

Lider Faktoring Hizmetleri A.S.

Full Rating Report

Ratings

National

Long-Term Rating A(tur)

Sovereign Risk

Long-Term Foreign-Currency IDR BBB-
Long-Term Local-Currency IDR BBB

Outlooks

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

Financial Data

Lider Faktoring Hizmetleri A.S.

	31 Dec 12	31 Dec 11
Total assets (USDm)	361.9	262.0
Total assets (TRYm)	644.9	500.8
Total equity (TRYm)	83.9	69.0
Operating profit (TRYm)	15.5	11.9
Published net income (TRYm)	12.3	9.4
Comprehensive income (TRYm)	14.8	12.8
Operating ROAA (%)	2.75	2.87
Operating ROAE (%)	20.47	18.92
Internal capital generation (%)	14.7	13.7

Key Rating Drivers

Strong Standalone Profile: Lider Faktoring Hizmetleri A.S.'s (Lider) rating reflects the company's extended track record of sound performance, characterised by good profitability and reasonable asset quality, its capital ratio, reasonably diversified funding and consistently positive asset/liability maturity gaps.

The rating also reflects the company's limited size within the financial system; the business focus on SMEs, which are vulnerable to economic cycles; potential volatility in balance sheet ratios given the generally short-term nature of assets and liabilities; and some uncertainty about the long-term sustainability of the franchise, given competition from bank-owned factoring companies with cheaper funding, more captive clients and broader product offerings.

Focus on SMEs: The company focuses on financing manufacturing companies, particularly SMEs that produce intermediary goods for large manufacturers in Turkey. Lider has an established network, providing an improved base for a well-diversified portfolio.

Performance Underpinned Profitable Growth: Lider's factoring receivables grew by a strong 34% in 2012, much higher than the sector average of 15%. Improvements in profitability were helped by improved margins, strong business volume growth and better efficiency. These have outweighed the impact of growing loan impairment charges.

Good Efficiency: The company's efficiency indicators continued to improve in 2012, helped by stronger revenues and expanding volumes. Nonetheless, the cost base is still high, reflecting Lider's focus on labour-intensive smaller-ticket business.

Asset Quality Sustained: Given the rising impairments in 2012, asset quality has come under pressure, closing the year with a higher impaired stock. Lider's asset quality indicators have traditionally compared well with the sector average, reflecting the company's established credit risk management. Lider maintains 100% reserve coverage for impaired receivables.

Diversified Funding Base: Lider differentiates itself by its stable long-term funding, diversified funding sources through the continued issuance of domestic bonds and rising committed lines from a growing number of domestic banks. The longer average maturity of its liabilities than receivables and equity base provides comfort in managing liquidity. Lider has an internal rule of maintaining 20% more factoring receivables than funding within the same maturity brackets.

Moderate Leverage: Shareholders retain earnings at the company to support planned growth. Equity remained sound and equalled 13% of assets at end-2012, while Lider's factoring receivables/equity ratio was significantly better than the regulatory ceiling (30x) and internal ceiling (8.33x) at 7.7x.

Rating Sensitivities

Standalone Creditworthiness: Lider's National Long-term rating could be upgraded further if the company is able to broadly maintain its current sound financial metrics as it continues to grow in an increasingly competitive factoring industry. The rating could be downgraded if the company mismanages future growth, resulting in significantly higher balance sheet leverage, weaker asset quality or a less favourable asset/liability maturity profile.

Related Research

[Turkey \(November 2012\)](#)

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- Turkey's largest independent factoring company in 2012 and the seventh-largest company overall
- Credit Suisse is a minority shareholder, with a 9.9% share
- Only offers with-recourse domestic factoring
- Focused on small-ticket SME business

- Growth of factoring receivables higher than the sector average
- Tripled margins reflected stronger loan yields and favourable funding

Profile

Lider is one of the largest players in Turkey's factoring market and provides only with-recourse domestic factoring services to its customers. The founding family holds a majority stake. Credit Suisse Investments (Nederlands) B.V., part of the Credit Suisse Group AG (A/Stable) became a long-term funding provider and minority shareholder in 2008, with a 9.9% share.

According to the trade association for factoring companies in Turkey, which produces company rankings by business volumes, Lider was the largest independent factoring company in 2012, with a market share of 8.3% among independents. It is the seventh-largest factoring company overall (including bank and bank-affiliated companies), with about a 3.3% market share in total factoring turnover in Turkey.

The company focuses on financing manufacturing companies, particularly SMEs that produce intermediary goods for large manufacturers in Turkey. Average receivables per customer continued to grow and reached TRY15,281 at end-2012.

In 2012 Lider maintained its country-wide network to provide factoring services through its head office and 23 representative offices outside of Istanbul. It had a total of 180 employees and covered 60 of the country's 81 provinces. Istanbul still accounts for half of the total. The company's priorities include the further expansion of its network in areas outside Istanbul and the improvement of utilisation of its existing representative offices.

Presentation of Accounts

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

Performance

Operating Environment

The medium-term macroeconomic and credit outlook for Turkey appears favourable – helped by good growth prospects, a robust banking sector and a declining government debt/GDP ratio. Turkey's economy has achieved a "soft landing", with GDP growth of 2.2% in 2012. Domestic demand and imports contracted in 2012 but GDP growth remained positive, helped by exports. In Fitch's view rebalancing without a recession pointed to enhanced flexibility and resilience. Fitch forecasts GDP growth of 3.8% for 2013 and 4.5% for 2014.

Improved Profitability

Lider's factoring receivables grew by a strong 34% in 2012 – much more than the sector average of 14.8%, repeating growth performance of the previous year. Profitability improved in 2012, mainly reflecting better efficiency and higher factoring yields. Benefiting from the gradually increasing funding costs and healthy loan volumes, Lider's net interest margin (NIM) recorded strong gains in 2012, widening to 6%.

Established internal systems and well maintained cost controls have resulted in a steady improvement in efficiency measures. The cost/income ratio improved markedly to 54% in 2012, also helped by higher operating income. Operating expenses as a proportion of average assets also declined, coupled with high loan growth. Nonetheless Lider's cost base might still be higher than that of some peers, reflecting Lider's focus on labour-intensive, smaller-ticket business.

Loan Impairment Charges Growing

In 2012 charges staged a strong comeback, increasing by 3.7x yoy, although the company continued to recover from previous provisions. Net loan impairment charges rose to 34% of pre-impairment operating profit, reflecting the dynamic impairment environment during the year, and stood at a much higher yoy 1.5% of average gross loans (see *Sound Asset Quality* below).

Related Criteria

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

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

[Finance and Leasing Companies Criteria \(December 2012\)](#)

Figure 1

Comparison of Fitch-Rated Independent Factoring Companies

National Long-Term Rating/Outlook (%)	Turkish Factoring Sector ^b		Lider (A(tur)/Stable) ^c		Optima (BBB(tur)/Stable) ^c	
	2012	2011	2012	2011	2012	2011
Total assets (TRYm)	18,172	15,622	645	501	132	128
Equity (TRYm)	3,866	3,377	84	69	27	25
Equity/assets	21.3	21.6	13.1	13.8	20.6	19.5
Gross factoring receivables (TRYm)	17,135	14,784	641	478	138	123
Factoring yield	14.8	12.9	17.0	12.0	26.6	22.3
Cost of funding	8.5	8.1	12.8	11.6	16.9	15.1
NIM on earning assets	5.4	4.1	6.0	2.1	14.3	10.3
Cost/income	38.7	43.0	54.0	61.6	50.1	55.3
Cost/assets (av.)	3.8	3.3	4.9	5.5	9.2	7.8
LICs ^a /pre-impairment op. profit	30.1	18.1	34.1	15.3	40.1	13.0
LICs ^a /gross factoring receivables (av.)	1.8	0.8	1.5	0.5	3.7	0.8
Impaired receivables/gross factoring receivables	4.7	3.8	3.1	2.5	11.2	8.3
Operating ROAA	4.2	3.6	2.8	2.9	5.5	5.5
Operating ROAE	19.6	17.2	20.5	18.9	27.3	28.3

Optima: Optima Faktoring A.S.

^a LIC: Loan impairment charges

^b BRSA sector data adapted by Fitch

^c IFRS bank data adapted by Fitch

Source: Fitch

Competitive Advantage from Wider Network and Long-Term Funding

Lider's competitive advantage lies in its factoring business model, which provides it with a granular portfolio, as well as its geographical and sectoral diversification. The company's steadfast approach to offering its products to its customers supported by available long-term funding also contributes to Lider's competitive position.

Lider estimates that its factoring receivables will increase by 20% in 2013. This will be funded through already secured long-term and short-term funding from banks as well as reissuance of maturing bonds. Given the declining interest rate environment, margins could eventually come under pressure. Nonetheless, given the nature of factoring business, the company is bound to maintain its pricing flexibility, which should ensure strong loan yields. Good efficiency and healthy volume growth should provide Lider's profitability with a buffer against potential spikes in loan impairment charges should adverse credit risk market conditions arise.

Risk Management

Granular Receivables Portfolio

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. There are limits 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-2011 the receivables portfolio was well diversified by industrial sector, with metals (iron and steel) accounting for the largest share, at 14% of the total, followed by textile with 12% and construction 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 buyer equal to 4% of its equity, and has a well-diversified receivables portfolio. Its exposure to its 10 largest customers represented 12% of the total portfolio and 92% of equity at end-2012.

Sound Asset Quality

Lider begins litigation seven to 10 days after non-payment of a discounted cheque. According to the company's IFRS report, impaired receivables are defined as factoring receivables that remain unpaid at least 30 days after their respective maturity, in line with its internal measurement of asset quality. Lider's impaired receivables ratio was 3.1% at end-2012, with

- Well-diversified receivables portfolio in terms of sellers, buyers and industrial sectors
- Asset quality better than the Turkish factoring segment average in 2012
- Margin-narrowing at times of declining interest rates due to positive interest rate repricing gaps

reserve coverage of 100%. This compared favourably with the sector average, despite a much stricter classification (see Figure 1). Under regulatory classification, a factoring receivable is classified as non-performing after 90 days. In 2012, rising impairments reflected slower markets and the weaker business environment, although credit risk conditions stabilised at year-end.

Matched Foreign-Currency Position

Lider's receivables have shorter-term maturity and therefore shorter repricing periods than its liabilities. This creates potential for additional income when interest rates are rising. But when interest rates are falling, the interest rate repricing mismatch has a negative impact on margins. Lider only finances domestic Turkish lira factoring business and funds itself in the same currency, thus does not carry significant FX positions.

Lending authority and operations are centralised at Lider's headquarters, while its representative offices act only as marketing units. The company's IT infrastructure, developed together with outside consultants, caters specifically to its business needs. This enables rapid growth through the monitoring of a large number of small transactions while simultaneously allowing risks to be closely monitored.

Lider has an adequate corporate governance structure supported by committees and well-defined procedures. Lider's seven-member board of directors includes one representative of Credit Suisse Group and one independent member. The shareholders' sole business is financial services and the company does not have any related-party factoring receivables.

Funding, Liquidity and Capital

Stable Funding and Liquidity

Unlike the typical funding structure of its peers, Lider has more diversified funding: its lenders and maturities reflect an emphasis on longer-term funding. The latter is in the form of structured funding backed by a pool of discounted receivables and is facilitated by Lider's shareholder, the Credit Suisse Group. These have original maturities of up to five years.

The company also continues to use committed lines and bilateral facilities from Turkish banks, generally with three to six months' maturity and up to one year maturity, respectively, and backed by discounted cheques. Each individual bank borrowing is internally limited to a maximum of 15% of total short-term borrowings. In 2012 unused bank lines peaked at 45% of total TRY725m. The funding diversification is complemented by bond issuance, with maturities ranging from one year to three years with a total TRY150m of floating-rate notes issued in 2012. In 2013 the company is looking to renew its maturing issuances with similar bond issues.

Lider operates with positive liquidity gaps (ie assets exceeding liabilities) for all time buckets on its balance sheet. This means that liquidity should only come under pressure in case of non-payment of receivables or acceleration of debt. The longer average maturity of its liabilities (120 days for bank borrowings excluding long-term funding from Credit Suisse Group) than its receivables (70 days) provides comfort in managing liquidity. Lider has an internal rule of maintaining 20% more factoring receivables than funding within the same maturity bracket. This means it funds a considerable amount of its business with equity.

Sound Capitalisation Due to Retained Earnings

Lider's shareholders retain earnings at the company in order to support planned growth. Equity was 13% of assets at end-2012, above the internal minimum of 12%. However, Lider's regulatory ratio continued to rise and equalled 7.7x at end-2012 (end-2011: 7.1x), still well below the regulatory limit of 30x and internal limit of 8.33x. The company plans to increase its capital through an IPO to support continued growth within its internally imposed leverage limitations in 2013, depending on market conditions.

- Stable long-term funding available
- Diversification of funding sources through continued issuance of domestic bonds
- Sound capitalisation

Appendix

Factoring in Turkey

- The sector is regulated and supervised by the Banking Regulation and Supervision Agency.
- Companies offer receivables collection and cash management services to corporates in return for commercial receivables, which are mostly in the form of post-dated company cheques accompanied by relevant invoices.
- Companies have access to the credit bureau, enabling them to monitor the credit risk of their customers closely.
- There are 78 factoring companies in Turkey.
- Bank-owned factoring companies dominate the sector, accounting for 70% of total factoring turnover.
- 80% of total factoring transaction turnover in Turkey in 2012 was made up of domestic factoring transactions, and 67% was with-recourse financing.
- In with-recourse financing, even if the originators of the cheques (buyers) default on their debts, the customers (sellers) remain liable for repayment.
- Loan-classification and provisioning regulations require classification of factoring receivables as impaired when they are more than 90 days overdue.
- Factoring companies must comply with a regulatory maximum factoring receivables/equity ratio of 30x.

Lider Faktoring Hizmetleri A.S.

Income Statement

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	TRYth		TRYth		TRYth		TRYth	
	Unqualified	Unqualified	Earning Assets	Unqualified	Earning Assets	Unqualified	Earning Assets	Unqualified	Earning Assets
1. Interest Income on Loans	52.5	93,466.4	15.04	48,250.4	10.35	38,232.0	10.76	51,408.0	17.65
2. Other Interest Income	0.2	328.6	0.05	55.4	0.01	36.5	0.01	312.9	0.11
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	52.6	93,795.0	15.09	48,305.8	10.36	38,268.5	10.77	51,720.9	17.76
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	34.6	61,652.0	9.92	40,257.6	8.64	31,002.0	8.73	34,296.6	11.78
7. Total Interest Expense	34.6	61,652.0	9.92	40,257.6	8.64	31,002.0	8.73	34,296.6	11.78
8. Net Interest Income	18.0	32,143.0	5.17	8,048.2	1.73	7,266.5	2.05	17,424.3	5.98
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	10.3	18,407.3	2.96	28,450.7	6.10	16,256.4	4.58	15,511.7	5.33
14. Other Operating Income	0.2	400.6	0.06	(34.6)	(0.01)	(118.5)	(0.03)	207.1	0.07
15. Total Non-Interest Operating Income	10.6	18,807.9	3.03	28,416.1	6.10	16,137.9	4.54	15,718.8	5.40
16. Personnel Expenses	11.2	19,912.6	3.20	17,167.0	3.68	14,534.9	4.09	13,155.6	4.52
17. Other Operating Expenses	4.3	7,593.6	1.22	5,301.8	1.14	4,249.2	1.20	4,005.1	1.38
18. Total Non-Interest Expenses	15.4	27,506.2	4.43	22,468.8	4.82	18,784.1	5.29	17,160.7	5.89
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-impairment Operating Profit	13.2	23,444.7	3.77	13,995.5	3.00	4,620.3	1.30	15,982.4	5.49
21. Loan Impairment Charge	4.5	8,003.7	1.29	2,143.0	0.46	(704.4)	(0.20)	(1,130.5)	(0.39)
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	8.7	15,441.0	2.48	11,852.5	2.54	5,324.7	1.50	17,112.9	5.88
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	0.0	62.4	0.01	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	8.7	15,503.4	2.49	11,852.5	2.54	5,324.7	1.50	17,112.9	5.88
30. Tax expense	1.8	3,182.2	0.51	2,402.9	0.52	864.3	0.24	3,447.1	1.18
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	6.9	12,321.2	1.98	9,449.6	2.03	4,460.4	1.26	13,665.8	4.69
33. Change in Value of AFS Investments	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	1.4	2,526.5	0.41	3,357.6	0.72	1,015.8	0.29	581.3	0.20
35. Currency Translation Differences	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
37. Fitch Comprehensive Income	8.3	14,847.7	2.39	12,807.2	2.75	5,476.2	1.54	14,247.1	4.89
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	6.9	12,321.2	1.98	9,449.6	2.03	4,460.4	1.26	13,665.8	4.69
40. Memo: Common Dividends Relating to the Period	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

Lider Faktoring Hizmetleri A.S.

Balance Sheet

	31 Dec 2012			31 Dec 2011			31 Dec 2010			31 Dec 2009		
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of	
	USDm	TRYth	Assets	TRYth	Assets	TRYth	Assets	TRYth	Assets	TRYth	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	359.9	641,249.7	99.44	477,887.7	95.42	364,942.5	99.06	301,855.6	98.84			
6. Less: Reserves for Impaired Loans/ NPLs	11.1	19,747.4	3.06	11,826.4	2.36	9,750.3	2.65	10,605.1	3.47			
7. Net Loans	348.8	621,502.3	96.38	466,061.3	93.06	355,192.2	96.41	291,250.5	95.37			
8. Gross Loans	359.9	641,249.7	99.44	477,887.7	95.42	364,942.5	99.06	301,855.6	98.84			
9. Memo: Impaired Loans included above	11.1	19,747.4	3.06	11,826.4	2.36	9,750.3	2.65	10,605.1	3.47			
10. Memo: Loans at Fair Value included above	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.	-	n.a.	-	n.a.	-	
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	348.8	621,502.3	96.38	466,061.3	93.06	355,192.2	96.41	291,250.5	95.37			
C. Non-Earning Assets												
1. Cash and Due From Banks	0.5	953.8	0.15	17,649.2	3.52	409.4	0.11	2,397.4	0.79			
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	9.2	16,415.3	2.55	15,942.8	3.18	11,780.6	3.20	10,877.7	3.56			
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
6. Other Intangibles	0.1	177.3	0.03	150.1	0.03	112.2	0.03	128.3	0.04			
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. Deferred Tax Assets	1.3	2,313.8	0.36	0.0	0.00	292.9	0.08	0.0	0.00			
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
10. Other Assets	2.0	3,496.0	0.54	1,018.0	0.20	616.0	0.17	734.0	0.24			
11. Total Assets	361.9	644,858.5	100.00	500,821.4	100.00	368,403.3	100.00	305,387.9	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	227.5	405,458.5	62.88	296,302.0	59.16	266,087.1	72.23	214,637.4	70.28			
8. Total Deposits, Money Market and Short-term Funding	227.5	405,458.5	62.88	296,302.0	59.16	266,087.1	72.23	214,637.4	70.28			
9. Senior Debt Maturing after 1 Year	83.7	149,069.3	23.12	131,018.8	26.16	43,677.5	11.86	37,808.4	12.38			
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
11. Other Funding	0.6	1,002.5	0.16	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
12. Total Long Term Funding	84.2	150,071.8	23.27	131,018.8	26.16	43,677.5	11.86	37,808.4	12.38			
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	311.8	555,530.3	86.15	427,320.8	85.32	309,764.6	84.08	252,445.8	82.66			
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	1.0	1,798.7	0.28	1,450.1	0.29	911.3	0.25	630.2	0.21			
4. Current Tax Liabilities	1.2	2,050.7	0.32	872.0	0.17	504.0	0.14	463.0	0.15			
5. Deferred Tax Liabilities	n.a.	n.a.	-	137.3	0.03	0.0	0.00	62.9	0.02			
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	0.9	1,596.4	0.25	2,006.5	0.40	995.9	0.27	1,034.7	0.34			
10. Total Liabilities	314.8	560,976.1	86.99	431,786.7	86.22	312,175.8	84.74	254,636.6	83.38			
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	40.1	71,531.7	11.09	59,210.5	11.82	49,760.9	13.51	45,300.5	14.83			
2. Non-controlling Interest	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
3. Securities Revaluation Reserves	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
4. Foreign Exchange Revaluation Reserves	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00			
5. Fixed Asset Revaluations and Other Accumulated OCI	6.9	12,350.7	1.92	9,824.2	1.96	6,466.6	1.76	5,450.8	1.78			
6. Total Equity	47.1	83,882.4	13.01	69,034.7	13.78	56,227.5	15.26	50,751.3	16.62			
7. Total Liabilities and Equity	361.9	644,858.5	100.00	500,821.4	100.00	368,403.3	100.00	305,387.9	100.00			
8. Memo: Fitch Core Capital	45.7	81,391.3	12.62	68,884.6	13.75	56,115.3	15.23	50,623.0	16.58			
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	

Exchange rate

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

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Summary Analytics

	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	17.02	11.98	11.47	20.73
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	17.60	12.31	11.84	21.85
4. Interest Expense/ Average Interest-bearing Liabilities	12.83	11.62	11.03	16.28
5. Net Interest Income/ Average Earning Assets	6.03	2.05	2.25	7.36
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	4.53	1.51	2.47	7.84
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	6.03	2.05	2.25	7.36
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	36.91	77.93	68.95	47.43
2. Non-Interest Expense/ Gross Revenues	53.99	61.62	80.26	51.78
3. Non-Interest Expense/ Average Assets	4.91	5.45	5.58	6.67
4. Pre-impairment Op. Profit/ Average Equity	31.08	22.34	8.64	36.10
5. Pre-impairment Op. Profit/ Average Total Assets	4.18	3.39	1.37	6.21
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	34.14	15.31	(15.25)	(7.07)
7. Operating Profit/ Average Equity	20.47	18.92	9.95	38.66
8. Operating Profit/ Average Total Assets	2.75	2.87	1.58	6.65
9. Taxes/ Pre-tax Profit	20.53	20.27	16.23	20.14
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	16.33	15.09	8.34	30.87
2. Net Income/ Average Total Assets	2.20	2.29	1.32	5.31
3. Fitch Comprehensive Income/ Average Total Equity	19.68	20.45	10.24	32.18
4. Fitch Comprehensive Income/ Average Total Assets	2.65	3.10	1.63	5.54
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	12.67	13.76	15.24	16.58
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	13.01	13.78	15.26	16.62
8. Cash Dividends Paid & Declared/ Net Income	0.00	0.00	0.00	0.00
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	0.00	0.00	0.00	0.00
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	14.69	13.69	7.93	26.93
E. Loan Quality				
1. Growth of Total Assets	28.76	35.94	20.63	45.93
2. Growth of Gross Loans	34.18	30.95	20.90	55.49
3. Impaired Loans(NPLs)/ Gross Loans	3.08	2.47	2.67	3.51
4. Reserves for Impaired Loans/ Gross loans	3.08	2.47	2.67	3.51
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	1.46	0.53	(0.21)	(0.46)
8. Net Charge-offs/ Average Gross Loans	(0.96)	(0.56)	(0.34)	(0.94)
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	3.08	2.47	2.67	3.51
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.

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Reference Data

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	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
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	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.	-
3. Guarantees	0.1	263.8	0.04	3.8	0.00	51.6	0.01	39.6	0.01
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	362.0	645,122.3	100.04	500,825.2	100.00	368,454.9	100.01	305,427.5	100.01
8. Memo: Total Weighted Risks	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.	-
10. Fitch Adjusted Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	308.2	549,206.1	85.17	402,744.6	80.42	333,399.1	90.50	247,992.3	81.21
Average Earning Assets	299.1	532,971.4	82.65	392,364.3	78.34	323,221.4	87.74	236,715.3	77.51
Average Assets	314.5	560,496.0	86.92	412,635.0	82.39	336,895.6	91.45	257,330.5	84.26
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	269.6	480,449.3	74.50	346,584.7	69.20	281,105.2	76.30	210,654.9	68.98
Average Common equity	36.1	64,285.9	9.97	55,053.2	10.99	47,530.7	12.90	39,107.3	12.81
Average Equity	42.3	75,443.4	11.70	62,639.0	12.51	53,489.4	14.52	44,267.5	14.50
Average Customer Deposits	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.	-
Loans & Advances 3 - 12 Months	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.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	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.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	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.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	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.	-
Total Subordinated Debt on Balance Sheet	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.	-
D. Equity Reconciliation									
1. Equity	47.1	83,882.4	13.01	69,034.7	13.78	56,227.5	15.26	50,751.3	16.62
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	47.1	83,882.4	13.01	69,034.7	13.78	56,227.5	15.26	50,751.3	16.62
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	47.1	83,882.4	13.01	69,034.7	13.78	56,227.5	15.26	50,751.3	16.62
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	0.1	177.3	0.03	150.1	0.03	112.2	0.03	128.3	0.04
6. Deferred tax assets deduction	1.3	2,313.8	0.36	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	45.7	81,391.3	12.62	68,884.6	13.75	56,115.3	15.23	50,623.0	16.58
10. Eligible weighted Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange Rate

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

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