

FITCH ASSIGNS LIDER FAKTORING NATIONAL LT RATING OF 'BBB+(TUR)' WITH STABLE OUTLOOK

Fitch Ratings-London/Istanbul-19 August 2009: Fitch Ratings has today assigned Lider Faktoring Hizmetleri A.S. (Lider) a National Long-term rating of 'BBB+(tur)' with a Stable Outlook. The rating reflects Lider's small size in the Turkish financial system, and the risk of asset quality deterioration arising from the rapid expansion of its assets in a sharply contracting economy. These factors are balanced by Lider's strong profitability, its access to long-term funding, sound capitalisation and good corporate governance standards.

Lider provides "with-recourse"-based domestic factoring services, whereby non-payment risk is assumed by the customer, and mainly focuses on SMEs. The company increased its asset size in 2008 and H109 in contrast to the factoring sector in Turkey, as it benefitted from its distinctive focus on small ticket transactions and also from a long-term funding facility from a major international bank and continued short-term funding from domestic banks. Profitability, although negatively affected by greater credit impairment charges (CICs) in 2008, remained strong in H109 and was supported by the contribution of fees from new business. Recoveries on impaired receivables exceeded impairment charges in H109, further boosting Lider's profitability.

In managing its liquidity, the company closely monitors the maturity profile of its receivables and borrowings, using cash flow and liquidity gap analysis, and has access to long-term funding. Like other factoring companies in the sector, it maintains a large equity base. Lider has solid capitalisation. Turkish 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 ratio was significantly better than the regulatory ceiling at 5.39x at end-June 2009.

Lider is a joint stock company. In 2008, Credit Suisse Investments (Netherlands) B.V. became a minority shareholder and provides long-term funding. In Q109, Lider became the largest independent factoring company in Turkey and the sixth-largest factoring company, including bank-owned companies, with a 4.7% market share in total factoring turnover. Since 2006, factoring companies in Turkey have been regulated and supervised by the Banking Regulation and Supervision Agency (BRSA).

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