reflect important areas for improvement under this topic. In addition, the articles of association are in lack of clauses regulating the mechanisms for shareholders and stakeholders to call for a board of directors meeting.

Upon commencing work, a written compliance and joint liability declaration by the board members endorsing losses incurred to shareholders and stakeholders due to deliberate incompliance and misconduct is in effect.

Although a remuneration of the board of directors has not been specified by the shareholder's meeting, the wages of executives are observed to be in accordance with their qualifications and contributions to overall company achievements and in par with market standards. Moreover, there is a covenant protecting the interests of the company and third parties against possible damages caused by neglect or violation of duties by the executives.

4.1. Fundamental Functions of the Board of Directors:

The Board of Directors has defined the mission of the company as; "Maintaining customer satisfaction in fast and productive ways both domestically and internationally; creating value for customers, employees and shareholders; being a pioneer of factoring applications in Turkey".

The vision of the company has been determined as follows; "Being one of the top three factoring firms of Turkey by creating and sharing the most possible value added".

The Board of Directors is overseeing that the company activities comply with legislation, articles of association, internal procedures and established policies and monitors company financials to assure their validity.

The board of directors embodies a Risk Committee, and has put into effect a risk management and an internal control mechanism aiming to minimize the risks likely to effect adversely the shareholders' and stakeholders' interests and is taking necessary precautions for these mechanisms to work effectively.

The Board of Directors is ensuring that executive positions are staffed by appropriately qualified personnel, taking measures to support their long term commitment, is promptly dismissing unqualified personnel when necessary and duly replacing positions with qualified and competent staff.

4.2. Principles of Activity and Duties and Responsibilities of the Board of Directors:

The Board of Directors approves annual business plans and budgets, inspects and approves periodic financial reports, prepares annual reports and discloses them to the public. In addition, it facilitates and ensures shareholders meetings to be held in compliance with regulations and articles of association, approves career plans and incentive policies for executives. The Board of Directors has also approved and issued the company ethical rules and information policy documents and disclosed them to the public. The board also got PwC make a study on information systems of the company regarding internal control.

The articles of association clearly identify the duties and responsibilities of the board as distinguished from the legally defined rights of the general shareholder meeting.

No evidence has been encountered as to any misuse of confidential and undisclosed information to the illegal benefit of board members or other parties. There have been 36 board meetings in 2010.

The Ethical Rules document includes the clause stating that members of the board cannot disclose confidential information and trade secrets to the public. Similarly, a statement that members of the board should not yield to pressures that would serve against the interests of the shareholders and not accept any material gains is also included.

Written internal procedures regarding communication and circulation of meeting documentation to board members are missing. Provisions regarding the procedures for inviting the members of the board for a meeting by shareholders and stakeholders are not incorporated in the articles of association.

Company officials stated that a secretariat with the aim to serve the board of directors and to keep documents related to the board meetings is established.

4.3. Formation and Election of the Board of Directors:

None of the Board members have been convicted or sentenced upon non-conformity with the capital markets legislation or the Turkish penal code. All members are qualified and experienced persons maintaining high moral standards and capable of endorsing the required tasks to direct the company.

The board consists of seven members and three of them are executives. The Chairman and the CEO positions are not occupied by the same person.

Nevertheless, the required qualifications of the board members have not been specified in the articles of association. It has been observed that there are as yet no steps taken towards incorporating independent members capable of impartially performing their duty, into the board. In addition, cumulative voting rights are not practiced. The lack of independent members in the board and hence at the head of present and future committees, and the lack of cumulative voting rights are important shortcomings with respect to full compliance to the "Corporate Governance Principles" of the Capital Markets Board.

4.4. Remuneration of the Board of Directors:

It has been stated that there is no debit on board members and no credits or loans have been extended to any board member. A payment system to board members has not been specified by the shareholder's meeting and is not in practice. Executive members however, are paid for their executioner jobs.

Nevertheless, there exists no written performance criteria and procedure as to a rewarding system for board members.

4.5. Number, Structure and Independence of Committees Established by the Board of Directors:

The Board of Directors has a working Risk Committee. The Risk Committee governs the strategies and policies of risk management by limit systems and procedures. The committee convenes at least a month to check company's

risks and discuss macro economic developments.

There are also Investor Relations, Public Disclosure, Corporate Governance and Internal Audit and Financial Control committees within the board. In lack of independent members, the heads of the mentioned committees are not chaired by independent members.

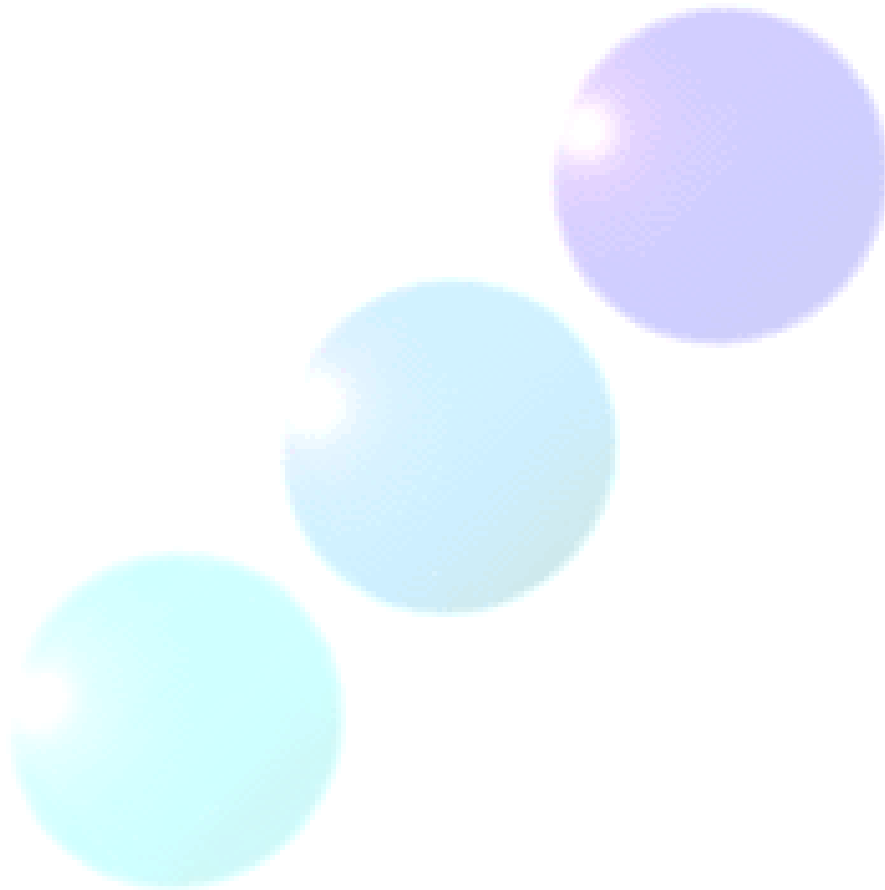
However, the appointment of the external auditors and the services to be provided thereby has not passed from a preliminary approval of the Internal Audit committee, the decision is made by the board.

4.6. Executives:

It has been observed that the company executives are operating in accordance with the company's vision, mission and strategic goals and in compliance with the financial and operational plans approved by the board. It is also our observation that company executives are delegated with adequate authority and equipped with the professional qualifications required. None of the executives have been reported to have gained illegitimate or dishonest benefits at the expense of the company. There are no executives that had ever been sentenced for crimes against the capital markets legislation or the Turkish penal code. In addition, in the employment agreements with all staff members; there is a restrictive clause stating that in case of parting, staff members cannot transfer any information and/or customer to their new company.

Moreover, the human resources procedures do include provisions for the executives to compensate the losses incurred by the company and third persons as a result of not performing their duties appropriately.

Executive wages have been observed to be in accordance with their qualifications, contributions and with market rates.



Rating Definitions

Rating	Definition
9 - 10	The company performs very good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified and actively managed all significant corporate governance risks through comprehensive internal controls and management systems. The company's performance is considered to represent best practice, and it had almost no deficiencies in any of the areas rated.
7 - 8	The company performs good in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified all its material corporate governance risks and is actively managing the majority of them through internal controls and management systems. During the rating process, minor deficiencies were found in one or two of the areas rated.
6	The company performs fair in terms of Capital Markets Board's corporate governance principles. It has, to varying degrees, identified the majority of its material corporate governance risks and is beginning to actively manage them. Management accountability is considered in accordance with national standards but may be lagging behind international best practice. During the ratings process, minor deficiencies were identified in more than two of the areas rated.
4 - 5	The company performs weakly as a result of poor corporate governance policies and practices. The company has, to varying degrees, identified its minimum obligations but does not demonstrate an effective, integrated system of controls for managing related risks. Assurance mechanisms are weak. The rating has identified significant deficiencies in a number (but not the majority) of areas rated.
<4	The company performs very weakly and its corporate governance policies and practices are overall very poor. The company shows limited awareness of corporate governance risks, and internal controls are almost non-existent. Significant deficiencies are apparent in the majority of areas rated and have led to significant material loss and investor concern.