

Optima Faktoring A.S.

Full Rating Report

Ratings

National

Long-Term Rating BBB(tur)

Sovereign Risk

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

Outlooks

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

Financial Data

Optima Faktoring A.S.

	31 Dec 13	31 Dec 12
Total assets (USDm)	69.1	74
Total assets (TRYm)	147.6	132
Total equity (TRYm)	27.4	27.2
Operating profit (TRYm)	7.1	7.1
Published net income (TRYm)	5.5	7.8
Comprehensive income (TRYm)	5.5	5.5
Operating ROAA (%)	5.11	5.48
Operating ROAE (%)	26.1	27.3
Internal capital generation (%)	0.91	8.24
Impaired receivables/gross receivables (%)	2.35	11.2
Equity/assets (%)	18.6	20.6

Key Rating Drivers

Standalone Profile: Optima Faktoring A.S.'s (Optima) rating reflects the company's above-average operating performance, its limited size within the Turkish financial system, its business focus on small high-risk/high-return SME customers, potential volatility in its balance sheet ratios given the generally short-term nature of its assets and liabilities, and some uncertainty about the long-term sustainability of its franchise.

Stable Leverage: Optima remains well above the generous regulatory minimum set by the Banking Regulation and Supervision Agency (BRSA) at 3% equity to assets. Equity to assets, declined to 18.6% at end-2013, driven by balance sheet growth and low internal capital generation. At present, Optima does not currently meet the minimum TRY20m share capital floor set by the BRSA.

Portfolio Sale Drives Asset Quality: Optima sold a portfolio of fully provisioned non-performing receivables in 2013, equivalent to 9% of end-2012 gross receivables. This helped to significantly improve asset quality, with impaired receivables at end-2013 equivalent to 2.35% of gross receivables (2012: 11.2%). The portfolio was sold at a deep discount, reflecting a profit from a share of any future recoveries, of which Optima will receive 35%. In Fitch's view the secured nature of lending will lead to some recoveries in the sector.

Poor Efficiency, Healthy Margins: Optima compares badly with average sector efficiency. Cost to average assets of 9.2% in 2013 was substantially above the sector average, which was 3.49% over the same period. However, margins remained healthy with the net interest margin at 11.3% in 2013 compared with a sector average of 6.84%. This is driven by Optima's focus on higher risk, higher reward smaller SMEs.

Lack of Funding Diversification: Non-equity funding from Optima was split between bilateral bank lines (75%) and further discounting of receivables obtained from operating operations (25%) at end-2013. Plans to tap debt markets should help to provide some diversification. However, a key strength of factoring companies in Turkey, including Optima, are the short maturities that allow quick adjustments to changes in the operating environment.

Minimal Liquidity: Optima, like most factoring companies, does not carry excess liquidity on its balance sheet. It manages liquidity through ensuring through positive maturity gaps. Funding is secured and matched hand in hand with the receivable. Liquidity squeezes arise as a product of decreasing asset quality. Additionally, Optima maintains a large portion of committed but unutilised funding lines; reaching 70.5% of non-equity funding at end-2013.

Rating Sensitivities

Standalone Credit Profile: Optima's ratings are sensitive to a weakening of capital and leverage ratios. Optima operates with a small level of absolute capital making it vulnerable to falling asset quality causing asset and liability mismatches. Optima's ratings are also sensitive to Fitch's view of the Turkish economic environment.

Limited Upside: Potential upside to the rating is limited, given Optima's small profile and limited share of a highly competitive sector dominated by bank owned subsidiaries.

Analysts

Banu Cartmell
+44 20 3530 1109
banu.cartmell@fitchratings.com

Radu Gheorghiu
+44 203 530 1253
radu.gheorghiu@fitchratings.com

Figure 1
Shareholder Structure

	(%)
AB Holding	98
Murat Baser	2
Others	<1

Source: Fitch

Operating Environment

Fortunes Tied to Domestic Economy

Turkey's operating environment is more volatile than what could normally be expected for a sovereign rated at the current level. Fitch believes that macroeconomic outcomes to date have been reassuring. The lira has stabilised and international reserves rebounded in February, following a steep fall in January. Domestically, industrial production and capacity utilisation remain strong, underpinned by exports, whereas domestic lending growth has slowed, and there are signs of a weakening in consumer and investor confidence. Overall, rebalancing is expected to engender slower growth and Fitch has cut its growth forecast from 3.2% to 2.5% for 2014 and from 3.8% to 3.2% for 2015.

Externally, Fitch acknowledges that Turkey remains a standout both within EMEA and the 'BBB' category on many key metrics. Fitch expects current account adjustment to gather pace with the deficit shrinking to 6.7% of GDP in 2014 and 5.7% in 2013. Still, given its large gross external financing needs and its weak international liquidity position, we believe that a sharp, sustained downturn in capital inflows would have a material adverse impact on Turkey's economic and financial stability.

Turkey's financial sector is dominated by banks and the non-bank financial institution (NBFI) sector is modest in size, representing a low 3% of total banking sector assets. NBFI receivables represent just 4% of total banking sector loans. Factoring and leasing services must be provided through specialised subsidiaries in Turkey and many banks have dedicated subsidiaries providing these products. The factoring (79 companies) and leasing (33 companies) sectors are dominated by local bank-owned subsidiaries. These control between 70-80% of their sector assets. Factoring and leasing companies are small by international standards. In particular, the independent (ie, non-bank owned) players are modest in size. The largest independent factoring and leasing companies command market shares of no more than 2%-3% each.

Fitch expects additional consolidation in the sector but growth prospects remain tied to wider macroeconomic growth in Turkey. NBFIs provide services largely to SMEs, many of which cannot comply with bank-imposed borrowing criteria. In addition, leasing activities enjoy certain tax advantages. Bank-owned NBFIs benefit from a wide range of parent synergies, notably in terms of IT and risk management systems, distribution channels, brand recognition and deal flow. IT systems at the independent companies known to Fitch appear to work efficiently.

Around 80% of non-equity funding in the NBFI sector is provided by bank borrowings. NBFIs are, more recently, also issuing bonds in the local capital markets. NBFIs are usually funded by a broad base of local banks but bank-owned subsidiaries often receive funding from parents. The reliance on wholesale, often short-term funding highlights liquidity risk. Prudent asset-liability management (ALM) is essential and NBFIs make efforts to ensure that positive gaps between maturing assets and liabilities are maintained. The short-term nature of factoring contracts, in particular, enables rapid balance sheet adjustments. This is viewed positively by Fitch given Turkey's volatile operating environment.

Company Profile

Limited Franchise

Optima was established in 1996. The Hasan Başer family held 100% of the company through its holding company, AB Holding, at end-2013. Optima was the 19th-largest independent factoring company in Turkey at end-2013, with a small market share of 0.63% of factoring receivables.

Factoring companies in Turkey provide three major services, largely to SME customers. Discounting post-dated receivables is the main one, but they also provide collection services whereby they take responsibility for receivables payments on behalf of a customer. They also

Related Criteria

[Global Financial Institutions Rating Criteria \(January 2014\)](#)

guarantee payments of receivables on behalf of debtors. Discounting services dominate Optima's business and non-recourse factoring is less than 1% of total receivables.

Management

Optima replaced its general manager in 2013, the new appointee having previously served as assistant general manager at Optima. Shareholders participate in the day to day business of the company. Fitch views corporate governance at Optima as adequate, in line with small profile in the factoring sector. The board does not have any independent members. Related exposures rising from the operating business are minimal.

One-off related party exposures are related to the sale of Optima's headquarters to AB Holding. The balance at end-2013 was settled through a dividend payment from 2013 net income. In Fitch's view this calls into question the shareholders' appetite to continue operating in the sector. However, management has committed to increasing Optima's paid-in share capital to meet the TRY20m floor by end 2015. This will require the shareholders to inject another TRY2.5m in 2015.

Risk Appetite

Focus on Small Unbanked SMEs

Optima works with small, higher-risk higher-reward SMEs. These typically lack the formal documentation to access bank facilities. It aims to quickly provide working capital loans to facilitate short-term needs; current objectives aim towards providing funds within one hour. Consequently, Fitch views Optima's risk appetite as high compared to other companies in the Turkish factoring sector.

All receivables are accompanied by the underlying invoice and are further backed by post-dated cheques. Optima uses an in-house developed risk rating system for credit allocations. Like other peers, Optima uses cheque performance statistics from the central bank to assess clients. Although useful in looking at past performance Fitch is unconvinced of the benefit this has on predicting potential non-payment by clients.

Optima has in place certain lending limits and all approvals are granted from head office with branches acting as marketing units. Customers are limited by a ceiling of 10% of equity with vendors limited to TRY500,000. At end-2013 the construction sector accounted for 22% of total receivables. Management plans to reduce dependence on this sector to below 18% of total receivables. Given the paramount importance in driving the economy forward Fitch believes this sector will continue to feature substantially in lending in the sector.

The development later this year of a central invoice registry should help to combat occasions of fraud; where a single invoice is used as backing for multiple transactions. Nevertheless, Fitch has reservations that a central invoice registry may replace the use of post-date cheques. The inclusion of this instrument in transactions in the sector is positive, helping to improve recoveries. Management figures from Optima highlight collections in 2013 amounted to an equivalent 46% of NPLs.

All cheques pledged in favour of Optima are further pledged, minus a haircut between (10%-15%), against borrowed funds. Although cheques provide security, the requirement to pledge cheques is also driven by the lack of ability of factoring companies to access clearing and settlement facilities at the Takasbank.

Growth of total assets at Optima amounted to 11.9% in 2013. This was below the sector average of 20.1% over the same period. Even then, at Optima, growth was inflated due to the sale of a portfolio of fully provisioned non-performing receivables. Gross receivables were a modest 3.1% higher yoy. Growth in the factoring sector was subdued in 1Q14 due to modest concerns amongst some investors arising out of uncertainty about local elections taking place during the quarter.

Fitch believes that current rates of growth are unlikely to remain constant throughout the remainder of 2014. Pressure on volume growth may resume in 2H14 driven by approaching presidential elections taking place during 3Q14 and subsequent general elections in 2015.

The short maturity of receivables, typically 90 days, alleviates some concern that growth during turbulent periods will pose asset quality problems when portfolios begin to season. Some evidence of this can be seen already, but given the overall turbulence in the Turkish economy throughout 1Q14. Although there has been some deterioration in Optima's asset quality in 1Q14, this has been in line with its risk appetite and business profile.

Like most independent peers, Optima's main market risk is interest rate risk driven by maturity mismatches in assets and liabilities. The shorter maturities on its assets compared to liabilities help Optima to re-price asset quicker than exposures and take advantage of rising interest rate environments. Adversely falling interest rates, like those witnessed in 1H13, will erode margins and overall profitability, (see below).

Optima primarily conducts operations in Turkish lira resulting in very limited FX risk. Nevertheless some cheques are denominated in foreign currency but these are limited.

Financial Profile

Asset Quality

Figure 2
NPL Sale Helps Asset Quality

(%)	2010	2011	2012	2013
Growth of gross loans	84.42	3.13	12.28	3.14
Impaired loans /gross loans	7.14	8.32	11.2	2.35
Reserves for impaired loans/impaird loans	100	93.2	92.5	90.7
Impaired loans less reserves for impaired loans/Fitch core capital	0	2.9	4.26	1.14
Loan impairment charges/average gross receivables	0.84	0.84	3.65	0.86

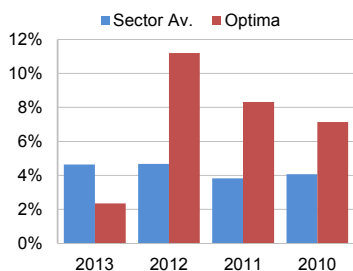
Source: Fitch

Asset quality has benefitted from the sale of a portfolio, TRY12.5m, of fully provisioned non-performing receivables to an asset management company (see figure 3). The portfolio was sold at a deep discount in part reflecting that Optima maintains a share of 35% of any future recoveries. Some recoveries are to be expected given the secured structure of lending in the sector but these will be limited.

The portfolio remains well diversified, with the top 20 exposures amounting to 55% of shareholders' equity at end-1Q14. One of the top 20 is non-performing; a provision amounting to 20% of the exposure has been created over the same period, with the remaining amount equivalent to 2.4% of equity at end-1Q14. All of the top 20 exposures are backed by receivables and cheques endorsed in favour of Optima.

Excluding the NPL sales the stock of non-performing receivables witnessed a small rise of 1.6% yoy at end-2013. At end-2013 the NPL ratio stood at 2.35%, with specific provisions covering 90.7% of problem exposures. According to data provided by management, 1Q14 saw the NPL ratio increase 97bp to 3.25%. Reserves for problem receivables have not matched this pace and coverage has retreated to 65%. Net impaired receivables amount to a limited 6% of equity over the same period.

Figure 3
Asset Quality
Impaired Receivables/
Gross Receivables



Source: Fitch, Optima, BRSA

Earnings and Profitability

Figure 4
Short Maturities/High Volatility

(%)	2010	2011	2012	2013
Net interest income/average earning assets	13.1	10.3	14.3	11.3
Non-interest expense/gross revenues	49.9	55.2	50.1	60.6
Loans and securities impairment charges/ pre-impairment operating profit	9.11	13.0	40.1	14.4
Risk adj. NIM	12.2	9.47	10.4	10.4
Operating profit/average total assets	8.12	5.49	5.48	5.11
Net income/average equity	34.1	28.3	27.3	26.1

Source: Fitch, optima

Profit volatility in the factoring sector can be quite significant. Regulations currently limit companies to engage in factoring only operations. The incipient stage of the sector so far further limits product diversification. This results in competition in the sector ultimately focused on pricing. Together with short asset re-pricing periods, this can magnify the effect of falling domestic interest rates, such as those witnessed in 1H13 on the sector's profitability.

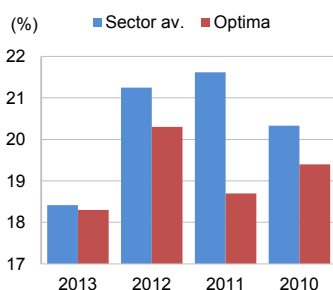
Optima is no different, with NIM falling to 11.3% in 2013. However, this remains above the 6.84% sector average reported over the same period. This partly reflects Optima's focus on a higher risk higher reward customer base. Additionally it also reflects the effect of bank owned subsidiaries on the sector's performance, negatively skewing overall figures. The banking subsidiaries operating in the sector account for the majority of assets and operate with lower margins.

Rising interest rates in 1Q14 should help and Optima rebuild margins. However, efficiency at Optima continues to lag sector averages. Cost per avg. assets remained stable at a high 9.2% in 2013, compared to 3.5% sector average over the same period.

Loan impairment charges receded in 2013 to 14.4% of pre-impairment profit from 40.1% in 2012. This is better than the sector average of 34.2% over the same period, despite the higher risk composition of Optima's factoring customers. Fitch believes that management has adeptly managed the company risk appetite and cost of risk has remained below market averages in three of the last four years.

Capitalisation and Leverage

Figure 6
Leverage
Equity / Assets



Source: Fitch

Figure 5
Stable Leverage

(%)	2010	2011	2012	2013
Equity/total assets	19.4	19.5	20.6	18.6
Internal capital generation	10.1	5.8	8.2	0.91

Source: Fitch

Presently Optima does not meet the floor of TRY20m share capital imposed by BRSA regulations, which was TRY16m at end-2013. Management has increased paid in share capital by TRY1.5m in 2Q14 and another TRY2.5m is planned in 2015. The increase will likely arrive in the form of a conversion of reserves.

The BRSA does not impose bank-like capitalisation ratios on factoring and leasing companies in Turkey. Regulations state that companies operate above a generous floor, in Fitch's opinion, set at 3% equity to assets. Equity to assets has fallen 202bp to 18.6% at end-2013 from 20.6% a year earlier. This was driven by the 13.6% growth in total assets. This places Optima in line with the sector average (see figure 6), however this should be seen in light of the higher leverage at bank-owned subsidiaries.

Optima plans to pay a TRY3.8m dividend in 2014. The proceeds will be used to pay for the purchase by AB Holding of Optima's head office. This amounts to 2.36% of end-2013 equity at Optima. Given the reliance on confidence sensitive sources of funding, it is necessary in Fitch's opinion that factoring companies maintain a substantial equity buffer to provide for both future sustainable growth as well as to absorb potential losses.

Funding and Liquidity

Optima funds itself through equity, bilateral bank loans and other factoring companies. The non-equity funding structure at end-2013 was split between funding from bilateral bank facilities (75%) and further discounting of invoices (25%). Cheques backing invoices not re-pledged to other factoring companies are pledged against bilateral bank facilities. This is partly driven by a need to provide security for borrowings but also arises as a result of a lack of ability by factoring companies to clear cheques.

Optima has applied for, and received permission for, a possible market issuance up to TRY50m. Markets in Turkey have been receptive to factoring company issuance. However, the current political turmoil has meant that management has shelved plans in the near-term future. Fitch would find market issuance positive as it would help to diversify funding and elongate liability maturities.

Like many of its peers in the sector Optima does not hold excess liquidity. Management of liquidity at Optima is achieved through maintaining adequate gaps between maturing receivables and liabilities in addition to maintaining a healthy buffer of committed but undrawn credit lines from banks. Factoring companies in Turkey typically secure the receivables and then look to match funding. As such liquidity squeezes are borne from deteriorating asset quality as funding cannot be withdrawn.

Receivables typically mature every 80-90 days and borrowing 100-120 days. Optima attempts to maintain a 30 day buffer between asset and liabilities maturities. At end-1Q14, average maturities at Optima were 98 days for receivables and 128 days for funding.

Optima Faktoring A.S.
Income Statement

	31 Dec 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	TRYth	Earning Assets	TRYth	Earning Assets	TRYth	Earning Assets	TRYth	Earning Assets
1. Interest Income on Loans	12.5	26,764.1	19.09	34,723.8	28.01	27,072.8	22.03	20,858.1	17.91
2. Other Interest Income	0.0	49.3	0.04	366.7	0.30	367.5	0.30	155.2	0.13
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	12.6	26,813.4	19.13	35,090.5	28.31	27,440.3	22.33	21,013.3	18.05
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	5.6	11,874.1	8.47	17,506.6	14.12	15,090.6	12.28	8,966.3	7.70
7. Total Interest Expense	5.6	11,874.1	8.47	17,506.6	14.12	15,090.6	12.28	8,966.3	7.70
8. Net Interest Income	7.0	14,939.3	10.66	17,583.9	14.19	12,349.7	10.05	12,047.0	10.35
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
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	3.0	6,446.2	4.60	5,395.1	4.35	4,390.4	3.57	3,955.6	3.40
14. Other Operating Income	(0.1)	(198.9)	(0.14)	849.7	0.69	876.5	0.71	1,078.9	0.93
15. Total Non-Interest Operating Income	2.9	6,247.3	4.46	6,244.8	5.04	5,266.9	4.29	5,034.5	4.32
16. Personnel Expenses	3.7	7,887.5	5.63	6,860.7	5.54	6,075.6	4.94	5,765.0	4.95
17. Other Operating Expenses	2.3	4,950.2	3.53	5,065.6	4.09	3,660.4	2.98	2,750.3	2.36
18. Total Non-Interest Expenses	6.0	12,837.7	9.16	11,926.3	9.62	9,736.0	7.92	8,515.3	7.31
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-impairment Operating Profit	3.9	8,348.9	5.96	11,902.4	9.60	7,880.6	6.41	8,566.2	7.36
21. Loan Impairment Charge	0.6	1,204.3	0.86	4,769.6	3.85	1,024.1	0.83	780.8	0.67
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	3.3	7,144.6	5.10	7,132.8	5.75	6,856.5	5.58	7,785.4	6.69
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	0.1	265.3	0.19	2,549.8	2.06	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	53.5	0.04	235.0	0.20
29. Pre-tax Profit	3.5	7,409.9	5.29	9,682.6	7.81	6,910.0	5.62	8,020.4	6.89
30. Tax expense	0.9	1,862.9	1.33	1,887.6	1.52	1,452.8	1.18	1,639.2	1.41
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net income	2.6	5,547.0	3.96	7,795.0	6.29	5,457.2	4.44	6,381.2	5.48
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	2.6	5,547.0	3.96	7,795.0	6.29	5,457.2	4.44	6,381.2	5.48
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	2.6	5,547.0	3.96	7,795.0	6.29	5,457.2	4.44	6,381.2	5.48
40. Memo: Common Dividends Relating to the Period	2.5	5,296.0	3.78	5,550.0	4.48	4,000.0	3.26	4,000.0	3.44
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = TRY2.13620

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

Optima Faktoring A.S.
Balance Sheet

	31 Dec 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	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
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	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.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	66.8	142,619.3	96.62	138,271.7	104.80	123,153.8	95.85	119,421.7	98.28
6. Less: Reserves for Impaired Loans	1.4	3,042.7	2.06	14,322.6	10.86	9,553.6	7.44	8,529.0	7.02
7. Net Loans	65.3	139,576.6	94.56	123,949.1	93.94	113,600.2	88.42	110,892.7	91.26
8. Gross Loans	66.8	142,619.3	96.62	138,271.7	104.80	123,153.8	95.85	119,421.7	98.28
9. Memo: Impaired Loans included above	1.6	3,356.1	2.27	15,480.7	11.73	10,241.0	7.97	8,529.0	7.02
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	0.3	600.0	0.41	0.0	0.00	9,270.7	7.22	5,545.5	4.56
2. Reverse Repos and Cash Collateral	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.	-
4. Derivatives	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Available for Sale Securities	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.	-
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Memo: Government Securities included Above	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.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	65.6	140,176.6	94.96	123,949.1	93.94	122,870.9	95.63	116,438.2	95.83
C. Non-Earning Assets									
1. Cash and Due From Banks	0.7	1,394.2	0.94	1,135.3	0.86	530.3	0.41	1.8	0.00
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	0.1	187.3	0.13	183.3	0.14	n.a.	-	n.a.	-
4. Fixed Assets	0.5	1,123.2	0.76	1,078.1	0.82	3,286.6	2.56	3,598.8	2.96
5. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	0.0	59.4	0.04	72.4	0.05	48.7	0.04	32.6	0.03
7. Current Tax Assets	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. Deferred Tax Assets	0.2	474.2	0.32	447.8	0.34	1,212.9	0.94	1,023.5	0.84
9. Discontinued Operations	0.0	0.0	0.00	0.0	0.00	n.a.	-	n.a.	-
10. Other Assets	2.0	4,199.2	2.84	5,076.3	3.85	531.5	0.41	411.5	0.34
11. Total Assets	69.1	147,614.1	100.00	131,942.3	100.00	128,480.9	100.00	121,506.4	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deposits from Banks	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.	-
7. Other Deposits and Short-term Borrowings	55.4	118,387.1	80.20	103,257.5	78.26	102,051.0	79.43	95,752.8	78.80
8. Total Deposits, Money Market and Short-term Funding	55.4	118,387.1	80.20	103,257.5	78.26	102,051.0	79.43	95,752.8	78.80
9. Senior Debt Maturing after 1 Year	0.0	0.0	0.00	0.0	0.00	0.0	0.00	755.6	0.62
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	0.0	0.0	0.00	0.0	0.00	0.0	0.00	755.6	0.62
13. Derivatives	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	55.4	118,387.1	80.20	103,257.5	78.26	102,051.0	79.43	96,508.4	79.43
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	0.1	269.2	0.18	220.8	0.17	205.1	0.16	263.0	0.22
4. Current Tax Liabilities	0.2	452.6	0.31	n.a.	-	71.1	0.06	440.5	0.36
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	0.5	1,056.2	0.72	1,228.3	0.93	1,163.0	0.91	761.0	0.63
10. Total Liabilities	56.3	120,165.1	81.40	104,706.6	79.36	103,490.2	80.55	97,972.9	80.63
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	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.	-
G. Equity									
1. Common Equity	12.8	27,449.0	18.60	27,235.7	20.64	24,990.7	19.45	23,533.5	19.37
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
6. Total Equity	12.8	27,449.0	18.60	27,235.7	20.64	24,990.7	19.45	23,533.5	19.37
7. Total Liabilities and Equity	69.1	147,614.1	100.00	131,942.3	100.00	128,480.9	100.00	121,506.4	100.00
8. Memo: Fitch Core Capital	12.8	27,389.6	18.55	27,163.3	20.59	23,729.1	18.47	23,500.9	19.34
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate USD1 = TRY2.13620 USD1 = TRY1.78190 USD1 = TRY1.91110 USD1 = TRY1.54130

Optima Faktoring A.S.
Summary Analytics

	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	19.06	26.56	22.32	22.65
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	20.30	28.43	22.93	22.80
4. Interest Expense/ Average Interest-bearing Liabilities	10.71	17.05	15.20	12.48
5. Net Interest Income/ Average Earning Assets	11.31	14.25	10.32	13.07
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	10.40	10.38	9.47	12.22
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	11.31	14.25	10.32	13.07
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	29.49	26.21	29.90	29.47
2. Non-Interest Expense/ Gross Revenues	60.59	50.05	55.27	49.85
3. Non-Interest Expense/ Average Assets	9.18	9.16	7.79	8.88
4. Pre-impairment Op. Profit/ Average Equity	30.53	45.58	32.48	37.50
5. Pre-impairment Op. Profit/ Average Total Assets	5.97	9.14	6.30	8.93
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	14.42	40.07	13.00	9.11
7. Operating Profit/ Average Equity	26.13	27.31	28.26	34.08
8. Operating Profit/ Average Total Assets	5.11	5.48	5.49	8.12
9. Taxes/ Pre-tax Profit	25.14	19.49	21.02	20.44
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	20.29	29.85	22.49	27.94
2. Net Income/ Average Total Assets	3.97	5.99	4.37	6.65
3. Fitch Comprehensive Income/ Average Total Equity	20.29	29.85	22.49	27.94
4. Fitch Comprehensive Income/ Average Total Assets	3.97	5.99	4.37	6.65
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/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
2. Fitch Eligible Capital/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	18.30	20.33	18.65	19.35
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	18.60	20.64	19.45	19.37
8. Cash Dividends Paid & Declared/ Net Income	95.48	71.20	73.30	62.68
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	95.48	71.20	73.30	62.68
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Internal Capital Generation	0.91	8.24	5.83	10.12
E. Loan Quality				
1. Growth of Total Assets	11.88	2.69	5.74	72.91
2. Growth of Gross Loans	3.14	12.28	3.13	84.42
3. Impaired Loans/ Gross Loans	2.35	11.20	8.32	7.14
4. Reserves for Impaired Loans/ Gross Loans	2.13	10.36	7.76	7.14
5. Reserves for Impaired Loans/ Impaired Loans	90.66	92.52	93.29	100.00
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	1.14	4.26	2.90	0.00
7. Impaired Loans less Reserves for Impaired Loans/ Equity	1.14	4.25	2.75	0.00
8. Loan Impairment Charges/ Average Gross Loans	0.86	3.65	0.84	0.85
9. Net Charge-offs/ Average Gross Loans	(0.88)	(0.42)	(0.29)	(0.32)
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.48	11.31	8.32	7.14
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 (excluding derivatives)	n.a.	n.a.	n.a.	n.a.

Optima Faktoring A.S. Reference Data

	31 Dec 2013			31 Dec 2012		31 Dec 2011		31 Dec 2010	
	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	0.5	1,158.0	0.78	938.0	0.71	n.a.	-	n.a.	-
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	69.6	148,772.1	100.78	132,880.3	100.71	128,480.9	100.00	121,506.4	100.00
8. Memo: Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	65.7	140,445.5	95.14	130,712.8	99.07	121,287.8	94.40	92,087.8	75.79
Average Earning Assets	61.8	132,062.9	89.46	123,410.0	93.53	119,654.6	93.13	92,159.4	75.85
Average Assets	65.4	139,778.2	94.69	130,211.6	98.69	124,993.7	97.29	95,889.2	78.92
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	51.9	110,822.3	75.08	102,654.3	77.80	99,279.7	77.27	71,857.1	59.14
Average Common equity	12.8	27,342.4	18.52	26,113.2	19.79	24,262.1	18.88	22,843.0	18.80
Average Equity	12.8	27,342.4	18.52	26,113.2	19.79	24,262.1	18.88	22,843.0	18.80
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.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 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.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 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	12.8	27,449.0	18.60	27,235.7	20.64	24,990.7	19.45	23,533.5	19.37
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	12.8	27,449.0	18.60	27,235.7	20.64	24,990.7	19.45	23,533.5	19.37
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	12.8	27,449.0	18.60	27,235.7	20.64	24,990.7	19.45	23,533.5	19.37
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	0.0	59.4	0.04	72.4	0.05	48.7	0.04	32.6	0.03
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	1,212.9	0.94	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	12.8	27,389.6	18.55	27,163.3	20.59	23,729.1	18.47	23,500.9	19.34
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 = TRY2.13620

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

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