

THE TURKISH FACTORING INDUSTRY

September 2013

TURKrating
Global Experience - Local Insight

THE FACTORING INDUSTRY IN TURKEY

September 2013

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Preface

Organized under the Turkish Factoring Association, the Turkish factoring industry made impressive progress in previous years despite the delay in the the enactment of its law since 2008. On 21 December 2012 the long-awaited Law Number 6361 was promulgated giving Leasing, Factoring and Consumer Finance Companies a legal basis marking the beginning of a new era. The new law qualifies Leasing, Factoring, and Financing Companies as “non-bank financial institutions” (NBFI) and targets to align regulations to international standards and current practices.

Factoring companies are now organized under an Association together with Financial Leasing and Financing companies as of October 2013. The new system is expected boost improvements in all three sectors with regards better transparency and corporate governance. The semi-public association of non-bank institutions is expected to achieve better awareness of and use of factoring services.

Once again, we tried to address in particular creditors and investors interested in factoring companies, by providing a good insight to the complex world of factoring companies. The trends, opportunities and challenges faced by factoring companies are presented in the light of regulatory and economic developments. The analyses covered in our report is also intended to serve as a useful source to investor groups planning to enter the sector and to fund managers who purchase factoring companies' bonds in the capital markets.

As we are able to obtain reliable data from BRSA on the factoring sector for years 2008 through 2012 our analyses are now based on five-year data. Developments in 2012 are analyzed in the light of the economic background and changing circumstances. Once again developments in 2012 proved that even if economic growth slows down from 8.8% to 2.2%, the factoring sector does not downsize as much.

As we indicated in previous reports, details on the ownership structure of factoring companies and their quantitative data revealed the existence of a number of sub-sectors within the industry. Turkish factoring companies have different organizational structures, and they service different segments of customers and even provide different services. Our study revealed that looking at average values or ratios across the sector and evaluating any particular company in the light of such averages could lead to misleading conclusions. We also noted that reactions to changes in the economic environment can significantly differ in terms of growth strategies. As a result of these strategies, there have been noticeable changes in market shares of companies and in their ranking according to asset size.

We are very grateful to the members of the Turkish Factoring Association for contributing valuable data and information to this report and also to all the representatives of the many companies who assisted us in understanding the problems of the sector.

Glnur ok
General Manager of Turkrating

1. EXECUTIVE SUMMARY

In recent years Turkish factors have been proactive in building a sector that represents an alternative funding source for SMEs, complementing the banking sector. Their efforts to enhance their image have been effective in getting the support of the regulators and the government, and late November 2012 a new Law has been introduced which largely improved their status. Factoring companies are now part of “non-bank financial institutions” together with leasing and customer finance companies. The number of customers expanded to achieve better awareness of and use of factoring services and there was both geographic expansion and penetration to different segments. The positive energy in this sector attracted the attention of several international equity funds who undertook partial ownerships and one of the state owned banks, Halkbank, took the initiative to establish a factoring industry. The increase in the number of players in the sector created fierce competition pulling down profit margins. But, at the same time this competition and the diversity of the players were instrumental in raising corporate governance standards.

By the end of 2012, total assets of the 78¹ operating factoring companies reached TL18.2 billion and factoring receivables reached TL16.3 billion with shareholder’s equity around TL3.9 billion. Once again the increase in loan disbursements remained at a very limited level. Factoring companies provided 21.3% of their funding with their shareholder’s equity and 70.5% from bank loans. Bond issues saw an increase in 2012 with the stock balance reaching 978 million TL by the year’s end. By mid-2013 it reached TL 1.4 billion.

The Turkish Factoring Industry is the 16th largest among the 267 members of Factors Chain International (FCI) in 72 countries. In 2012 among the members of FCI Turkey had 18% share in international factoring and ranked second in both export factoring and the two-factor export transactions after China. Turkey exports to 170 countries and exporters have benefited from export factoring.

Year 2012 did not present a favorable environment for the factoring industry. 2012 saw a slowdown in economic activities in Turkey and many other countries. While there was low demand for consumption and investment in Europe as a consequence of stabilization measures, the increase in national income was 2.2% in Turkey, well below official targets. The fall in the pace of GDP growth was largely the result of weak demand in export markets and the credit limit set by the government. The main business field for factoring sector, the manufacturing industry, saw a growth below %2.0 while the growth rate in construction sector, also one of the important fields for factoring, dropped from 11.5% to 0.6%. Having shown an increase of 18% in 2011, fixed capital investments dropped by 2.5% as private sector investments also decreased by 4.5%. Despite unfavorable conditions factoring receivables registered 12.8% growth in 2012. Excluding the energy sector the annual increase comes down to below 1%. A year ago, in 2011, energy-excluded factoring receivables recorded a 32.3% increase.

Total factoring turnover in 2012 rose from TL 70.7 billion to TL 77.3 billion (10%) in 2012. International turnover was up from TL11.8 billion to TL 13.8 billion (17%) and domestic turnover from TL 58.9 billion to TL 63.6 billion (8%). Turnover growth in USD terms, declined from USD 51.6 billion in 2010 to USD 44.3 billion in 2012.

The distribution of factoring receivables by sector in BRSA’s tables shows that 56.6% of factoring receivables were revocable (66.6% in 2011), 43.2% irrevocable (33.4% in 2011). Irrevocable

¹ Halk Faktoring A.Ş. was granted an operating license until 28.11.2012, therefore the number of factoring companies is shown as 78 in tables that refer to BRSA. In our comparative tables, the number of companies is 77 since Halk Faktoring is excluded.

transactions have increased by 68.5% while revocable transactions dropped by 3.8%. According to BRSA, 78 factoring companies operating at the end of 2012 have 62 branch offices in 16 cities with a total of 185 representative agencies. There has been no significant growth in number of customers but the drop in the number of contracts indicate a rise in average value of contracts.

The combined 52% share of the top five largest companies in 2008 fell to 38% in 2012 while the medium-sized companies' share rose from 24% to 43%. In 2012, the average balance sheet size of the top 4 companies was above 1 billion TL. We observed that companies with similar asset size differed in their business strategies under changing economic circumstances. In none of the groups there was a shared policy towards growth or downsizing policies. New entries into the sector continued with five companies receiving establishment licenses. Among the new licensed companies, Halk Faktoring, a subsidiary of Halk Bank, and Zorlu Faktoring of the Zorlu Group, were founded with 20 million and 10 million TL capital, respectively. Both companies are expected to gain important market shares. A company having obtained its operating license on June 4, 2012, already ranked 43rd in terms of asset size by the end of the year. The top 3 companies maintained their market shares but there were substantial changes in the market shares of the top 20 companies.

In addition to the slowdown in economic activities and the sharp reduction in private sector investments, the stringent monetary policy of the Central Bank triggered a surge in non-performing loans of factoring companies in 2012. Meanwhile the volume of bounced checks and protested bills increased impacting the asset quality of a number of factoring companies and NPL ratio rose to 4.7% (3.9% in 2011). The 14 bank-owned factoring companies representing 54.4% of total assets reported 39.7% of the total net profits. The 24 largest non-subsidiary independent companies representing 36.9% of total assets reported 56.1% of total net profits. Total equity of the largest two companies accounted for 7.9% of the total equity while the 24 independent companies accounted for 51.2%. Out of the total TL11 billion credit disbursements of the sector, the top two companies had 24.8% share, 24 independent firms had 29.4% share.

The first five sectors in 2012 on which factoring transactions were focused were energy, textile, construction, wholesale, retail, and metal basic industry sectors. The main surge to factoring receivables came from the energy sector. Using factoring services in three separate sub-sectors, the receivables from energy sector went up by 2.1 billion TL (167%) and caused a 13% increase in total. There was no increase in factoring receivables when the energy sector is excluded.

The short-term balance sheet structure of factoring companies enables them to adapt to economic cycles by expanding or downsizing the balance sheet in a significantly short period. Factoring companies also have the advantage of being able to follow their customers' businesses through their check volumes. They can easily detect the early signs of deterioration in economic conditions.

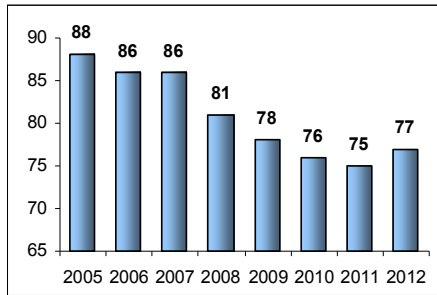
In 2013 the economy picked up to a modest 3% GDP growth. Interest rates dropped significantly up to mid-May then recovered back. The local currency depreciated by 15% after May. In brief, it was a highly difficult environment for the factoring companies. Factoring companies managed to increase their business volume but profits were down. Gross factoring receivables posted 10% increase in the first half of the year, profits were down by 17%.

2. AN OVERVIEW OF THE FACTORING SECTOR IN TURKEY

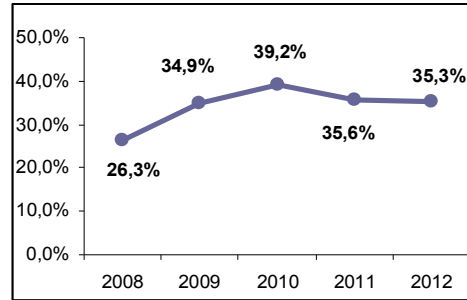
Despite the significant slowdown in the economy, in 2012 growth process of the Factoring industry in the last three years continued with 15% growth in net factoring receivables. At the end of 2012 total assets reached TL18.2 billion but the industry's share among non-bank financial institutions remained around 35%. Total shareholders' equity went up by 14% and net profit for the period saw an increase of 27%. As in the previous year loans provided to the real sector was 4.2 times shareholders' equity. As of December 2012, the sector provided services to over 67000 corporations with its 78 factoring companies, 62 branches, and 185 representative offices.

While appearing to be a high number, the 78 factoring companies differ under a number of sub-sectors which have different organizational structures; they service different segments of customers and even provide different services. Their strengths and weaknesses can only be assessed in terms of their specific competitive areas. The new Law on Financial Leasing, Factoring, and Financial Institutions that entered into force on December 13, 2012 marks a significant threshold in the development of the industry. The new adjustment period that will end in 2015 began with the enactment of this law. In this period, some small companies may be liquidated, some may change hands or gain strength with possible acquisition of shares by foreign funds. However, it is clear that under new rules they will have to have to be financially stronger and develop information and risk management systems of international standards.

Graph 1 – The number of Factoring Companies

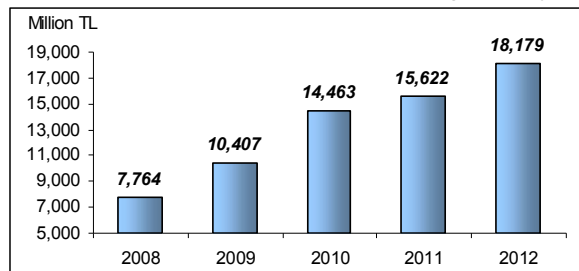


Graph 2 – Share among Non-Bank Institutions



The current statistical data evidences that the industry continues to grow and that a number of new companies have entered after numerous companies exited, not being able to adjust to the new regulations until 2011. In the coming years we expect to see further growth as factoring services will be better understood and reach a wider customer base. Annual growth may be limited to 10%. The momentum of profit growth is more important. Given the existing supervision of the regulators, as companies will learn to be more transparent and accountable to stakeholders, the interest of foreign investors in this industry will continue.

Graph 3 – Total Assets of the Factoring Industry



With the entry of new players additional capital came to the industry. Total shareholders equity increased by 26.5% in 2012 and is expected to reach TL 15.0 billion by the end of 2015. Total credit disbursements showed an increase of 12% to TL12.8 billion in 2012 and represented 70.5% of total assets.

Table 1 - Structural Indicators

	2008	2009	2010	2011	2012
Number of Companies	81	78	76	74	78
Number of Branches	20	26	28	25	62
Number of Rep. Offices	128	116	175	218	185
Number of Personnel	3009	2959	3557	3819	4186
Number of Customers	50,228	40,997	57,094	66,648	67,054
Number of Fac. Agreements	146,558	65,952	89,516	91,029	84,769

Source: BRSA

Table 2 - Financial Indicators

	2008	2009	2010	2011	2012
Factoring Receivables	5,591.17	8,350.82	12,369.84	14,218.07	16,332.54
Non- Performing Loans	510.13	522.34	525.00	565.47	802.19
Specific Provisions		437.93	448.46	451.18	656.80
Banks		1,069.55	1,155.79	451.22	716.12
Credit Disbursements	4,943.78	7,499.22	10,960.99	11,438.67	12,811.10
Shareholders Equity	2,340.50	2,493.33	2,940.32	3,376.55	3,866.77
Total Assets	7,763.82	10,407.04	14,462.61	15,621.87	18,178.80
Net Income/Loss	427.00	330.20	412.08	492.71	623.55

Source: BRSA

Table 3 - Financial Ratios

	2008	2009	2010	2011	2012
Shareholders Equity/Total Assets	30.45	24.96	20.33	21.70	21.27
Credits/Total Assets	63.68	72.06	79.79	73.24	70.48
Factoring Receivables/Total Assets	72.02	80.24	85.53	90.87	89.84

Source: BRSA

Table 4 - Factoring Industry Main Indicators

	2008	2009	2010	2011	2012
Share in Non-Bank Financial Institutions	26.3	34.9	39.2	35.6	47.3
Receivables/Equity (x)	2.4	3.4	4.2	4.2	4.2
Number of Loss Making Companies	13	15	14	10	9
FC Assets/Total Assets	15.4	8.2	9.1	11.1	9.0
FC Liabilities/Total Liabilities	35.1	16.9	17.5	19.3	16.0
Transaction Limit Ratio	2.3	3.5	4.4	4.4	4.4

Source: BRSA

The above tables are all BRSA data. They may differ from other data and ratios used in our analyses in other sections. Tables and graphs which do not indicate a source are our calculations based on BRSA data downloaded on 25 February 2013 and individual audit reports

The Sector Gains Momentum in the Second and Fourth Quarters

Very similar to the case in 2011, growth in 2012 followed a stagnant course in the first and third quarters and accelerated in the second and fourth.

Table 5 - Quarterly Main Indicators (Million TL)

	Q1 / 2011	Q2 / 2011	Q3 / 2011	Q4 / 2011	Q1 / 2012	Q2 / 2012	Q3 / 2012	Q4 / 2012
Factoring Receivables	12,411	13,653	13,797	14,229	13,898	15,372	14,818	16,332
Total Credits	10,798	11,368	11,244	11,464	11,321	12,278	11,435	12,811
FC Credits	2,811	2,873	3,093	2,974	2,739	2,765	2,863	2,873
TL Credits	7,987	8,495	8,151	8,490	8,582	9,513	8,572	9,938
Equity	3,032	3,058	3,235	3,400	3,388	3,472	3,659	3,867
Total Assets	14,352	15,119	15,253	15,652	15,516	16,827	16,334	18,178

Source: BRSA

Table 6 – Share in Total Assets (%)

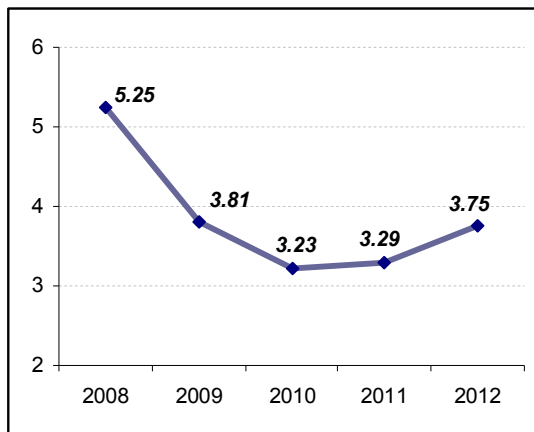
	Q1 / 2010	Q2 / 2010	Q3 / 2010	Q4 / 2010	Q1 / 2011	Q2 / 2011	Q3 / 2011	Q4 / 2011	Q1 / 2012	Q2 / 2012	Q3 / 2012	Q4 / 2012
Banks + Liquid Assets	10.1	8.4	7.6	8.1	6.1	3.5	3.0	2.9	3.7	2.4	2.5	4.0
Factoring Receivables	82.1	84.5	84.8	85.5	86.5	90.3	90.5	90.9	89.6	91.2	90.7	89.8
NPLs	0.7	0.6	1.3	0.5	0.5	0.6	0.7	0.8	0.8	0.8	0.8	0.8
Other Assets	7.2	6.5	6.3	5.9	6.9	5.7	5.9	5.4	5.9	5.4	5.9	5.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Credits	74.6	75.8	76.4	77.2	75.8	76.2	74.8	74.5	74.5	74.7	71.6	72.0
Equity	23.0	21.5	21.0	20.3	21.1	20.2	21.2	21.7	21.8	20.6	22.4	21.3
Other Liabilities	1.5	1.2	0.4	0.4	2.4	2.0	1.6	0.5	2.7	2.8	3.1	3.5
Net Income	0.9	1.6	2.2	2.8	0.7	1.5	2.4	3.2	0.9	1.9	3.0	3.5

Source: The Factoring Association

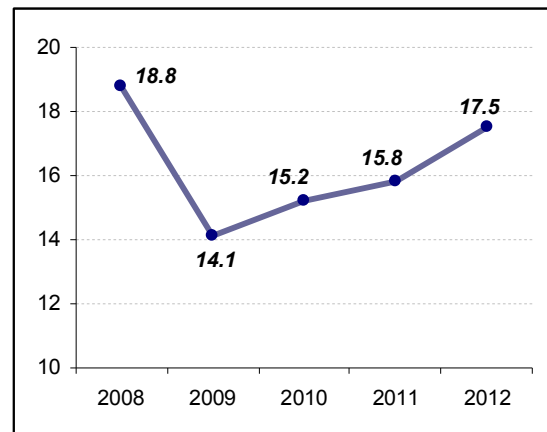
Increase in Profitability

Profitability has been on an increasing trend in the last three years. Net income was 3.7% of average assets and 17.5% of average equity in 2012 showing significant improvement over the previous year.

Graph 4 - Net Income/Average Assets (%)



Graph 5 - Net Income/Average Shareholders Equity (%)



Source: BRSA

Industry Concentration

The two following tables are effective summaries of the results on the analysis of sub-groups. To put it simply, the 14 bank affiliate factoring companies which have a 55% share in all factoring transactions operate with less shareholders' equity, more loan usage but they make less profit compared to others since they work with comparately less risky customers. When you look at the largest 24 independent companies, it is just the opposite; NPL rate is twice as much; factoring interest margin is high with higher shareholders' equity and less loan usage. But they have made 56.4% of the sector's total profit.

Table 7 - Comparison of Independent Factoring Companies and Bank-owned Companies (%)

	Share in Total Assets	Share in Total Factoring Receivables	Share in Net Profit	Share in Shareholders' Equity	Share in Loans
Top 2 Bank-owned Companies	20,6	21,2	11,8	8,4	26,4
Top 14 Bank-owned Companies	52,4	54,0	32,5	28,9	63,7
Top 6 Independent Companies	16,8	17,4	31,9	24,3	11,0
Top 14 Independent Companies	28,5	27,8	44,8	43,8	19,3
Top 24 Independent Companies	36,3	35,6	56,4	53,7	25,7

Table 8 - Profitability Comparison of the Independent Factoring Companies and Bank-owned Companies (%)

	NPL Ratio	ROAA	ROAE	Fact. Int. Margin
Top 2 Bank-owned Companies	2,5	2,1	32,8	3,4
Top 14 Bank-owned Companies	3,9	2,1	19,4	4,8
Top 6 Independent Companies	5,9	6,9	32,9	12,0
Top 14 Independent Companies	6,8	5,2	23,6	11,3
Top 24 Independent Companies	7,1	5,1	23,3	10,7

Companies that are either bank affiliates or indirectly enjoy bank support by being part of a conglomerate that owns a bank are privileged in many respects. Independent companies' access to financing is usually not easy. Bank affiliates get the support of the branch network and have unlimited access to funding. In some cases they share the customers, the central risk management system and the marketing efforts may be through the branch network. There is clearly no fair competition among the two groups. Despite the unfair competition four independent companies have been able to climb up the list and joined the top ten largest companies.

Composition of Factoring Receivables

The distribution revealed on BRSA's sectorial factoring receivables tables show that 57% of factoring receivables is revocable and 43% is in an irrevocable nature. The rates were 66.7% to 33.3% until 2011. Revocable transactions dropped by 3.6% as irrevocable transactions increased by 45.95%.

Table 9 – Distribution of Factoring Receivables (1000 TL)

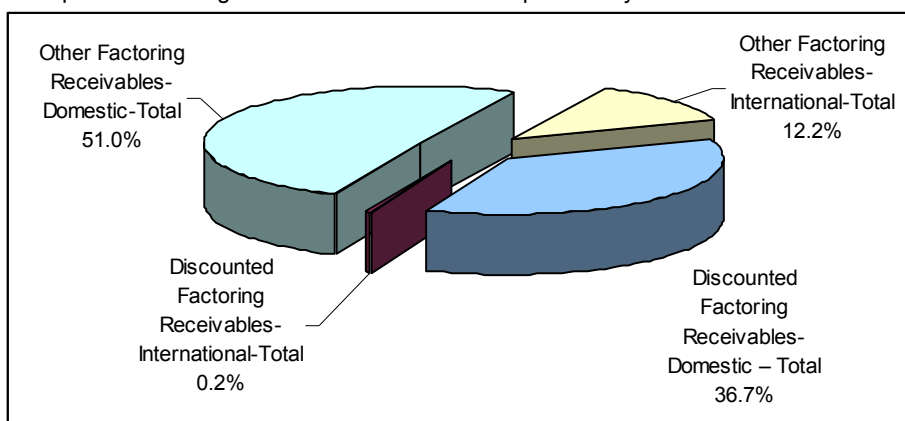
	2008	2009	2010	%	2011	%	2012	%
Recourse	5,852,370	9,621,717	8,739,120	56.8	11,353,024	66.7	10,947,152	56.9
Non-Recourse	1,512,415	1,674,643	6,660,114	43.2	5,690,038	33.3	8,304,781	43.1
Total	7,364,785	11,296,360	15,399,234	100.0	17,043,062	100.0	19,251,933	100.0

Table 10 – Factoring Receivables Composition by Recourse/Non-Recourse (1000 TL)

	2008	2009	2010	2011	2012
Discounted Factoring Receivables-Domestic-Recourse	3,099,750	3,750,230	4,674,216	5,654,630	6,502,297
Discounted Factoring Receivables-Domestic-Non-Recourse	203,088	97,356	170,373	316,118	559,333
Discounted Factoring Receivables-Domestic – Total	3,302,838	3,847,586	4,844,589	5,970,748	7,061,630
Discounted Factoring Receivables-International-Recourse	0	0	0	812	1,911
Discounted Factoring Receivables-International-Non-Recourse	22	29	24,936	0	34,276
Discounted Factoring Receivables-International-Total	22	29	24,936	812	36,187
Other Factoring Receivables- Domestic-Recourse	2,377,882	5,564,043	3,459,791	5,049,820	3,997,324
Other Factoring Receivables- Domestic-Non-Recourse	381,192	1,001,393	5,339,863	3,087,006	5,812,097
Other Factoring Receivables- Domestic-Total	2,759,074	6,565,436	8,799,654	8,136,826	9,809,421
Other Factoring Receivables-International-Recourse	374,738	278,418	605,113	647,762	445,620
Other Factoring Receivables-International-Non-Recourse	928,113	575,865	1,124,942	2,286,914	1,899,075
Other Factoring Receivables-International-Total	1,302,851	854,283	1,730,055	2,934,676	2,344,695
Factoring - GROSS TOTAL*	7,364,785	11,267,334	15,399,234	17,043,062	19,251,933

Note: The above Gross Total of Factoring Receivables is higher than the Factoring Receivables given in the Balance Sheet because factoring companies report to BRSA their receivables amount, including interest and commission revenues.

Graph 6 – Factoring Receivables in 2012 – Composition by Recourse/Non-Recourse



Maturity in Factoring

Most factoring companies work with 90 to 120-day terms. Discounting receivables is typically for a period of less than three months. Some companies can gain a competitive edge by discounting longer-term checks. These short maturities provide an important advantage to factoring companies. They have the flexibility to downsize or enlarge their receivables very rapidly in reaction to changing economic circumstances. Other non-bank financial institutions do not have such flexibility. We have noted that in the past, managements have adopted very different strategies as a response to cyclical changes. While the flexibility to change the volume of factoring receivables is an opportunity for managements, it also means that a company's financial situation may deteriorate in a very short period. As audited statements are made public only once a year, investors and creditors are unable to detect worsenings in the financial performance of these companies before the audit reports are available.

FC Funding and Transactions

In 2012 international factoring decreased by 9% in TL terms and its share dropped from 17% to 12%.

Table 11 – Domestic and International Factoring Composition (1000 TL)

	2008	2009	2010	2011	2012
Domestic	6,061,912	10,442,048	13,806,423	14,107,574	16,871,051
International	1,302,873	854,312	1,754,991	2,935,488	2,380,882
Total	7,364,785	11,296,360	15,399,234	17,043,062	19,251,933

The majority of companies has confined their activities to domestic factoring and does only TL transactions; they avoid currency risk and borrow only in TL. In 2012 only 10% of net factoring receivables and only 22% of total credits were in foreign currency.

Table 12 - Net Factoring receivables TL/FC Composition (1000 TL)

	2008	2009	2010	2011	2012
TL	5,050	7,838	11,219	12,719	13,871
FC	541	513	1,151	1,510	1,530
Total	5,591	8,351	12,370	14,223	15,372

Source: BRSA

Table 13 - TL/FC Composition of Credits (Million TL)

	Credit Disbursements				Factoring Receivables			
	TL	FC	Total	Share of FC	TL	FC	Total	Share of FC
2008	2,236	2,708	4,944	54.0%	5,051	541	5,592	%9.6
2009	5,739	1,760	7,593	23.2%	7,838	513	8,351	%6.1
2010	8,561	2,535	11,096	22.8%	11,220	1,151	12,370	%9.3
2011	8,490	2,974	11,464	25.9%	12,713	1,510	14,233	%10.6
2012	9,938	2,873	12,811	22.4%	14,578	1,752	16,330	%10.7

Source: BRSA

Turnover

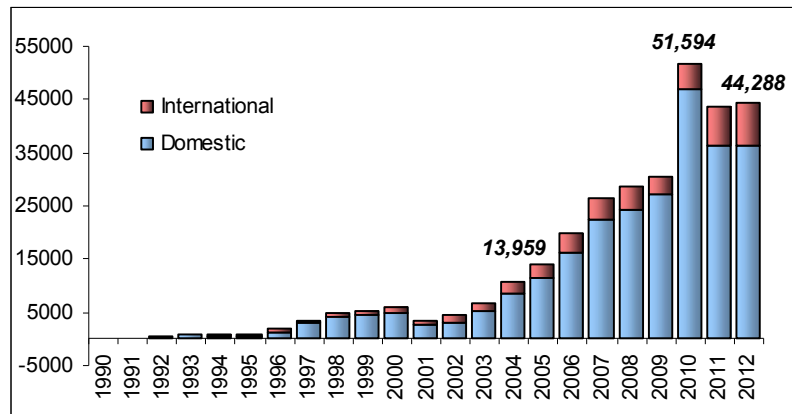
Total turnover showed a 10% increase in 2012 and went up from 70.7 billion TL to 77.3 billion TL while overseas turnover also rose from 11.8 billion TL to 13.8 billion TL (17%). Since annual performance is reported with turnover volume on international platforms, the Factoring Association also compiles the quarterly turnover statistics of its members. The volume of annual turnover is additionally announced by BRSA. Measurement of turnover is an indication of a certain size of business volume but it is not used in company analyses since it does not reflect the financial strength and profitability of the company. Although turnover volume is regarded an element of prestige in the sector, turnover increase has no value if it is not profitable.

Table 14 – Annual Turnover (1000 TL)

	2010	2011	2012
Total Turnover	75,735,561	70,713,528	77,349,313
- International	6,777,000	11,789,000	13,789,000

Source: BRSA

Graph 7 – Annual Turnover (Million USD)



Source: Factoring Association

The quarterly statistics of the Factoring Association (Table 15) showed a continuously decreasing trend in domestic turnover since the second quarter of 2011. In the fourth quarter of 2012, the trend changed and domestic turnover grew by 8% leading to 9.3% increase in total turnover.

Table 15 – Quarterly Turnover (1000 TL) and Percentage Changes

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012
International	2,710	5,405	8,534	11,789	3,314	7,294	10,531	13,747	22.3%	34.9%	23.4%	16.6%
Domestic	15,322	29,868	44,452	58,924	13,457	28,860	43,493	63,583	-12.2%	-3.4%	-2.2%	7.9%
Total Turnover	18,031	35,273	52,986	70,714	16,771	36,154	54,025	77,329	-6.9%	2.5%	2.0%	9.3%

Source: Factoring Association

Table 16 – Annual Domestic and International Factoring Turnover (Million USD)

	Domestic	International	Total
1990	10	90	100
1991	55	128	183
1992	286	168	454
1993	700	270	970
1994	650	220	870
1995	658	300	958
1996	1,319	450	1,769
1997	3,032	550	3,582
1998	4,000	750	4,750
1999	4,518	748	5,266
2000	5,022	921	5,943
2001	2,562	990	3,552
2002	3,216	1,260	4,476
2003	5,250	1,413	6,663
2004	8,640	2,093	10,733
2005	11,607	2,352	13,959
2006	16,216	3,485	19,701
2007	22,470	3,935	26,405
2008	24,447	4,230	28,677
2009	27,110	3,260	30,370
2010	46,919	4,675	51,594
2011	36,350	7,348	43,698
2012	36,330	7,957	44,288

Source: Factoring Association

Risk Concentration by Industry

The factoring industry has traditionally served predominantly the textiles, construction and main metal industries. These sectors are still among the top five sectors they serve but as Table 17 and Graph 8 show at present factoring services are more diversified in terms of the sectors they service. Distribution of risk is in fact much more diversified as there are numerous sub-sectors within these main sector headings. In 2012 “Nuclear Fuel, Refined Petroleum and Coke” has once again risen to the top rank with 12.7% share.

Graph 8 – Year 2012 Annual Turnover Distribution by Sector

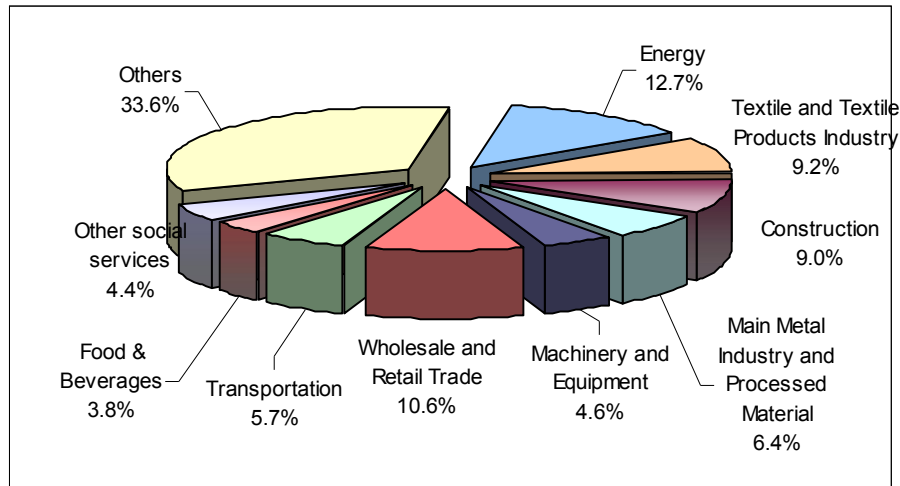


Table 17 - Sectoral Distribution of Annual Turnover (Million TL)

SECTOR	2010		2011		2012	
	2010	% SHARE	2011	% SHARE	2012	% SHARE
Nuclear Fuel, Refined Petroleum and Coke	14,966	19.8	4,955	7.0	9,822	12.7
Wholesale and Retail Trade Motor Vehicle Services	2,874	3.8	6,509	9.2	8,187	10.6
Textile and Textile Products Industry	5,356	7.1	7,147	10.1	7,144	9.2
Construction	5,872	7.8	7,099	10.0	6,952	9.0
Main Metal Industry and Processed Material	3,554	4.7	5,169	7.3	4,933	6.4
Transportation Vehicles Industry	2,537	3.3	4,524	6.4	4,375	5.7
Machinery and Equipment	2,456	3.2	3,129	4.4	3,525	4.6
Other Social and Personal Services	1,704	2.3	3,214	4.5	3,416	4.4
Food, Beverage and Tobacco Industry	1,940	2.6	2,586	3.7	2,925	3.8
Transportation, Warehousing and Communication	2,413	3.2	2,300	3.3	2,920	3.8
Electric, Gas and Water Resources	2,016	2.7	2,856	4.0	2,694	3.5
Manufacturing Industry Not Classified in Other Places	1,467	1.9	2,505	3.5	2,305	3.0
Other Mines Excluding Metal Industry	2,041	2.7	2,256	3.2	2,002	2.6
Chemicals and Synthetic Fibers	1,481	2.0	1,736	2.5	1,777	2.3
Paper and Paper Products	2,292	3.0	2,015	2.8	1,744	2.3
Other	22,766	30.5	12,715	19.2	12,628	16.3
GROSS TOTAL	75,736	100.00	70,714	100.00	77,349	100.00

Source: BRSA

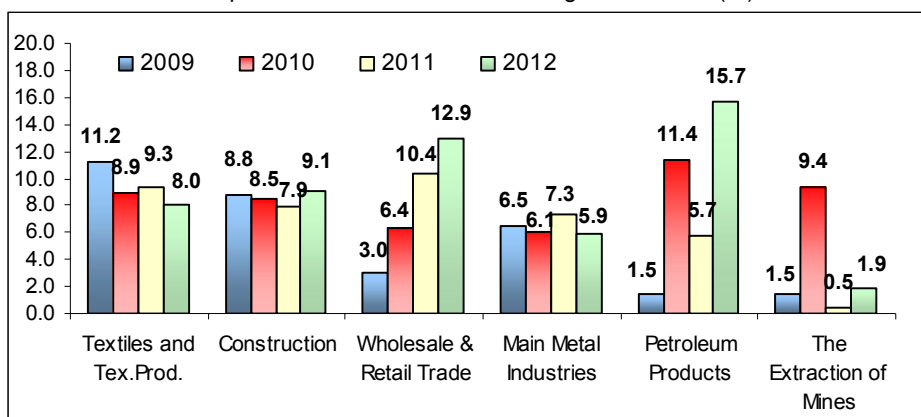
In 2012, 64% of total factoring receivables were allocated to the manufacturing industries, 33% to services, and the rest to agriculture and other sectors.

Table 18 - Sectoral Distribution of Factoring Receivables (1000 TL)

	2008	2009	2010	2011	2012	% Chg.
Total Agriculture	95,805	195,82	221,199	344,915	346,125	0.35
Total Manufacturing Industry	5,397,604	7,694,552	11,414,858	11,114,506	12,169,793	9.49
Extracting of Energy Producing Mines	85,296	169,527	1,451,132	85,327	366,206	329.18
Extracting of None-Energy Producing Mines	23,885	796,184	274,738	227,397	60,228	-73.51
Food, Beverage and Tobacco Ind.	304,366	340,307	508,976	665,278	752,844	13.16
Textile and Textile Products Industry	1,050,976	1,259,521	1,419,056	1,581,795	1,531,142	-3.20
Main Metal Industry and Processed Material	699,905	736,775	947,031	1,237,190	88,150	-92.87
Machinery and Equipment Industry	282,447	608,554	978,392	1,108,525	224,730	-79.73
Transportation Vehicles Industry	597,754	1,425,553	895,277	1,302,630	296,247	-77.26
Manufacturing Industry Not Classified in Other Places	205,748	171,951	359,845	1,398,475	3,024,275	116.26
Nuclear Fuel and Refined Petroleum and Coke Coal Ind.	238,226	171,374	1,762,662	975,584	388,690	-60.16
Electric, Gas and Water Resources	26,472	300,514	612,944	462,729	299,381	-35.30
Chemical Products Industry	396,651	265,633	338,499	453,882	462,607	1.92
Other	1,485,878	1,448,659	1,866,306	1,615,694	4,675,293	189.37
Total Services	1,802,147	3,148,127	3,873,545	5,397,558	6,628,680	22.81
Construction	713,873	988,360	1,366,581	1,350,052	1,758,922	30.29
Wholesale and Retail Trade, Motor Vehicles Services	477,373	337,592	984,913	1,778,088	2,475,080	39.20
Other Social and Personal Services	167,752	507,566	367,774	644,018	187,129	-70.94
Transportation, Warehousing and Communication	190,471	367,204	432,454	521,326	581,395	11.52
Real Estate Brokerage	33,056	89,566	108,695	349,948	480,268	37.24
Other	3068,403	6887074	3760,142	3130,986	1,145,681	-63.41
OTHER	69,229	228,835	51,812	186,083	107,335	-42.32
TOTAL	7,364,785	11,267,334	15,561,414	17,043,062	19,251,933	12.96

Source: BRSA

Graph 9 – Sector Shares in Factoring Receivables (%)



Source: BRSA

As a result of the entry of a large energy company in the factoring market in 2010, the share of traditional industries decreased. In three energy-related sectors (The Extraction of Energy Generating Minerals, The Extraction of Non-Energy Generating Minerals, Nuclear Fuel and Refined Petroleum and Coke Coal Industries), total factoring volume suddenly rose from TL1.1 billion to TL3.5 billion in 2010. When added together, these three sectors increase the share of energy in total factoring volume to 22.4% (10.1% in 2009 and 4.7% in 2008).

The decrease in these three sectors pulled down the total volume in 2011. Then in 2012 once again the volume of these three sectors rose from TL1.3 billion to TL3.5 billion and to 17.9% of the total volume. Thus it is clear that the volumes made by a few energy companies in the factoring market contribute to the reallocation of industry concentration. The annual data is given separately, including and excluding energy, under Tables 19 and 20. The result is that excluding energy the annual increase in 2012 is limited to 0.2%.

Table 19 – Sector Shares Including The Energy Sector (%)

	2008	2009	2010	2011	2012
Energy	4,71	10,07	22,43	7,55	17,91
Nuclear Fuel, Refined Petroleum and Coke	3,23	1,52	11,33	5,72	15,72
Extracting of Mines Product Energy	1,16	1,50	9,33	0,50	1,90
Extracting of Mines Not Product Energy	0,32	7,05	1,77	1,33	0,29
Textile and Textile Products Industry	14,27	11,28	9,12	9,28	7,96
Construction	9,69	8,75	8,78	7,92	9,14
Main Metal Industry Processed Material	9,50	6,53	6,09	7,26	5,94
Machinery and Equipment Industry	3,84	5,39	6,29	6,50	6,10
Wholesale and Retail Trade, Motor Vehicles Services	6,48	2,99	6,33	10,43	12,87
Transportation Vehicles Industry	8,12	12,62	5,75	7,64	7,37
Total	56,61	57,63	64,79	56,58	67,29

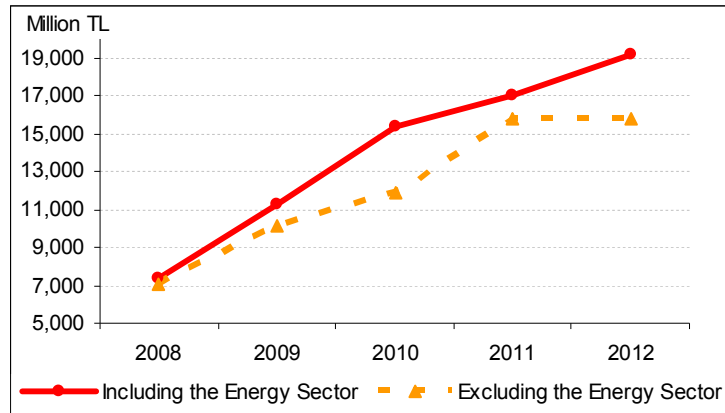
Source: BRSA

Table 20 - Total Factoring Receivables

	2008	2009	2010	2011	Annual Increase	2012	Annual Increase
Incl. Energy Sector	7,364,785	11,267,334	15,399,234	17,043,062	10.67	19,227,689	12.82
Excl. Energy Sector	7,017,378	10,130,249	11,911,273	15,754,754	32.27	15,782,179	0.17

Kaynak: BRSA

Graph 10 - The Growth Trend of Factoring Receivables Including and Excluding Energy Sector



3. FACTORING SERVICES

Factoring Services in Brief

Turkish factoring companies provide three major services to their customers: discounting, collection, and guaranteeing of domestic and international future receivables through the assignment of receivables to the factoring company. Receivables arising from the sale of goods and services include receivables that will arise from future sale of goods and/or the rendering of services.

“Financing” the customer means discounting post-dated receivables against their assignment to the factoring company, thereby providing the customer with cash. “Collection” is purely undertaking the responsibility of the payment of all receivables on the due dates, regardless of a guarantee, and reporting to the customer. Presently, collection of receivables has a relatively small share in these services but is rapidly growing. “Guaranteeing receivables” refers to a payment guarantee of receivables in case a debtor falls into payment difficulty or goes bankrupt.

In many respects factoring constitutes an alternative financing model to banking. It is often referred to as supplier financing or agency financing in Turkey. This is because the suppliers of financially strong and well respected companies can easily generate cash by factoring their receivables from such customers. This system facilitates the cash flow of SMEs by providing them with working capital and liquidity. From the point of SME customers who use factoring services, the foremost advantage of factoring services is the relative simplicity of documentation and the speed of services. The time period between an application to factor a receivable and getting the payment is significantly shorter than the period necessary to obtain a bank loan.

Another advantage for all companies, large and small, is balance sheet enhancement whereby receivables are replaced by cash items subsequent to a guaranteed factoring of receivables. One of the useful functions of factoring is the provision of working capital and liquidity. By employing factoring services, companies may improve their liquidity positions and, thereby, the appearance of their balance sheets. As factoring companies work closely with their customers, they acquire and accumulate information on their customers. In that respect they gain insight into the financial strength and credit standing of these companies. In the case of export factoring, factoring companies enlarge the export market potential of their customers and are able to provide information on the overseas buyers.

The dominance of small and medium sized companies in Turkey constitutes the main trigger of strong demand for factoring services. The more factoring services they will use, the higher will be the proportion of recorded transactions. Factoring plays a positive role in preventing unrecorded sales. While factoring is primarily associated with SMEs, the leading companies also have a fair amount of large corporations among their customers. These corporations view this channel as a financing opportunity that is in addition to their bank limits.

Currently, some of the companies are exploring opportunities to diversify their services. One area that could develop is long-term collection arrangements. Already some companies have made arrangements with public institutions, such as utilities, to collect all of their receivables within a framework agreement.

The SME Factor in Turkey

The Ministry of Industry indicates that SMEs constitute 99.77% of all companies, they employ 78% of total employment and represent 65.5% of all domestic sales, 50% of total investments and 60% of total exports. However their share of total credits is limited to 24%.² Their financial problems stem from insufficient equity and difficulty in funding.

The majority of factoring companies' customers is small and medium-size companies. According to the statistics from the Social Security Administration, there are 1.5 million companies in Turkey. As clearly visible in Table 21, as of December 2012, 63% of these companies were employed fewer than three people while 85% employed fewer than ten people. The backdrop of such an SME concentration in Turkey provides strong demand for factoring services.

Table 21 - Distribution of SMEs in Turkey

Size of Company	No. of Companies	% Share
1 person	540,422	35.50
2-3 persons	416,657	27.37
4-6 persons	236,494	15.54
7-8 persons	105,626	6.94
10-49 persons	193,240	12.69
50-499 persons	28,728	1.89
500-999 persons	816	0.05
1000+ persons	275	0.02
Total	1,522,258	100.00

Source: January 2013, Bulletin of Statistics of the Social Security Administration

There are no statistics on the factoring companies' concentration on SMEs. Although factoring is assumed to be primarily SME financing, large corporations also have a sizeable share in total receivables.

Factoring gives the opportunity to convert the balance sheet of a company into a less leveraged/more liquid structure. Therefore, some of the larger companies are regular users of factoring at the end of each quarter, i.e. audit period.

² <http://anahtar.sanayi.gov.tr/tr/news/kobiler-ve-girisimcilerin-turk-ekonomisindeki-yeri-ve-onemi/261>

Check (Cheque) Transactions in Turkey

Another important factor that reinforces the demand for factoring services in Turkey is the fact that post-dated checks are permitted, and the use is widespread across the country. That 42% of the cheques are of TL5,000 (US\$2,500) also explains why factoring companies financing small ticket checks have built their strategies in response to market behavior. Data published by the Interbank Settlement Center reveals that payment with checks have increased by 15% in 2012 reaching TL317 billion. We noted that 30.4% of the checks were for amounts of between TL2,000 and TL5,000, and that 11.6% were under TL2,000. The Central Bank of Turkey commented that the reason while cheques in small denominations were rapidly decreasing was due to increased credit card usage, internet banking and EFT.³

Graph 11 - Check Volume in Turkey

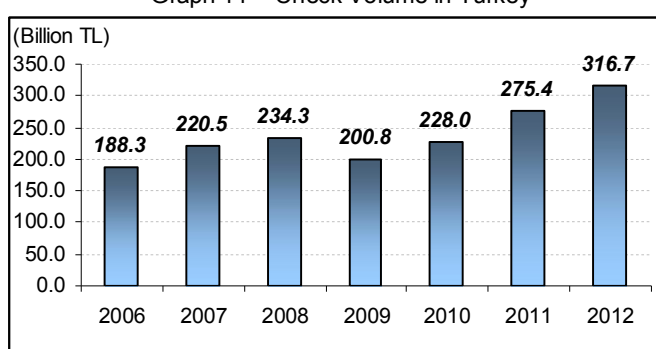


Table 22 - Distribution of the Checks Presented to ICH according to Amount Tranches (%)

	≤ 2,000 TL	2,000-5,000 TL	5,000-10,000 TL	10,000 – 50,000 TL	50,000 ≥TL
2007	35.71	31.51	16.63	14.30	1.85
2008	30.33	32.62	18.24	16.42	2.38
2009	27.70	34.07	19.10	16.73	2.40
2010	22.81	34.47	20.70	18.94	3.08
2011	15.83	32.62	22.89	24.24	4.43
2012	11.62	30.42	24.26	28.31	5.30

Source: CBT and ICH

³ Financial Stability Report, May 2013, TCMB

4. FACTORING COMPANIES

Companies and Market Shares

Table 23 lists the 77 factoring companies that were operating as of 31st December 2012.

Table 23 - Factoring Companies in Turkey as of 31.12.2012 (1000 TL)

	Kuruluş Yılı	Aktifler	Faktoring Alacakları	Özkaynaklar	Ödenmiş Sermaye	Krediler	Net Kâr
Garanti Fak. Hizmetleri A.Ş.	1990	1,955,227	1,827,710	105,011	21,000	1,837,458	20,460
Yapı Kredi Fak. A.Ş.	1992	1,791,190	1,639,747	219,654	16,802	1,547,063	53,342
Deniz Fak. A.Ş.	1998	1,266,523	1,215,728	206,571	137,600	1,043,673	58,043
İş Fak. A.Ş.	1993	1,041,260	1,014,944	59,723	16,000	978,791	4,574
Fiba Fak. A.Ş.	1992	862,523	725,078	187,902	48,500	572,222	16,106
TEB Fak. A.Ş.	1997	786,430	750,237	46,846	19,000	725,201	15,925
Kapital Fak. A.Ş.	1992	758,550	728,502	376,477	10,000	186,456	75,930
Lider Fak. A.Ş.	1992	644,859	621,502	83,883	30,000	405,459	12,321
ING Fak. A.Ş.	2010	617,011	597,959	46,419	40,000	565,251	4,822
Creditwest Fak. A.Ş.	1994	503,061	469,355	129,199	40,000	160,177	29,105
Girişim Fak. A.Ş.	1997	490,094	289,292	229,124	17,500	258,034	16,386
Destek Fak. A.Ş.	1996	477,735	462,292	148,053	40,000	245,163	40,296
Finans Fak. A.Ş.	2009	373,823	362,489	26,923	20,000	341,803	3,543
Şirinoğlu Fak. A.Ş.	1992	340,032	258,055	115,520	50,000	217,500	24,869
Eko Fak. A.Ş.	1994	332,605	298,738	85,565	21,026	193,306	16,376
Ulusal Fak. A.Ş.	1999	318,616	305,239	57,913	18,616	118,040	11,220
Vakıf Finans Fac. Hizmetleri A.Ş.	1998	274,803	185,797	88,498	22,400	183,929	10,281
MNG Fak. A.Ş.	1999	257,983	242,960	52,790	36,000	203,184	8,568
Ekspo Fak. A.Ş.	2000	237,695	233,544	76,178	50,000	105,915	11,509
Yaşar Fak. A.Ş.	1993	237,650	219,719	95,195	20,000	134,398	13,086
C Fak. A.Ş.	2002	221,532	63,196	162,846	67,800	57,955	8,970
Fortis Fac. A.Ş.	1992	193,390	184,423	25,765	14,500	166,135	3,461
Çağdaş Fak. A.Ş.	1994	189,538	180,078	38,597	20,000	61,023	2,079
Şeker Fak. A.Ş.	2000	188,665	181,569	22,853	16,000	134,699	3,020
Akın Fak. A.Ş.	2000	174,951	172,765	41,638	10,000	131,849	8,477
Tekstil Fak. A.Ş.	1994	164,027	162,681	30,575	8,100	130,272	8,076
Bayramoğlu Fak. A.Ş.	1997	145,993	129,732	105,000	85,000	16,564	13,691
Pamuk Fac. A.Ş.	1992	145,691	74,582	86,219	50,000	31,490	22,324
Akdeniz Fak. A.Ş.	1993	141,905	139,061	12,005	10,000	129,462	231
Kredi Finans Fak. Hizm.A.Ş.	1998	137,815	131,232	16,687	15,000	95,481	1,961
Yeditepe Fak. A.Ş.	1997	136,416	133,532	35,127	24,000	99,771	8,393
Strateji Fak. A.Ş.	1997	136,347	131,150	14,409	11,000	120,516	1,414
Kent Fak. A.Ş.	1997	134,595	127,029	38,692	26,502	62,006	5,094
Optima Fak. A.Ş.	1996	131,941	122,791	27,232	16,000	54,742	7,794
Para Finans Fak. A.Ş.	1997	131,937	120,381	19,268	16,000	72,817	3,750
Atılım Fak. A.Ş.	1993	126,436	116,527	29,126	12,000	96,460	5,194
Anadolu Fak. A.Ş.	2007	116,308	115,464	55,150	27,210	60,341	9,240
Başer Fak. A.Ş.	1995	115,615	107,129	32,261	15,000	78,089	8,008

Demir Fak. A.Ş.	1993	104,976	93,456	24,935	11,000	78,298	1,220
VDF Fak. Hizm.A.Ş.	2009	97,930	41,996	10,522	10,000	53,886	2,250
Huzur Fak. A.Ş.	2008	95,247	89,234	15,476	12,300	79,182	1,804
Devir Fak. A.Ş.	1991	88,546	79,146	12,945	10,000	73,912	1,072
Ak Fak. A.Ş.	1993	81,038	80,500	10,411	8,500	63,818	2,350
Tam Fak. A.Ş.	2012	76,955	34,198	74,485	82,320	0	-7,107
ABC Fak. A.Ş.	1998	75,637	66,868	10,532	11,500	22,847	-1,630
Prime Fak. Hizmetleri A.Ş.	1997	69,769	64,569	13,072	7,500	55,277	5,287
Eren Fak. A.Ş.	2010	64,933	62,562	8,709	8,500	55,430	991
Doğan Fak. A.Ş.	1999	62,064	59,968	22,324	13,000	35,040	4,364
Ar Fak. Finansal Hizm.A.Ş.	2010	61,539	57,773	10,198	7,500	38,802	1,750
Sardes Fak. A.Ş.	2011	60,846	59,901	9,746	7,750	36,841	2,676
Çözüm Fak. A.Ş.	1997	59,177	48,567	36,063	22,000	21,893	6,511
Tuna Fak. A.Ş.	1997	59,168	57,402	25,829	7,500	32,502	4,688
Analiz Fak. A.Ş.	2009	54,563	49,272	10,277	8,000	29,388	49
Erişim Fak. A.Ş.	2000	50,921	44,353	7,695	7,750	42,680	19
Zorlu Fak. A.Ş.	2012	44,228	42,678	9,439	10,000	34,046	-561
First Fac. A.Ş.	2007	44,020	41,470	9,697	15,450	34,105	2,389
Arena Fak. A.Ş.	2009	41,542	37,262	15,758	10,000	25,346	2,346
Trend Fak. A.Ş.	2000	41,188	39,261	12,478	9,250	27,755	2,033
ACL Fak.. A.Ş.	1994	41,059	34,963	13,557	11,750	26,339	1,709
Makro Fak. A.Ş.	1999	36,506	34,978	8,750	7,500	27,084	402
Merkez Fak. A.Ş.	1997	35,787	34,657	9,712	7,500	25,696	1,011
Global Fak. Hizm. A.Ş.	2000	33,408	23,216	14,004	10,000	18,564	3,405
Turkish Fak. Hizm.A.Ş.	2007	27,876	23,543	7,964	7,500	5,009	48
Berg Fak. A.Ş.	2012	27,543	11,449	14,766	15,000	12,571	-234
Değer Fak. A.Ş.	2010	26,151	21,022	6,351	8,000	19,508	-1,652
Katar Fak. Fin. Hizm. A.Ş.	1993	25,873	18,676	14,282	10,000	10,910	1,182
Doğa Fak. A.Ş.	1998	22,798	13,815	16,715	13,100	5,532	1,244
Artı Finans Fac. Hizm. A.Ş.	2000	21,349	15,280	8,193	8,000	11,212	-54
Sümer Fak. Hizmetleri A.Ş.	1996	20,489	17,179	7,517	8,300	12,514	4
Met-Ay Fak. A.Ş.	1997	20,046	9,534	8,222	12,000	11,322	-192
Halk Fak. A.Ş.	2012	19,951	463	19,739	20,000	0	-261
Acar Fak. A.Ş.	1993	18,521	7,367	18,750	12,000	0	2,387
As Fak. A.Ş.	2011	14,625	12,332	7,737	8,000	5,220	121
Atak Fak. Hizm.A.Ş.	1998	8,718	30	8,645	7,500	0	406
Kredi Alta Fak. A.Ş.	2012	6,605	5,362	6,412	7,500	0	-1,088
Hepkon Finans Fac. Hizm. A.Ş.	1992	v,y.	v,y.	v,y.	v,y.	v,y.	v,y.
Mert Finans Fak. Hizm.A.Ş.	2009	v,y.	v,y.	v,y.	v,y.	v,y.	v,y.
TOTAL		18,042,364	16,276,511	3,772,801	1,572,026	12,655,224	608,878
BRSA		18,174,180	16,332,540	3,866,770	1,618,550	12,811,080	623,640

The wide differences between the asset size of bigger companies as compared to smaller ones can be explained by the fact that the largest factoring company's asset size equals that of 38 smaller companies. Table 19 includes the establishment dates of companies to show that the smaller companies are not necessarily newly established ones.

The BRSA categorizes factoring companies into three groups (Table 24). Applying this classification back to 2006 (Table 25), we see a clear trend whereby the top five are gradually losing part of their share to medium sized companies. This trend is likely to continue.

Table 24 - Number of Factoring Companies According to Size (BRSA)

	Large	Medium	Small
2010	6	17	53
2011	4	23	47
2012	5	21	51

Source: BRSA

Table 25 - Concentration of Assets (%)

	2006	2007	2008	2009	2010	2011	2012
Top 5 Companies	42	40	52	46	44	37	39
Top 10 Companies	60	57	66	65	63	55	59
Distribution by Size							
Large*	44	35	55	52	50	54	38
Medium**	36	46	24	32	33	40	43
Small***	20	19	21	16	17	16	19
Total	100	100	100	100	100	100	100

Source: BRSA and the Factoring Association

Note – According to 2011 and 2012 results

*Large Companies: Total assets more than TL 800 million (TL 700 million in 2010)

** Medium Companies: Total assets between TL 150 million TL and TL 800 million (TL 700 million in 2010)

*** Small Companies: Total assets less than TL 150 million

In order to make detailed comparisons we split factoring companies into five groups according to their asset sizes and then observed whether they shared common characteristics. We noted that although each group had common attributes, there was always at least one company that did not match the group.

Table 26 - Number of Factoring Companies According to Sizes and Market Shares (Turkrating)

Groups	Definition	Number of Company	Share %	Cumulative Share %
A	1 - 2 Market Share 8.0% and +	2	20.61	20.61
B	3 - 13 Market Share 2.0% -8.0%	11	43.04	63.65
C	14 - 24 Market Share 1.0% -2.0%	11	15.36	79.01
D	25 - 36 Market Share 0.7% -1.0%	12	9.40	88.41
E	37 - 78 Market Shares below 1.0%	41	11.59	100.0

Here we need to indicate that there are a few banks that are licensed to give factoring services in addition to those listed in Table 23, but the BRSA does not disclose the names of such banks. However, HSBC and Euro Tekfen Bank are members of the Factoring Association and their data is included in the association's statistics.

Graph 12 - 2012 Distribution by Market Shares

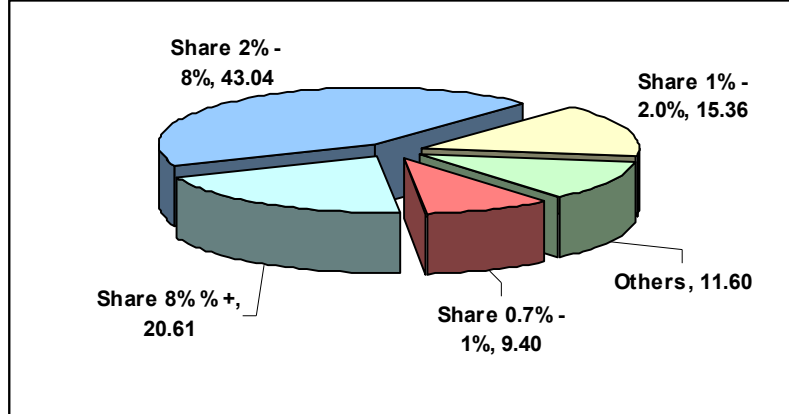


Table 27 – List of Factoring Companies by Asset Size (1000 TL)

		T. Assets 2010	T. Assets 2011	% Change	T. Assets 2012	% Change
1	Garanti Fak. Hizmetleri A.Ş.	1,565,565	1,275,030	-18.56	1,955,227	53.35
2	Yapı Kredi Fak. A.Ş.	2,023,857	1,850,957	-8.54	1,791,190	-3.23
3	Deniz Fak. A.Ş.	924,484	1,013,675	9.65	1,266,523	24.94
4	İş Fak. A.Ş.	477,505	432,413	-9.44	1,041,260	140.8
5	Fiba Fak. A.Ş.	808,610	752,044	-7.00	862,523	14.69
6	TEB Fak. A.Ş.	781,569	868,679	11.15	786,430	-9.47
7	Kapital Fak. A.Ş.	532,434	714,479	34.19	758,550	6.17
8	Lider Fak. A.Ş.	368,403	500,821	35.94	644,859	28.76
9	ING Fak. A.Ş.	150,216	312,027	107.72	617,011	97.74
10	Creditwest Fak. A.Ş.	392,782	487,504	24.12	503,061	3.19
11	Girişim Fak. A.Ş.	627,922	520,237	-17.15	490,094	-5.79
12	Destek Fak. A.Ş.	251,450	370,425	47.32	477,735	28.97
13	Finans Fak. A.Ş.	264,652	279,570	5.64	373,823	33.71
14	Şirinoğlu Fak. A.Ş.	252,535	268,001	6.12	340,032	26.88
15	Eko Fak. A.Ş.	201,247	260,456	29.42	332,605	27.70
16	Ulusal Fak. A.Ş.	125,164	189,824	51.66	318,616	67.85
17	Vakıf Finans Fac. Hizmetleri A.Ş.	819,925	624,130	-23.88	274,803	-55.97
18	MNG Fak. A.Ş.	158,375	226,149	42.79	257,983	14.08
19	Ekspo Fak. A.Ş.	223,966	240,787	7.51	237,695	-1.28
20	Yaşar Fak. A.Ş.	167,355	293,621	75.45	237,650	-19.06
21	C Fak. A.Ş.	219,302	235,960	7.60	221,532	-6.11
22	Fortis Fac. A.Ş.	119,103	247,440	107.75	193,390	-21.84
23	Çağdaş Fak. A.Ş.	92,421	129,277	39.88	189,538	46.61
24	Şeker Fak. A.Ş.	167,059	185,657	11.13	188,665	1.62
25	Akın Fak. A.Ş.	100,960	132,842	31.58	174,951	31.7
26	Tekstil Fak. A.Ş.	124,677	181,467	45.55	164,027	-9.61
27	Bayramoğlu Fak. A.Ş.	127,339	159,366	25.15	145,993	-8.39
28	Pamuk Fac. A.Ş.	247,383	193,958	-21.60	145,691	-24.89
29	Akdeniz Fak. A.Ş.	99,963	120,745	20.79	141,905	17.52
30	Kredi Finans Fak. Hizm.A.Ş.	22,279	44,030	97.63	137,815	213.00
31	Yeditepe Fak. A.Ş.	63,440	80,249	26.50	136,416	69.99
32	Strateji Fak. A.Ş.	127,947	130,167	1.74	136,347	4.75
33	Kent Fak. A.Ş.	79,397	181,939	129.15	134,595	-26.02
34	Optima Fak. A.Ş.	121,507	128,480	5.74	131,941	2.69
35	Para Finans Fak. A.Ş.	86,946	115,636	33.00	131,937	-

36	Atılım Fak. A.Ş.	103,355	118,810	14.95	126,436	6.42
37	Anadolu Fak. A.Ş.	149881	120807	-19.40	116,308	-3.72
38	Başer Fak. A.Ş.	93,307	116,377	24.72	115,615	-0.65
39	Demir Fak. A.Ş.	66,690	84,804	27.16	104,976	23.79
40	VDF Fak. Hizm.A.Ş.	12,643	80,939	540.18	97,930	20.99
41	Huzur Fak. A.Ş.	67,137	93,084	38.65	95,247	2.32
42	Devir Fak. A.Ş.	49,522	65,920	33.11	88,546	34.32
43	Ak Fak. A.Ş.	5,397	8,093	49.95	81,038	901.34
44	Tam Fak. A.Ş.	0	6,860	-	76,955	1021.79
45	ABC Fak. A.Ş.	105,202	108,816	3.44	75,637	-30.49
46	Prime Fak. Hizmetleri A.Ş.	5,029	5,294	5.27	69,769	1217.85
47	Eren Fak. A.Ş.	6,153	27,137	341.04	64,933	139.27
48	Doğan Fak. A.Ş.	19,585	114,140	482.79	62,064	-45.62
49	Ar Fak. Finansal Hizm.A.Ş.	56,655	74,719	31.88	61,539	-17.64
50	Sardes Fak. A.Ş.	0	18,660	-	60,846	226.08
51	Çözüm Fak. A.Ş.	41,280	49,773	20.57	59,177	18.89
52	Tuna Fak. A.Ş.	40,326	58,219	44.37	59,168	1.63
53	Analiz Fak. A.Ş.	47,448	50,281	5.97	54,563	8.52
54	Erişim Fak. A.Ş.	55,969	55,253	-1.28	50,921	-7.84
55	Zorlu Fak. A.Ş.	0	0	-	44,228	-
56	First Fac. A.Ş.	46,426	47,460	2.23	44,020	-7.25
57	Arena Fak. A.Ş.	49,934	50,245	0.62	41,542	-17.32
58	Trend Fak. A.Ş.	32,102	35,323	10.03	41,188	16.60
59	ACL Fak. A.Ş.	21,877	30,240	38.23	41,059	35.78
60	Makro Fak. A.Ş.	24,312	29,262	20.36	36,506	24.76
61	Merkez Fak. A.Ş.	29,756	30,464	2.38	35,787	17.47
62	Global Fak. Hizm. A.Ş.	24,823	28,274	13.90	33,408	18.16
63	Turkish Fak. Hizm.A.Ş.	25,942	40,462	55.97	27,876	-31.11
64	Berg Fak. A.Ş.	0	0	-	27,543	-
65	Değer Fak. A.Ş.	14,422	24,070	66.90	26,151	8.65
66	Katar Fak. Fin. Hizm. A.Ş.	20,570	25,340	23.19	25,873	2.10
67	Doğa Fak. A.Ş.	27,819	42,430	52.52	22,798	-46.27
68	Artı Finans Fac. Hizm. A.Ş.	15,840	29,272	84.80	21,349	-27.07
69	Sümer Fak. Hizmetleri A.Ş.	24,156	27,881	15.42	20,489	-26.51
70	Met-Ay Fak. A.Ş.	13,946	19,547	40.16	20,046	2.55
71	Halk Fak. A.Ş.	0	0	-	19,951	-
72	Acar Fak. A.Ş.	16,044	16,735	4.31	18,521	10.67
73	As Fak. A.Ş.	0	8,114	-	14,625	80.25
74	Atak Fak. Hizm.A.Ş.	8,773	8,354	-4.77	8,718	4.35
75	Kredi Alta Fak. A.Ş.	0	0	-	6,605	-
76	Hepkon Finans Fac. Hizm. A.Ş.	70,589	62,193	-11.89	v,y	-100
77	Mert Finans Fak. Hizm.A.Ş.	9,023	14,552	61.28	v,y	-100
	TOTAL	14,319,672	15,576,244		18,042,364	15.83
	BRSA	14,462,610	15,621,870		18,174,810	16.34

Market Shares in Asset Size

Table 28 giving the market shares of factoring companies provides clear evidence that sector averages cannot be taken as reliable indicators. The two largest companies with over 8% share represent 21.5% of total assets, the top 11 with over 2% share represent 63.7% of total assets.

Table 28 - Market Shares According to Asset Size

		2010 Shares	2011 Shares	2012 Shares
1	Garanti Fak. Hizmetleri A.Ş.	10.82	8.16	10.76
2	Yapı Kredi Fak. A.Ş.	13.99	11.85	9.86
3	Deniz Fak. A.Ş.	6.39	6.49	6.97
4	İş Fak. A.Ş.	3.30	2.77	5.73
5	Fiba Fak. A.Ş.	5.59	4.81	4.75
6	TEB Fak. A.Ş.	5.40	5.56	4.33
7	Kapital Fak. A.Ş.	3.68	4.57	4.17
8	Lider Fak. A.Ş.	2.55	3.21	3.55
9	ING Fak. A.Ş.	1.04	2.00	3.39
10	Creditwest Fak. A.Ş.	2.72	3.12	2.77
11	Girişim Fak. A.Ş.	4.34	3.33	2.70
12	Destek Fak. A.Ş.	1.74	2.37	2.63
13	Finans Fak. A.Ş.	1.83	1.79	2.06
14	Şirinoğlu Fak. A.Ş.	1.75	1.72	1.87
15	Eko Fak. A.Ş.	1.39	1.67	1.83
16	Ulusal Fak. A.Ş.	0.87	1.22	1.75
17	Vakıf Finans Fac. Hizmetleri A.Ş.	5.67	4.00	1.51
18	MNG Fak. A.Ş.	1.10	1.45	1.42
19	Ekspo Fak. A.Ş.	1.55	1.54	1.31
20	Yaşar Fak. A.Ş.	1.16	1.88	1.31
21	C Fak. A.Ş.	1.52	1.51	1.22
22	Fortis Fac. A.Ş.	0.82	1.58	1.06
23	Çağdaş Fak. A.Ş.	0.64	0.83	1.04
24	Şeker Fak. A.Ş.	1.16	1.19	1.04
25	Akın Fak. A.Ş.	0.70	0.85	0.96
26	Tekstil Fak. A.Ş.	0.86	1.16	0.90
27	Bayramoğlu Fak. A.Ş.	0.88	1.02	0.80
28	Pamuk Fac. A.Ş.	1.71	1.24	0.80
29	Akdeniz Fak. A.Ş.	0.69	0.77	0.78
30	Kredi Finans Fak. Hizm.A.Ş.	0.15	0.28	0.76
31	Strateji Fak. A.Ş.	0.88	0.83	0.75
32	Yeditepe Fak. A.Ş.	0.44	0.51	0.75
33	Kent Fak. A.Ş.	0.55	1.16	0.74
34	Optima Fak. A.Ş.	0.84	0.82	0.73
35	Para Finans Fak. A.Ş.	0.60	0.74	0.73
36	Atılım Fak. A.Ş.	0.71	0.76	0.70
37	Anadolu Fak. A.Ş.	1.04	0.77	0.64
38	Başer Fak. A.Ş.	0.65	0.74	0.64
39	Demir Fak. A.Ş.	0.46	0.54	0.58
40	VDF Fak. Hizm.A.Ş.	0.09	0.52	0.54
41	Huzur Fak. A.Ş.	0.46	0.60	0.52
42	Devir Fak. A.Ş.	0.34	0.42	0.49
43	Ak Fak. A.Ş.	0.04	0.05	0.45
44	ABC Fak. A.Ş.	0.73	0.70	0.42

45	Tam Fak. A.Ş.	0.00	0.04	0.42
46	Prime Fak. Hizmetleri A.Ş.	0.03	0.03	0.38
47	Eren Fak. A.Ş.	0.04	0.17	0.36
48	Ar Fak. Finansal Hizm.A.Ş.	0.39	0.48	0.34
49	Doğan Fak. A.Ş.	0.14	0.73	0.34
50	Çözüm Fak. A.Ş.	0.29	0.32	0.33
51	Sardes Fak. A.Ş.	0.00	0.12	0.33
52	Tuna Fak. A.Ş.	0.28	0.37	0.33
53	Analiz Fak. A.Ş.	0.33	0.32	0.30
54	Erişim Fak. A.Ş.	0.39	0.35	0.28
55	First Fac. A.Ş.	0.32	0.30	0.24
56	Zorlu Fak. A.Ş.	0.00	0.00	0.24
57	ACL Fak. A.Ş.	0.15	0.19	0.23
58	Arena Fak. A.Ş.	0.35	0.32	0.23
59	Trend Fak. A.Ş.	0.22	0.23	0.23
60	Makro Fak. A.Ş.	0.17	0.19	0.20
61	Merkez Fak. A.Ş.	0.21	0.20	0.20
62	Global Fak. Hizm. A.Ş.	0.17	0.18	0.18
63	Berg Fak. A.Ş.	0.00	0.00	0.15
64	Turkish Fak. Hizm.A.Ş.	0.18	0.26	0.15
65	Değer Fak. A.Ş.	0.10	0.15	0.14
66	Katar Fak. Fin. Hizm. A.Ş.	0.14	0.16	0.14
67	Doğa Fak. A.Ş.	0.19	0.27	0.13
68	Artı Finans Fac. Hizm. A.Ş.	0.11	0.19	0.12
69	Halk Fak. A.Ş.	0.00	0.00	0.11
70	Met-Ay Fak. A.Ş.	0.10	0.13	0.11
71	Sümer Fak. Hizmetleri A.Ş.	0.17	0.18	0.11
72	Acar Fak. A.Ş.	0.11	0.11	0.1
73	As Fak. A.Ş.	0.00	0.05	0.08
74	Atak Fak. Hizm.A.Ş.	0.06	0.05	0.05
75	Kredi Alta Fak. A.Ş.	0.00	0.00	0.04
76	Hepkon Finans Fac. Hizm. A.Ş.	0.49	0.40	v.y
77	Mert Finans Fak. Hizm.A.Ş.	0.06	0.09	v.y
		99.01	99.71	99.27

Market Shares Based on Factoring Receivables

Rankings differed slightly when these factoring companies were listed according to their factoring receivables. We note that the third column of Table 29 is quite interesting in terms of revealing the stark differences in the companies' growth strategies. As a result of its growth policy the ranking of any particular factoring company can go up or down several steps in one year. In that respect, a company's ranking and market share should not be over emphasized. The market share factor appeared to be less meaningful in terms of financial strength. A company with a small market share can very well have a much higher credit standing than other companies that rank higher in size.

Table 29 – Factoring Receivables (2010-2012)

	2010	2011	2012	% Change	2010 Share	2011 Share	2012 Share
Garanti Fak. Hizmetleri A.Ş.	1,425,654	1,247,324	1,827,710	46.53	11.53	8.77	11.19
Yapı Kredi Fak. A.Ş.	1,829,737	1,756,497	1,639,747	-6.65	14.79	12.35	10.04
Deniz Fak. A.Ş.	876,479	979,837	1,215,728	24.07	7.09	6.89	7.44
İş Fak. A.Ş.	331,320	404,653	1,014,944	150.82	2.68	2.85	6.21
TEB Fak. A.Ş.	601,074	817,847	750,237	-8.27	4.86	5.75	4.59
Kapital Fak. A.Ş.	522,206	703,473	728,502	3.56	4.22	4.95	4.46
Fiba Fak. A.Ş.	766,313	623,670	725,078	16.26	6.20	4.39	4.44
Lider Fak. A.Ş.	357,192	466,061	621,502	33.35	2.89	3.28	3.81
ING Fak. A.Ş.	136,178	285,342	597,959	109.56	1.10	2.01	3.66
Creditwest Fak. A.Ş.	319,136	460,922	469,355	1.83	2.58	3.24	2.87
Destek Fak. A.Ş.	236,662	336,954	462,292	37.2	1.91	2.37	2.83
Finans Fak. A.Ş.	221,524	251,719	362,489	44.01	1.79	1.77	2.22
Ulusal Fak. A.Ş.	118,090	174,242	305,239	75.18	0.95	1.23	1.87
Eko Fak. A.Ş.	181,055	241,944	298,738	23.47	1.46	1.70	1.83
Girişim Fak. A.Ş.	403,573	288,265	289,292	0.36	3.26	2.03	1.77
Şirinoğlu Fak. A.Ş.	192,370	189,639	258,055	36.08	1.56	1.33	1.58
MNG Fak. A.Ş.	146,970	211,885	242,960	14.67	1.19	1.49	1.49
Ekspo Fak. A.Ş.	220,994	236,425	233,544	-1.22	1.79	1.66	1.43
Yaşar Fak. A.Ş.	161,596	280,860	219,719	-21.77	1.31	1.98	1.35
Vakıf Finans Fac. Hizm. A.Ş.	465,373	617,804	185,797	-69.93	3.76	4.35	1.14
Fortis Fac. A.Ş.	117,583	245,172	184,423	-24.78	0.95	1.72	1.13
Şeker Fak. A.Ş.	163,221	179,599	181,569	1.10	1.32	1.26	1.11
Çağdaş Fak. A.Ş.	86,272	123,467	180,078	45.85	0.70	0.87	1.10
Akın Fak. A.Ş.	100,306	131,763	172,765	31.12	0.81	0.93	1.06
Tekstil Fak. A.Ş.	124,422	180,705	162,681	-9.97	1.01	1.27	1.00
Akdeniz Fak. A.Ş.	98,858	119,111	139,061	16.75	0.80	0.84	0.85
Yeditepe Fak. A.Ş.	61,485	78,211	133,532	70.73	0.50	0.55	0.82
Kredi Finans Fak. Hizm. A.Ş.	19,191	41,469	131,232	216.45	0.16	0.29	0.80
Strateji Fak. A.Ş.	119,885	123,855	131,150	5.89	0.97	0.87	0.80
Bayramoğlu Fak. A.Ş.	114,487	148,851	129,732	-12.84	0.93	1.05	0.79
Kent Fak. A.Ş.	78,332	176,664	127,029	-28.1	0.63	1.24	0.78
Optima Fak. A.Ş.	110,906	112,913	122,791	8.75	0.90	0.79	0.75
Para Finans Fak. A.Ş.	74,625	104,062	120,381	15.68	0.60	0.73	0.74
Atılım Fak. A.Ş.	98,305	112,216	116,527	3.84	0.79	0.79	0.71
Anadolu Fak. A.Ş.	148,004	118,977	115,464	-2.95	1.20	0.84	0.71
Başer Fak. A.Ş.	88,698	110,064	107,129	-2.67	0.72	0.77	0.66
Demir Fak. A.Ş.	53,004	73,028	93,456	27.97	0.43	0.51	0.57

Huzur Fak. A.Ş.	64,082	88,868	89,234	0.41	0.52	0.63	0.55
Ak Fak. A.Ş.	135	0	80,500	-	0.00	0.00	0.49
Devir Fak. A.Ş.	45,342	60,331	79,146	31.18	0.37	0.42	0.48
Pamuk Fac. A.Ş.	107,237	119,253	74,582	-37.46	0.87	0.84	0.46
ABC Fak. A.Ş.	95,899	99,998	66,868	-33.13	0.78	0.70	0.41
Prime Fak. Hizmetleri A.Ş.	0	0	64,569	-	0.00	0.00	0.40
C Fak. A.Ş.	71,438	88,072	63,196	-28.25	0.58	0.62	0.39
Eren Fak. A.Ş.	203	24,809	62,562	152.18	0.00	0.17	0.38
Doğan Fak. A.Ş.	16,867	110,214	59,968	-45.59	0.14	0.78	0.37
Sardes Fak. A.Ş.	0	18,250	59,901	228.22	0.00	0.13	0.37
Ar Fak. Finansal Hizm.A.Ş.	55,317	71,995	57,773	-19.75	0.00	0.00	0.35
Tuna Fak. A.Ş.	38,449	55,588	57,402	3.26	0.31	0.39	0.35
Analiz Fak. A.Ş.	46,211	48,162	49,272	2.31	0.37	0.34	0.30
Çözüm Fak. A.Ş.	35,910	38,093	48,567	27.50	0.29	0.27	0.30
Erişim Fak. A.Ş.	49,430	48,054	44,353	-7.70	0.40	0.34	0.27
Zorlu Fak. A.Ş.	0	0	42,678	-	0.00	0.00	0.26
VDF Fak. Hizm.A.Ş.	663	66,858	41,996	-37.19	0.01	0.47	0.26
First Fac. A.Ş.	41,536	43,367	41,470	-4.37	0.34	0.31	0.25
Trend Fak. A.Ş.	28,536	33,926	39,261	15.73	0.23	0.24	0.24
Arena Fak. A.Ş.	49,057	47,815	37,262	-22.07	0.40	0.34	0.23
Makro Fak. A.Ş.	23,783	27,627	34,978	26.61	0.19	0.19	0.21
ACL Fak. A.Ş.	16,980	24,804	34,963	40.96	0.14	0.17	0.21
Merkez Fak. A.Ş.	28,729	28,844	34,657	20.15	0.23	0.20	0.21
Tam Fak. A.Ş.	0	0	34,198	-	0.00	0.00	0.21
Turkish Fak. Hizm.A.Ş.	25,528	39,176	23,543	-39.90	0.21	0.28	0.14
Global Fak. Hizm. A.Ş.	21,083	21,840	23,216	6.30	0.17	0.15	0.14
Değer Fak. A.Ş.	13,951	22,538	21,022	-6.73	0.11	0.16	0.13
Katar Fak. Fin. Hizm. A.Ş.	15,900	19,252	18,676	-2.99	0.13	0.14	0.11
Sümer Fak. Hizmetleri A.Ş.	21,696	25,289	17,179	-32.07	0.18	0.18	0.11
Artı Finans Fac. Hizm. A.Ş.	10,702	24,280	15,280	-37.07	0.09	0.17	0.09
Doğa Fak. A.Ş.	21,434	34,537	13,815	-60.00	0.17	0.24	0.08
As Fak. A.Ş.	0	6,727	12,332	83.3	0.00	0.05	0.08
Berg Fak. A.Ş.	0	0	11,449	-	0.00	0.00	0.07
Met-Ay Fak. A.Ş.	7,543	10,485	9,534	-9.07	0.06	0.07	0.06
Acar Fak. A.Ş.	7,684	10,959	7,367	-32.78	0.06	0.08	0.05
Kredi Alta Fak. A.Ş.	0	0	5,362	-	0.00	0.00	0.03
Halk Fak. A.Ş.	0	0	463	-	0.00	0.00	0.00
Atak Fak. Hizm.A.Ş.	8,559	5,739	30	-99.48	0.07	0.04	0.00
Hepkon Finans Fac. Hizm. A.Ş.	16,103	23,814	0	-100.00	0.13	0.17	0.00
Mert Finans Fak. Hizm.A.Ş.	8,603	13,977	0	-100.00	0.07	0.10	0.00
	12,165,670	14,159,032	16,276,510	14.95	97.90	99.08	99.66
BRSA	12,369,840	14,218,070	16,332,540	14.87			

Guarantee and Collection Services

In Table 32 we note that the leading 14 companies providing collection guarantee services have 98% share in the system. In collection services which do not involve any risk, there are 11 leading companies having 77% market share. Despite the importance of the volume of discounted receivables, companies providing collection services and guarantees should not be ignored as these are also fundamental factoring operations. Tables 30 and 31 give the list of the leading companies giving these services. The data on these services can be obtained on their off-balance sheets under “irrevocable factoring operations” and “revocable factoring operations”.

Table 30 – Leading Companies Providing Guarantee Services (2012)

	Recourse Factoring Operations	Recourse Factoring Operations
	1000 TL	% Share
Yapı Kredi Fak. A.Ş.	665,232	37.03
VDF Fak. Hizm.A.Ş.	383,339	21.34
Garanti Fak. Hizmetleri A.Ş.	162,833	9.06
TEB Fak. A.Ş.	157,298	8.76
ING Fak. A.Ş.	96,137	5.35
İş Fak. A.Ş.	87,125	4.85
Deniz Fak. A.Ş.	50,200	2.79
Strateji Fak. A.Ş.	34,853	1.94
Fiba Fak. A.Ş.	30,072	1.67
Ekspo Fak. A.Ş.	29,752	1.66
Vakıf Finans Fac. Hizm. A.Ş.	25,754	1.43
Creditwest Fak. A.Ş.	22,079	1.23
Sector Total	1,796,640	100.00

Source: The Factoring Association

Table 31 – Leading Companies Providing Collection Services

	Non-Recourse Factoring Operations	Non-Recourse Factoring Operations
	1000 TL	% Share
Garanti Fak. Hizmetleri A.Ş.	714,257	17.34
Creditwest Fak. A.Ş.	483,974	11.75
Doğan Fak. A.Ş.	456,368	11.08
Yapı Kredi Fak. A.Ş.	296,547	7.20
Fiba Fak. A.Ş.	236,072	5.73
Şeker Fak. A.Ş.	234,258	5.69
MNG Fak. A.Ş.	155,693	3.78
Optima Fak. A.Ş.	133,974	3.25
Lider Fak. A.Ş.	95,130	2.31
Deniz Fak. A.Ş.	92,092	2.24
Yeditepe Fak. A.Ş.	89,399	2.17
C Fak. A.Ş.	87,716	2.13
Sector Total	4,120,030	100.00

Source: The Factoring Association

Shareholder Structure

In 2012 there were 14 factoring companies that were bank subsidiaries and their total assets amounted to TL9.5 billion. Most of these banks have foreign partners. Out of these 14 companies only the parent banks of Fiba Factoring, Is Factoring and Anadolu Factoring do not have foreign partners. In 2012 for the first time a foreign factoring company from Northern Cyprus received establishment license from the BRSA. Additionally, Tam Factoring in which EBRD has indirect ownership also received license to operate in this sector. This group also includes the factoring affiliates of two state-owned banks. Another state-owned bank, Turk Eximbank, has 9.8% share in Garanti Factoring. The total asset size of this group was TL9.5 billion in 2012.

Table 32 - Total Assets of the Bank Participation Factoring Companies (1000 TL)

	2009	2010	2011	2012
1. Garanti Fak. Hizm. A.Ş.	1,138,515	1,565,565	1,275,030	1,955,227
2. Yapi Kredi Fak. A.Ş.	1,537,409	2,023,857	1,881,264	1,791,190
3. Deniz Fak. A.Ş.	602,487	924,484	1,013,675	1,266,523
4. İş Fak. A.Ş.	276,099	477,505	432,413	1,041,260
5. Fiba Fak. A.Ş.	849,649	808,610	752,044	862,523
6. Teb Fak. A.Ş.	437,565	781,569	868,679	786,430
7. ING Fak. A.Ş.	--	150,216	312,760	617,011
8. Finans Fak. A.Ş.	116,214	264,652	279,570	373,823
9. Vakıf Fin. Fak. Hiz. A.Ş.	572,781	819,925	624,130	274,803
10. Fortis Fak. A.Ş.	43,272	119,103	248,083	193,390
11. Şeker Fak. A.Ş.	115,936	167,059	185,657	188,665
12. Anadolu Fak. A.Ş.	144,906	149,881	120,946	116,308
13. Turkish Fak. Hiz. A.Ş.	32,475	25,942	40,634	27,876
14. Halk Fak. A.Ş.	--	--	--	19,951
Total	5,867,308	8,278,368	8,034,887	9,514,980

The 14 factoring companies that are bank subsidiaries have more than 50% share in the sector both in terms of asset size and factoring receivables. The independent factoring companies constituting the second largest group, have 46% market share. Current developments point to a trend where the share of bank subsidiaries is diminishing leaving a larger market share to the independents. Table 33 lists the top 14 independent companies. Among these companies there are some which are legally not bank subsidiary but belong to a group of companies which, among others, also own a bank. In that category the majority shares of Tekstil Faktoring are owned by GSD holding which owns a deposit taking and an investment bank. Similarly, Creditwest Faktoring's main shareholder, Altinbas Holding, has banks in North Cyprus and Ukraine, Suzer Faktoring's main shareholder owns Bank Brod in Serbia. These should be taken into consideration when making comparisons.

In the case of four companies, Lider Faktoring, Eko Faktoring, C Faktoring and Ulusal Faktoring, foreign investors have acquired minority shares. Private equity funds have been keeping a close watch over a number of Turkish factoring companies in recent years. There were a few unsuccessful bids during 2012, but their interest continues. Past acquisitions are listed below:

- In 2007 Bancroft Group invested in Eko Faktoring. Currently, the Coöperative BVS Financial Services U.A. which has 28% stake in the company, is a private equity company established in 1989 and operating in Central and Eastern Europe. No other disclosure is made other than it is part of Bancroft Group.
- In 2008 Credit Suisse Investments (Netherlands) B,V, acquired 10% share in Lider Faktoring.

- In 2011, C Faktoring acquired 9.73% of HCBG Holding B.V. in which Demirhalk Bank has 70% stake. C Faktoring is also the only factoring company to have a bank participation. It has 30.17% stake in BankPozitif Credit and Development Bank.
- Finally, also in 2011, PineBridge Eurasia Financial Investments S.a.r.l. acquired a 47% stake in Ulusal Faktoring.

Needless to say, a strong parent company provides easier access to financing and perhaps presents a stronger bidding power to obtain lower funding cost. Both rating agencies and banks' credit committees consider the financial strength of the parent company as one of the key credit standing criteria.

Table 33 - Asset Sizes of the Top Independent Factoring Companies (1000 TL)

	2009	2010	2011	2012
1. Kapital Fak. A.Ş.	394,007	532,434	714,479	758,550
2. Lider Fak. A.Ş.	306,987	368,403	500,821	644,859
3. Creditwest Fak. A.Ş.	202,843	337,531	487,504	508,646
4. Destek Fak. A.Ş.	628,778	251,450	370,425	477,735
5. Şirinoğlu Fak. A.Ş.	176,658	252,535	268,001	340,032
6. Eko Fak. A.Ş.	165,731	201,247	260,456	332,605
7. Ulusal Fak. A.Ş.	118,525	125,164	189,824	318,616
8. MNG Fak. A.Ş.	85,631	158,375	226,149	257,983
9. Yaşar Fak. A.Ş.	70,489	167,355	293,621	240,867
10. Ekspo Fak. A.Ş.	152,605	223,966	240,787	237,695
11. C Fak. A.Ş.	141,335	219,302	235,960	221,532
12. Çağdaş Fak. A.Ş.	220,051	92,421	129,277	189,538
13. Şeker Fak. A.Ş.	42,628	167,059	185,657	188,665
14. Akın Fak. A.Ş.	63,860	100,960	132,842	174,951
15. Tekstil Fak.A.Ş.	158,647	124.677	181.467	164.027
Total	2,928,775	3,783,743	4,751,850	5,348,927

Table 34 shows the major differences in balance sheet structures between the 14 bank affiliates and the rest of the 63 independent factoring companies. The independent companies share in total assets accounts for 48% but their share in total shareholders' equity is 71%.

Table 34 - Sector Shares of the Bank Participation and Independent Factoring Companies (%)

	Bank Participations			Independents		
	2010	2011	2012	2010	2011	2012
Total Assets	57.24	51.23	52.35	42.76	48.77	47.65
Total Factoring Receivables	56.11	52.61	53.07	43.89	47.39	46.93
NPLs	18.88	30.01	30.32	81.12	69.99	69.68
Shareholders' Equity	27.58	28.78	28.94	72.42	71.22	71.06
Net Profit	31.94	29.47	32.49	68.06	70.53	67.51

Independent factoring companies are the risk takers partly because they work with smaller companies. They have 70% share in total NPLs. As a result of their risk-taking culture their share in total earnings is also 67.5%. Table 35 further underlines the differences in their financial ratios. The NPL ratio of bank participations is significantly lower (2.7%) than the independent companies (6.9%). The NPL ratio has been improving over the last three years in the case of the independent companies. That of bank participations has remained between 2% and 3%.

As one would expect, the bank participations are leveraged more than the others. While the factoring receivables/equity ratio is 4.4 times as a sector average, it is only 2.9 times among the independents and 8.1 times among bank participations. Consequently bank subsidiaries have higher ROAs while the independents have higher ROAs.

Table 35 - Comparison of Financial Ratios of Bank Subsidiaries and Independents

	Average of Total			Bank Subsidiaries			Independents		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
NPL Ratio (%)	4.07	3.82	4.68	1.37	2.18	2.67	7.52	5.65	6.95
Borrowing Ratio * (x)	4.4	4.4	4.4	8.9	8.0	8.1	2.7	2.9	2.9
Shareholders' Equity / Total Assets (%)	5.70	3.28	3.69	3.18	1.78	2.31	9.07	5.04	5.17
ROAA (%)	28.03	15.60	17.22	32.46	16.29	19.38	26.34	15.33	16.34
ROAE (%)	4.07	3.82	4.68	1.37	2.18	2.67	7.52	5.65	6.95

Borrowing Ratio = Factoring Receivables / Shareholders' Equity (x)

The above data once more evidences that sector averages can be highly misleading. Each factoring company has to be evaluated within the framework of its own group and with companies having similar qualifications. We will elaborate on that perspective in the following sections.

Management and Managers

The eligibility requirements introduced on October 10, 2006 brought a set of minimum eligibility requirements to shareholders and managers. It was made mandatory that members of executive boards of companies, as well as their officers who hold signature powers of the first degree, have at least a bachelor's degree earned at a university and have at least seven years of professional work experience in finance or management. Deputy General Managers were required to have graduate education with a bachelor's degree and have at least seven years' professional experience in finance or management. Other managers performing duties of an executive nature in positions equivalent to those of deputy generals, in respect of powers and duties, even if they are employed under other titles, were also subjected to the provisions applicable for deputy general managers.

The BRSA regulations introduced on 24 April 2013 in large part repeated these rules. Only the requirement that Board Members have the same eligibility qualifications to the General Manager was limited to half of the Board Members. In respect of corporate governance, Article 14 of Law 28496 dated December 12, 2012 on financial reporting says:

“(1) The company is responsible for building and operating a sufficient and efficient system appropriate to the scope of its activities as well as the changing conditions, to monitor the risks to which it is exposed and provide control.

(2) The Board is authorized to determine the principles and procedures concerning the operation of the system and to take necessary measures for companies in which the system is deemed insufficient and inefficient.”

The Business Models and Operational Strategies of Factoring Companies

As indicated earlier the Turkish Factoring industry covers a number of sub-sectors having different business models. Factors differentiating their business models can be listed as:

- a) The number of customers (between a minimum of 100 and a maximum of 8,700)
- b) The balance sheet size of the customers
- c) The minimum and maximum size of transactions
- d) The location of the headquarters (There are companies based in Ankara and Antalya)
- e) The number of branches and representative offices
- f) The existence of export and import factoring services
- g) Foreign currency funding
- h) Whether the company is family owned (ie. whether the owner actively takes part in management)
- i) Length of time in the sector

It is possible to enlarge this list of factors by adding the level of corporate governance, risk management practices and marketing policies. The combination of these factors usually directs the company to a particular range of customers and at the same time determines the terms and conditions and sources of funding.

Business strategies also differ among companies that are bank participations. TEB Factoring, for instance, with its 10 branches and 109 personnel, is similar in structure to Deniz Factoring with 11 representation offices and 108 personnel. On the other hand, there is ING Factoring with no branches, 48 personnel and only 163 customers. With a smaller organization ING has TL313 billion factoring receivables. Similarly, Finans Factoring, with TL362 billion in factoring receivables, operates with only three representation offices and 516 customers. Most bank affiliations benefit from a branch network of the parent bank, sharing customers and accessing central risk management systems.

The business model is a more important factor among the independent companies. Two companies having equal market shares may have marked differences in organizations. For example, there is one company with 10,000 customers, 39 branches and 338 personnel while another has only 900 customers and 80 personnel. Therefore, the market share factor is relatively less meaningful as an indicator of strength. In terms of growth strategies, 2011 and 2012 policies showed considerable divergence among these companies. In the first half of 2012 some companies grew by 50% while others contracted by 50%. In brief, each company has its own story and has adopted a different approach in light of its own conditions and evaluations of market outlook.

Results so far, have evidenced that even with 1% market share, a factoring company can be more profitable and have a higher credit standing than the others given its stable customer base. Business models range from operating with “fewer customers and higher volume transactions” to “a large number of micro companies and small ticket transactions.” Those companies working with micro companies are dealing with higher risk customers from which higher returns can be earned. They usually fund themselves at relatively higher rates but manage to be more profitable than their competitors. As long as they can manage to place these funds in high yield transactions they can remain profitable. But that means they work with higher risk customers. There are also factoring companies which funded themselves in foreign currency at 5% and managed to post excellent results despite working with very tight margins. Among that segment of companies we noted that some ended with limited profit returns because of their foreign exchange losses.

Risk management is obviously one of the key issues in factoring. In 2011 there were quite a large number of companies that had not managed their risks well and ended up with marked increase in their NPLs. There is no ideal business model in factoring; each company has to adopt what is best for itself. The critical factor is that the business model should be carefully designed, well planned, and managed according to management's targets.

Branches and Representative Offices

Factoring companies have gained presence in various cities of Turkey through branches and representation offices. As of December 2012, 78 factoring companies had 62 branches and a total of 185 representative offices (See Annex 2). All representative offices will need to be converted into branches or closed under the new factoring regulations. In 2011, six companies had 25 branches. Most companies are based in Istanbul; few have headquarters outside Istanbul (e.g. Ankara, Adana, Izmir, Antalya). Some companies are concentrated in Istanbul. There are altogether 30 branches in Istanbul. A number of head offices are located in the Maslak-Levent-Sisli districts, others are spread around areas where manufacturing SMEs are concentrated.

Employment

The factoring industry in Turkey employed 4,186 people in 2012 (3,819 in 2011). Table 36 shows total employment in years 2008 to 2012. Following the recruitment of 250 additional people in 2011, employment increased by an additional 367 people in 2012.

Table 36 – Number of Employees and Personnel Expenditures

	2008	2009	2010	2011	2012
Number of Employees	3,009	2,959	3,557	3,819	4,186
Personnel Expenditures (1000 TL)	192,280	182,670	233,700	279,070	336,500

Source: BRSA and Factoring Association

Table 37 illustrates the number of employees of each company that provides a good idea of the different business models of these companies. Additionally, the data below includes factoring receivables volume to give a comparative picture. Some companies have been operating with numerous branches and a large number of staff while others have obtained the same volume of business with fewer people.

Table 37 – Number of Employees in the Factoring Sector (December 2012)

Company	Factoring Receivables (1000 TL)	Nr.of Employee
Garanti Fak. Hizmetleri A.Ş.	1,827,710	179
Yapı Kredi Fak. A.Ş.	1,639,747	89
Deniz Fak. A.Ş.	1,215,728	108
İş Fak. A.Ş.	1,014,944	35
TEB Fak. A.Ş.	750,237	109
Kapital Fak. A.Ş.	728,502	64
Fiba Fak. A.Ş.	725,078	133
Lider Fak. A.Ş.	621,502	181
ING Fak. A.Ş.	597,959	48
Creditwest Fak. A.Ş.	469,355	63
Destek Fak. A.Ş.	462,292	33
Finans Fak. A.Ş.	362,489	58
Ulusal Fak. A.Ş.	305,239	76
Eko Fak. A.Ş.	298,738	92
Girişim Fak. A.Ş.	289,292	41
Şirinoğlu Fak. A.Ş.	258,055	363
MNG Fak. A.Ş.	242,960	124
Ekspo Fak. A.Ş.	233,544	34
Yaşar Fak. A.Ş.	219,719	245
Vakıf Finans Fac. Hizmetleri A.Ş.	185,797	32
Fortis Fac. A.Ş.	184,423	20
Şeker Fak. A.Ş.	181,569	51
Çağdaş Fak. A.Ş.	180,078	89
Akın Fak. A.Ş.	172,765	25
Tekstil Fak. A.Ş.	162,681	39
Akdeniz Fak. A.Ş.	139,061	20
Yeditepe Fak. A.Ş.	133,532	45
Kredi Finans Fak. Hizm.A.Ş.	131,232	39
Strateji Fak. A.Ş.	131,150	60
Bayramoğlu Fak. A.Ş.	129,732	38
Kent Fak. A.Ş.	127,029	72
Optima Fak. A.Ş.	122,791	84
Para Finans Fak. A.Ş.	120,381	96
Atılım Fak. A.Ş.	116,527	65
Anadolu Fak. A.Ş.	115,464	36
Başer Fak. A.Ş.	107,129	61
Demir Fak. A.Ş.	93,456	34
Huzur Fak. A.Ş.	89,234	78
Ak Fak. A.Ş.	80,500	28
Devir Fak. A.Ş.	79,146	39
Pamuk Fac. A.Ş.	74,582	19
ABC Fak. A.Ş.	66,868	35
Prime Fak. Hizmetleri A.Ş.	64,569	16
C Fak. A.Ş.	63,196	38
Eren Fak. A.Ş.	62,562	34
Doğan Fak. A.Ş.	59,968	42
Sardes Fak. A.Ş.	59,901	11

Ar Fak. Finansal Hizm.A.Ş.	57,773	23
Tuna Fak. A.Ş.	57,402	38
Analiz Fak. A.Ş.	49,272	34
Çözüm Fak. A.Ş.	48,567	34
Erişim Fak. A.Ş.	44,353	61
Zorlu Fak. A.Ş.	42,678	26
VDF Fak. Hizm.A.Ş.	41,996	6
First Fac. A.Ş.	41,470	18
Trend Fak. A.Ş.	39,261	31
Arena Fak. A.Ş.	37,262	34
Makro Fak. A.Ş.	34,978	16
ACL Fak.. A.Ş.	34,963	19
Merkez Fak. A.Ş.	34,657	26
Tam Fak. A.Ş.	34,198	91
Turkish Fak. Hizm.A.Ş.	23,543	17
Global Fak. Hizm. A.Ş.	23,216	23
Değer Fak. A.Ş.	21,022	27
Katar Fak. Fin. Hizm. A.Ş.	18,676	60
Sümer Fak. Hizmetleri A.Ş.	17,179	21
Artı Finans Fac. Hizm. A.Ş.	15,280	31
Doğa Fak. A.Ş.	13,815	34
As Fak. A.Ş.	12,332	42
Berg Fak. A.Ş.	11,449	14
Met-Ay Fak. A.Ş.	9,534	23
Acar Fak. A.Ş.	7,367	22
Kredi Alta Fak. A.Ş.	5,362	12
Halk Fak. A.Ş.	463	18
Atak Fak. Hizm.A.Ş.	30	4
Hepkon Finans Fac. Hizm. A.Ş.	v.y.	v.y.
Mert Finans Fak. Hizm.A.Ş.	v.y.	v.y.
	16,276,511	4.126

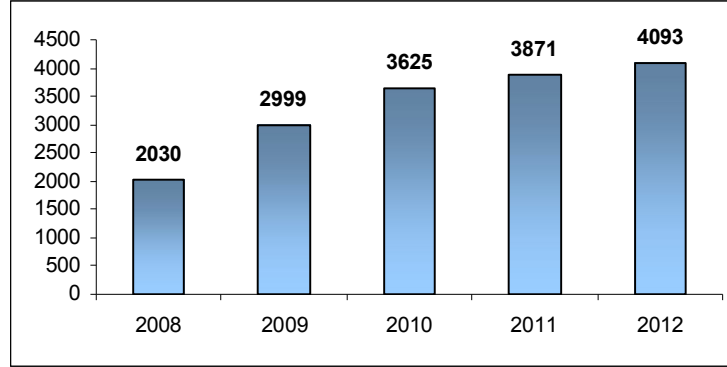
Productivity and Efficiency

Throughout recent years factoring receivables per employee has increased and is expected to continue to increase. Table 38 reflects the productivity and efficiency ratios of the sector. One should remember that these ratios are very different for each group.

Table 38 – Efficiency Ratios

	2008	2009	2010	2011	2012
Cost / Income Ratio					
(Operating expenses / Operating Income (%))	65.3	73.0	79.5	74.3	72.1
Operating Expenses / Average Assets (%)	4.5	3.4	3.1	3.0	3.3
Commission Income / Total factoring Turnover (%)	0.5	0.3	0.2	0.4	0.4
Operating Income / Nr. of Employee (1,000 TL)	167	143	138	161	183
Operating Expenses / Nr. of Employee (1,000 TL)	109	105	110	119	132
Total Assets / Nr. of Employee(1,000 TL)	2,580	3,517	4,067	4,096	4,342
Gross Factoring Receivables / Nr. of Employee (1,000 TL)	2,030	32,999	3,625	3,871	4,093
Gross Fact. Receivables / Nr. of Branch & Rep Offices (1,000 TL)	41,229	62,487	63,523	60,841	69,371

Graph 13 - Total Factoring Receivables / Nr. of Employee (1000 TL)



Newcomers to the Sector and Exits

Licensed to Establish a Factoring Company in 2011:

- 1) Ce-Sa Fac.Hiz. A.Ş. (11.03.2011),
- 2) LBT Faktoring Hiz. A.Ş. (13.07.2011)
- 3) Credit Alta Fac. A.Ş. (27.10.2011)

Licensed to Establish a Factoring Company in 2012:

- 1) Halk Faktoring A.Ş. (05.04.2012)
- 2) İvme Faktoring Hizmetleri A.Ş. (05.04.2012)
- 3) Berg Faktoring Hizmetleri A.Ş., (10.05.2012),
- 4) Zorlu Faktoring A.Ş. (5.07.2012)
- 5) Kıbrıs İktisat Faktoring A.Ş. (26.07.2012)
- 6) De Lage Landen Faktoring A.Ş. (12.09.2012)

Licensed to Operate in 2011:

- 1) As Faktoring Hiz. A.Ş. (27.07.2011),
- 2) Sardes Faktoring A.Ş. (25.08.2011)

Licensed to Operate in 2012:

- 1) Tam Faktoring A.Ş. (LBT)(10.05.2012)
- 2) İvme Faktoring Hizmetleri A.Ş. (26.07.2012)
- 3) Berg Faktoring A.Ş. (01.11.2012)
- 4) Kredi Alta Faktoring A.Ş. (01.11.2012)
- 5) Zorlu Faktoring A.Ş. (08.11.2012)
- 6) Halk Faktoring A.Ş. (29.11.2012)

Establishment and Operation Licences Granted in 2013:

- 1) Ce-Sa Faktoring A.Ş. (31.01.2013) (Kuruluş izni)
- 2) Kıbrıs İktisat Faktoring A.Ş. (28.02.2013) (Faaliyet izni)

License Annulments in Years 2011-2013:

- 1) Hedef Finans Fac. A.Ş. (05.05.2011)
- 2) Süzer Faktoring A.Ş. (07.04.2011)
- 3) EDF Finans Fac. A.Ş. (29.12.2011)
- 4) Güven Finans Fac. A.Ş. (10.02.2012)
- 5) Batı Faktoring A.Ş. (29.11.2012)
- 6) Saray Faktoring A.Ş. (20.12.2012)
- 7) İvme Faktoring A.Ş. (21.03.2013)

The Association of Turkish Financial Leasing, Factoring and Financing Companies

The Association of Turkish Financial Leasing, Factoring and Financing Companies, was established at the end of July 2013 in accordance with the terms of Law 6361 dated 12 December, 2012. Pursuant to the provisions of the Law the new association began operating as of the end of October 2013. The Association unites the three groups of non-bank financial companies under one roof but each group remains fairly autonomous in its activities. The statutes of the new association were published in the Official Gazette on 25 July, 2013.

The Turkish Factoring Association is a professional association established in 1995. Currently, among the 69 members of the Association, 14 are also members of Factors Chain International and 3 are members of International Factors Group (IFG). The Turkish Factoring Association, of which 67 companies out of the 77 factoring companies licensed by the BRSA are members, represents the industry.

The functions of the Association are primarily:

- The development of the factoring industry in Turkey.
- Participation in the preparations and modifications of the industry's regulatory framework
- Standardization of factoring services
- Development and introduction of new ideas and opinions that will contribute to the improvement of the sector, and the conveying to the public and related authorities these suggestions.
- Conducting training for factoring employees.
- Promoting solidarity among its members.

Representation and The Executive Board

Each company will be represented by its Chairman or General Manager or Acting General Manager. The Executive Board will consist of 15 members with each Group being represented with five members. The 15 members of the Executive Board selected the Chairman and two vice chairman. The management of the Association will be under a General Secretary and Deputy General Secretaries for each Group.

The Association's 2012 Activities

The Turkish Factoring Association's activities have been particularly concentrated on trainings, legislative improvements and the enhancement of the industry's public image. Courses have been designed to train new recruits to the industry and to upgrade the skills of existing staff.

These activities are conducted by the General Secretary of the Association, Ms. Filiz Ünal, and the Association's team under the guidance of the Chairman of the Association Mr. Zafer Ataman. The Board convenes very regularly to discuss matters related to the industry and to resolve current problems.

Conferences – The Association organized a series of national and international conferences in 2011 and 2012. A National Factoring Symposium was held in March 2011 with the participation of Minister Ali Babacan. This was followed with another conference in October 2011 on "The Development of

Factoring and Its Contribution to Economic Development.” A workshop was organized with the EBRD in December 2011 on e-factoring, and on 14 September 2012 an international conference was organized jointly with Factors Chain International and the EBRD in Istanbul.

On March 29, 2013 a Protocol was signed between the Association, Turk Eximbank and the Turkish Exporters Union (TIM) at the Uludag Summit to enhance Turkish exporters’ competitive powers. The three parties agreed to cooperate in the formulation of policies that would improve the exporters’ access to financing.

5. FINANCIAL ANALYSIS OF FACTORING COMPANIES

Balance Sheet Structure and Growth Rates

Factoring companies have short and simple balance sheets. Factoring receivables constitute the larger part of their assets. They rarely carry securities on their balance sheets. Few have financial or non-financial participations. Although under the uniform accounting system they must prepare long and detailed financial statements, their balance sheets can be summarized under six main items as illustrated in Table 39.

Table 39 - Sector - Total Balance Sheet (Milion TL)

	2009	2010	2011	2012
Total Assets	10,407.04	14,462.61	15,644.09	18,174.81
Factoring Receivables (Loans)	8,350.82	12,369.84	14,223.21	16,332.54
Non-Performing Loans	522.34	525.00	561.13	802.19
Provisions	437.93	448.46	444.01	656.80
Total Liabilities	10,407.04	14,462.71	15,621.87	18,174.81
Borrowings	7,499.22	10,960.99	11,438.67	12,811.08
Shareholders' Equity	2,493.33	2,940.33	3,376.56	3,866.77
Funding / Total Assets (%)	72.06	75.79	73.24	70.48
Shareholders' Equity / Total Assets (%)	24.96	20.33	21.61	21.27

Source: BRSA

In 2012 the growth of factoring receivables was funded with equity. The share of borrowings in total assets fell once more from 73.2% to 70.5%. Bank deposits and cash assets increased by 45.5%.

Table 40 - Composition of Assets and Liabilities

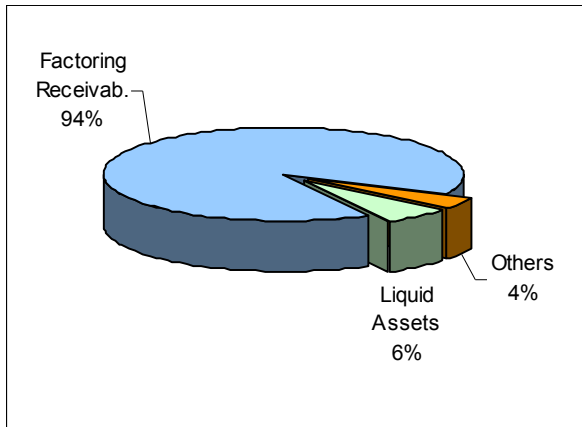
	1000 TL				% Growth		
	2009	2010	2011	2012	2010	2011	2012
Banks and Cash Assets	1,334	1,466	749	1,090	9.9	-48.9	45.5
Factoring Receivables (Gross)	8,351	12,370	14,218	16,333	48.1	14.9	14.9
Other	722	631	677	752	-12.6	7.3	11.1
Total Assets	10,407	14,462	15,622	18,175	39.0	8.0	16.3
Borrowings	7,501	10,961	11,439	12,811	46.1	4.4	12.0
Shareholders' Equity	2,493	2,940	3,377	3,867	17.9	14.9	14.5
Other	413	561	806	1,497	35.8	43.7	85.7
Total Liabilities	10,407	14,462	15,622	18,175	39.0	8.0	16.3

Asset growth of 39% in 2010 decelerated to 8.0% in 2011 then rose to 16.3% 2012. This deceleration was mainly the result of the government's policies to cool down the economy. The deceleration of economic activity began in the third quarter 2011 and continued through the end of the year. In 2012 once again we witnessed factoring companies' ability to transform their balance sheets in a short period; numerous companies downsized by 50% in three months.

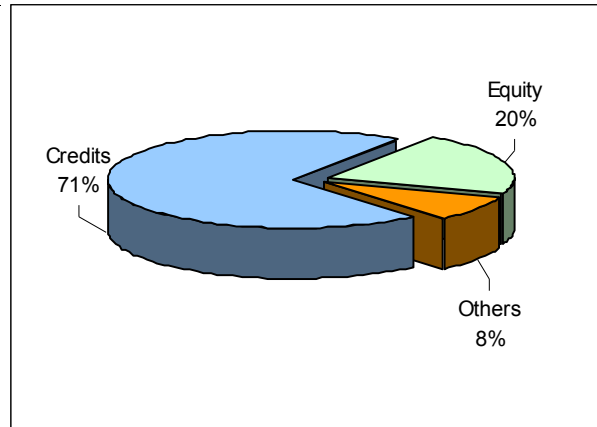
As indicated earlier, factoring companies' balance sheets are dominated (94%) by factoring receivables. Bank deposits and other liquid assets constitute the rest. For most companies, the share of factoring receivables is above 90%. There are, of course, exceptions, such as companies having participations in financial or non-financial companies. Rarely do they hold securities.

The composition of liabilities is also simple. Equities represented 20% of the total in 2012 while credits represented 71%. The rest are provisions (5%) and various small items. The share of equity declined from 30% to 20% in the last three years. As factoring companies gain access to more bank funds the share of equity is likely to continue to fall.

Graph 14 – Distribution of Assets (2012)



Graph 15 – Distribution of Liabilities (2012)



Net income was up by 26.6% in 2012 due to 50.2% increase in interest income. The 14.9% increase in total factoring receivables' volume and higher factoring interest margins have contributed to the increase in net profits. The increase in interest expenditures was lower (16%) than the increase in interest income (32%).

Table 41 - Annual Growth Rates (%)

	2009	2010	2011	2012
Factoring Operating Income	-23.9	13.8	33.6	28.6
Net Factoring Interest Income	-12.3	-2.6	21.6	50.2
Factoring Operating Margin	21.6	-3.4	35.1	30.0
Operating Expenses	-5.8	25.7	17.0	21.2
Operating Income	-15.7	17.0	22.2	26.2
Income Before Tax	-15.5	17.1	22.1	26.3
Specific Provisions for Non-Performing Loans	-28.8	24.3	-33.3	154.6
Net Income	-22.7	24.8	19.6	26.6

Source: BRSA

Table 42 - Factoring Sector- Summary Balance Sheet (1000 TL)

	2009	2010	2011	2012	% Ch.
Cash	4,610	10,570	9,460	5,600	-40.80
Banks	1,069,550	1,155,790	451,220	716,120	58.76
Securities ¹⁾	260,290	295,780	283,080	357,320	26.80
Derivative Assets	8,090	3,810	5,580	11,130	627.45
Gross Factoring Receivables	8,873,160	12,894,840	14,783,530	17,134,730	15.90
Special Reserves (-)	437,930	448,460	451,180	656,800	47.92
Non-Performing Factoring Receivables	522,340	525,000	565,460	802,190	42.96
Net Factoring Receivables	8,350,820	12,369,840	14,218,070	16,332,540	14.83
Financial Assets held for Sale	410,770	294,430	248,840	244,140	-5.41
Tangible Assets	116,080	122,840	139,590	140,490	2.64
Intangible Assets	6,860	7,320	8,430	10,100	-7.59
Deferred Tax	35,890	57,370	71,510	79,510	27.46
Other Assets (2)	67,740	68,320	71,810	132,470	44.59
Total Assets	10,407,040	14,462,610	15,621,870	18,174,810	16.18
Derivative Financial Liabilities (3)	2,870	9,510	52,670	5,370	-88.96
Loans and Borrowings (4)	7,501,910	10,960,990	11,438,670	12,811,080	11.75
Factoring Payables	111,270	209,670	224,420	274,110	39.77
Marketable securities Issued	113,950	211,170	348,240	978,380	182.37
Other Liabilities	53,770	40,210	69,330	101,550	41.32
Income Tax payable (5)	52,360	39,670	56,020	54,380	26.76
Reserves	77,570	51,060	55,460	83,170	2.98
Subordinated loans	0	0	500	0	0
Total Liabilities	7,913,700	11,522,280	12,245,310	14,308,040	16.80
Paid-in Capital	1,026,350	1,090,500	1,279,630	1,618,550	26.49
Share Premium Account	285,060	257,770	282,310	345,210	14.81
Profit Reserves (6)	851,730	1,072,290	1,287,75	1,185,810	-8.30
Net Period Profit / Loss	330,200	412,080	492,710	717,200	37.87
Total Equity	2,493,330	2,940,330	3,376,560	3,866,770	13.94
Total Liabilities and Equity	10,407,040	14,462,610	15,621,870	18,174,810	16.18

Source: BRSA

- (1) Trading Financial Assets + Financial Assets Where fair value Change is reflected to Income Statement + receivables from Reverse Repurchase Agreements + Financial Assets Held for Sale(Net)
- (2) Other Assets = Other Assets + Assets Held for Sale Purpose and Held from Terminated Operations (Net)
- (3) Trading Derivative Financial Liabilities (DFL) + DFL held for Hedging
- (4) Loans Borrowed + Factoring payables + Lease Payables
- (5) Income Tax Payable + Deferred Tax
- (6) Profit Reserves + Prior Year Income or Loss

Off-balance Sheet Accounts

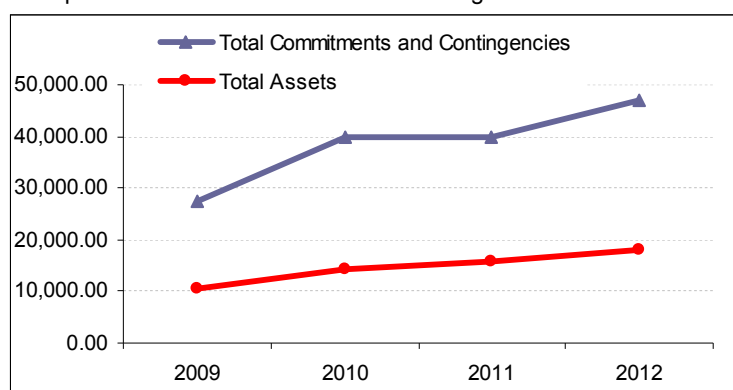
The largest items of commitments and contingencies are “Collaterals Taken” (TL 23.9 billion) and “Items held in Custody” (TL13.9 billion) consisting of checks and notes taken for collection. In 2012 off-balance sheet items showed 17.7% increase largely as the result of “Recourse Factoring Operations” increased by 32.5%, and “Non-recourse Factoring Operations” decreased by 5.2%.

Table 43 - Commitments and Contingencies (Million TL)

	2009	2010	2011	2012
Recourse Factoring Operations	588.09	2,449.59	1,355.82	1,796.64
Non-Recourse Factoring Operations	2,501.66	3,878.74	4,348.40	4,120.30
Collaterals Taken	10,548.09	18,899.15	18,19.36	23,907.48
Collaterals Given	465.79	504.67	465.89	581.29
Commitments	360.13	464.41	464.30	222.91
A) Irrevocable Commitments	196.70	271.82	276.00	145.16
B) Revocable Commitments	163.43	192.60	188.30	77.75
a) Lease Commitments	0.00	0.00	0.00	0.00
b) Other Irrevocable Commitments	163.43	192.60	188.30	77.75
Derivative Financial Instruments	1,334.62	2,153.97	2,274.23	2,302.54
A) Derivative Financial Instruments Held for Hedging	639.93	15.95	198.97	33.40
a) Fair Value Hedges	331.37	15.18	198.97	33.40
b) Cash flow Hedges	308.56	0.77	0.00	0.00
c) Foreign Investment Hedges	0.00	0.00	0.00	0.00
B) Trading Transactions	694.68	2,138.02	2,075.26	2,269.14
a) Forward Foreign Currency Buy- Sell Transactions	1.00	470.76	467.82	23.30
b) Currency and Interest rate Swaps	365.97	1,495.57	1,061.79	2,086.30
c) Currency, Interest Rate and Security Options	277.30	2.05	2.46	26.61
d) Currency, Interest Rate Futures	0.00	0.00	0.00	7.65
e) Other	50.42	169.65	543.19	125.28
Items held in Custody	11,503.53	11,328.43	12,211.72	13,958.11
Total Off balance Sheet Commitments	27,301.91	39,678.95	39,839.71	46,889.26

Source: BRSA

Graph 16 – Total Commitments and Contingencies and Total Assets



Profitability

With total net income of TL 624 million 2012 was a successful year for most companies. In 2012 revenues from factoring operations increased by 28.6%. Net operating profits were TL765 million representing 26.2% increase over the previous year.

The sector average ROA was 3.7% (3.4% in 2011) but 19 companies had ROA lower than 2%, and 13 companies had ROA above 6%. It is almost impossible to make a general statement on how profitable the factoring industry is, but these 13 companies have proven that it is possible to be very profitable in this sector.

Table 44 - Income Statement (1000 TL)

	2009	2010	2011	2012	% Ch.
Factoring Interest Income	1,190,900	1,338,240	1,784,590	2,353,210	31.9
Factoring Commission Income	145,590	186,210	252,530	263,080	4.2
Factoring Commission Expense -	-12,550	-18,150	-25,400	-29,000	14.2
Factoring Operations Income	1323,940	1,506,300	2,011,720	2,587,290	28.6
Financial Expenses	-496,640	-662,090	-962,560	-1,118,780	16.2
<i>Interest Expense on Loans & Borrowings -</i>	-467,010	-661,620	-962,350	-1,015,810	16.2
<i>Other Financial Expenses</i>	-29,630	-470	-210	-102,970	95.2
Foreign Exchange Gain / Loss (net)	2,500	-2,830	-35,630	-1,070	-97.0
<i>FX Gains</i>	1,566,850	2,630,660	1,293,550	628,330	-51.4
<i>FX Loss</i>	-1564,350	-2,633,490	-1,329,180	-629,400	-52.6
Trading Income (net)	-27,050	0,00	0,00	0,00	
Specific Provision for non-performing Factoring Receivables -	-144,710	-179,850	-119,890	-305,280	154.6
Total Factoring Operating Expenses	-665,900	-844,770	-1,118,080	-1,425,130	27.5
Factoring Operating Margin	658,040	661,530	893,640	1,162,160	30.0
Interest Income other than Factoring Operations	64,100	77,950	34,030	25,470	-25.2
Personnel Expenses (-)	82,670	-233,970	-279,520	-336,500	20.4
Operating Expenses -	-126,800	-154,930	-175,610	-215,070	22.5
<i>General Operating Expenses -</i>	-112,780	-141,470	-153,030	-190,900	24.7
<i>Other Operating Expenses-</i>	-11,100	-10,240	-19,310	-19,990	3.5
<i>Retirement Pay Provision Expenses -</i>	-2,920	-3,220	-3,270	-4,180	27.8
Other operational Income / Expenses -	7,360	145,390	133,450	128,940	-3.4
Total Operating Expenses	-309,470	(388,900)	(455,130)	(551,570)	21.2
OPERATING PROFIT	423,920	495,970	605,990	765,000	26.2
Subsidiaries, Affiliates and Joint Venture Gain/Loss	10,640	0,00	0,00	0,00	
Other Income	0,000	330	0,00	0,00	
Other Expenses -	-6,760	-20	-70	0,00	
Net Other Income / Expenses	3,880	310	-70	0,00	
Income Before Tax	423,920	496,280	605,920	765,000	26.3
Taxes	-93,720	-84,200	-113,210	-141,360	24.9
Net Period Profit	330,200	412,080	492,710	623,640	26.6

Source: Turkrating's reclassification of BRSA data

Table 45 - Factoring Companies' Main Income Items (Million TL)

	2009	2010	2011	2012	% Change
Factoring Interest & Commission Income	1,336.49	1,524.45	2,037.12	2,616.29	28.4
Interest Income	1,190.90	1,338.24	1,784.59	2,353.21	31.9
Commission Income	145.59	186.21	252.53	263.08	4.2
Income Other than Factoring Operations	1,706.90	2,872.96	1,562.55	881.17	-43.6
Factoring Interest & Commission Expenses	-509.19	-680.24	-987.96	-1,044.83	5.8
Other Expenses	1,656.09	2,652.48	1,430.70	727.82	-49.1
Operating Expenses	309.48	388.90	455.13	551.6	21.2

Table 46 - Factoring Income (Million TL)

	2010			2011			2012		
	TL	FC	Total	TL	FC	Total	TL	FC	Total
Interest Income	1,304	34	1,338	1,710	85	1,785	2,279	74	2,353
Commission and Fee Income	165	21	186	223	30	253	231	32	263
Total Factoring Income	1,469	55	1,524	1,932	105	2,037	2,510	106	2,616

Source: BRSA

Table 47 – Profitability Ratios (%)

	2008	2009	2010	2011	2012
Average Yield on Earning Assets	44.6	14.3	11.5	12.2	14.1
Cost of Interest Bearing Liabilities	30.3	7.7	6.9	8.2	8.6
Interest from Factoring Receivables / Interest Income	96.9	94.9	94.5	98.1	98.9
Net Factoring Interest Margin	26.0	9.3	6.2	5.9	7.7
Net Interest Margin	21.7	7.9	5.5	5.5	7.5
Factoring Operations Margin/Avg. Net Factoring Receivables	20.2	9.8	6.4	6.7	7.6
Factoring Operations Margin / Avg. Assets	14.5	7.5	5.3	5.9	6.9
Recurring Earning Power (Operating Profit / Avg. Assets)	13.0	4.7	4.0	4.0	4.5
Return on Average Assets ROAA	11.0	3.6	3.3	3.4	3.7
Return on Equity (period end) ROE	18.2	13.2	14.0	14.6	16.1
Net factoring interest income coverage of loan loss provision	3.91	4.80	3.76	6.86	4.04
Total Operating Expenses /Operating Income	65.3	73.0	78.4	75.1	72.1
Loan loss provisions / Operating, income	40.4	34.1%	36.3	19.8	39.9
Factoring Operations margin coverage of loan loss provision	1.41	1.56	1.48	1.98	1.77
Factoring operations income coverage of loan loss provision	4.68	5.72	4.69	8.75	4.81
Net Loan Loss Provision/Operating profit	79.6	103.3	90.4	74.5	85.9

- Average Yield on Earning Assets: (Factoring Interest Income + Other Interest Income) / Avg. Earning Assets
- Cost of Interest Bearing liabilities : Financial Expenses / Interest Bearing Liabilities
- Net Factoring Interest Margin: (Factoring Interest Income + Other Interest Income) / Avg. Gross Factoring Receivables
- Avg. Asset Profitability: Net Profit / Avg. Assets
- Return on Equity (Period end) : Net Profit / Equity
- Return on Average Equity (Period end) : Net Profit / Avg. Equity

Table 48 - Profitability Ratios

	2008	2009	2010	2011	2012
Shareholders' Equity (Million TL)	2,340.50	2,493.33	2,940.33	3,376.56	3,886.77
Net Profit / Loss (Million TL)	427.00	330.20	412.08	492.71	623.55
ROAA (%)	11.0	3.6	3.3	3.4	3.7
ROE (%)	18.2	13.2	14.0	14.6	16.1
ROAE (%)	46.8	17.0	18.4	18.7	20.8

Table 49 - Profitability Ratios of Factoring Companies - 2011-2012

	Total Assets 2012	Shareholders 'Equity 2011	Shareholders 'Equity 2012	Net Profit 2011	Net Profit 2012	ROAE 2012	ROAA 2012
Kapital Fak. A.Ş.	758,550	316,347	376,477	52,249	75,930	21.92	10.31
Deniz Fak. A.Ş.	1,266,523	180,532	206,571	35,418	58,043	29.99	5.09
Yapı Kredi Fak. A.Ş.	1,791,190	152,986	219,654	15,776	53,342	28.63	2.93
Destek Fak. A.Ş.	477,735	112,294	148,053	23,535	40,296	30.96	9.50
Creditwest Fak. A.Ş.	503,061	107,386	129,199	24,874	29,105	24.60	5.88
Şirinoğlu Fak. A.Ş.	340,032	97,709	115,520	32,320	24,869	23.33	8.18
Pamuk Fac. A.Ş.	145,691	119,834	86,219	65,876	22,324	21.67	13.15
Garanti Fak. Hizmetleri A.Ş.	1,955,227	84,522	105,011	34,534	20,460	21.59	1.27
Girişim Fak. A.Ş.	490,094	229,473	229,124	-10,045	16,386	7.15	3.24
Eko Fak. A.Ş.	332,605	70,843	85,565	9,168	16,376	20.94	5.52
Fiba Fak. A.Ş.	862,523	216,260	187,902	16,106	16,106	7.97	2.00
TEB Fak. A.Ş.	786,430	38,462	46,846	10,247	15,925	37.34	1.92
Bayramoğlu Fak. A.Ş.	145,993	91,309	105,000	7,213	13,691	13.95	8.97
Yaşar Fak. A.Ş.	237,650	87,405	95,195	10,381	13,086	14.33	4.93
Lider Fak. A.Ş.	644,859	69,035	83,883	9,450	12,321	16.11	2.15
Ekspo Fak. A.Ş.	237,695	66,669	76,178	10,559	11,509	16.11	4.81
Ulusal Fak. A.Ş.	318,616	46,693	57,913	2,653	11,220	21.45	4.41
Vakıf Finans Fac. Hizmetleri A.Ş.	274,803	84,763	88,498	13,243	10,281	11.87	2.29
Anadolu Fak. A.Ş.	116,308	45,910	55,150	5,324	9,240	18.29	7.79
C Fak. A.Ş.	221,532	150,116	162,846	-2,129	8,970	5.73	3.92
MNG Fak. A.Ş.	257,983	44,222	52,790	4,018	8,568	17.66	3.54
Akın Fak. A.Ş.	174,951	33,699	41,638	6,800	8,477	22.5	5.51
Yeditepe Fak. A.Ş.	136,416	26,734	35,127	4,258	8,393	27.14	7.75
Tekstil Fak. A.Ş.	164,027	33,499	30,575	3,991	8,076	25.21	4.67
Başer Fak. A.Ş.	115,615	27,278	32,261	3,511	8,008	26.90	6.90
Optima Fak. A.Ş.	131,941	24,988	27,232	5,455	7,794	29.85	5.99
Çözüm Fak. A.Ş.	59,177	29,552	36,063	2,995	6,511	19.84	11.95
Prime Fak. Hizmetleri A.Ş.	69,769	5,285	13,072	289	5,287	57.60	14.09
Atılım Fak. A.Ş.	126,436	28,637	29,126	5,621	5,194	17.98	4.24
Kent Fak. A.Ş.	134,595	35,774	38,692	9,462	5,094	13.68	3.22
ING Fak. A.Ş.	617,011	41,597	46,419	2,925	4,822	10.96	1.04
Tuna Fak. A.Ş.	59,168	21,540	25,829	1,976	4,688	19.79	7.99
İş Fak. A.Ş.	1,041,260	52,973	59,723	8,236	4,574	8.12	0.62
Doğan Fak. A.Ş.	62,064	17,960	22,324	1,821	4,364	21.67	4.95

Para Finans Fak. A.Ş.	131,937	19,943	19,268	2,838	3,750	19.13	3.03
Finans Fak. A.Ş.	373,823	23,380	26,923	1,460	3,543	14.09	1.08
Fortis Fac. A.Ş.	193,390	22,304	25,765	1,860	3,461	14.40	1.57
Global Fak. Hizm. A.Ş.	33,408	10,632	14,004	3,670	3,405	27.64	11.04
Şeker Fak. A.Ş.	188,665	19,833	22,853	2,305	3,020	14.15	1.61
Sardes Fak. A.Ş.	60,846	7,581	9,746	-210	2,676	30.89	6.73
First Fac. A.Ş.	44,020	7,308	9,697	-8,275	2,389	28.10	5.22
Acar Fak. A.Ş.	18,521	16,363	18,750	2,131	2,387	13.60	13.54
Ak Fak. A.Ş.	81,038	8,061	10,411	-688	2,350	25.45	5.27
Arena Fak. A.Ş.	41,542	13,411	15,758	1,835	2,346	16.09	5.11
VDF Fak. Hizm.A.Ş.	97,930	8,272	10,522	662	2250	23.94	2.52
Çağdaş Fak. A.Ş.	189,538	45,343	38,597	5,817	2,079	4.95	1.30
Trend Fak. A.Ş.	41,188	10,445	12,478	1,089	2,033	17.74	5.31
Kredi Finans Fak. Hizm.A.Ş.	137,815	9,726	16,687	686	1,961	14.85	2.16
Huzur Fak. A.Ş.	95,247	13,672	15,476	2,283	1,804	12.38	1.92
Ar Fak. Finansal Hizm.A.Ş.	61,539	8,448	10,198	1,605	1,750	18.78	2.57
ACL Fak. A.Ş.	41,059	11,848	13,557	16	1,709	13.45	4.79
Strateji Fak. A.Ş.	136,347	13,994	14,409	1,650	1,414	9.96	1.06
Doğa Fak. A.Ş.	22,798	16,768	16,715	2,748	1,244	7.43	3.81
Demir Fak. A.Ş.	104,976	23,715	24,935	-718	1,220	5.02	1.29
Katar Fak. Fin. Hizm. A.Ş.	25,873	13,100	14,282	1,660	1,182	8.64	4.62
Devir Fak. A.Ş.	88,546	11,873	12,945	1,389	1,072	8.64	1.39
Merkez Fak. A.Ş.	35,787	8,701	9,712	827	1,011	10.98	3.05
Eren Fak. A.Ş.	64,933	7,718	8,709	-440	991	12.06	2.15
Atak Fak. Hizm.A.Ş.	8,718	8,239	8,645	416	406	4.81	4.76
Makro Fak. A.Ş.	36,506	8,348	8,750	-145	402	4.70	1.22
Akdeniz Fak. A.Ş.	141,905	11,774	12,005	1,247	231	1.94	0.18
As Fak. A.Ş.	14,625	7,116	7,737	-384	121	1.63	1.06
Analiz Fak. A.Ş.	54,563	10,228	10,277	1,664	49	0.48	0.09
Turkish Fak. Hizm.A.Ş.	27,876	8,230	7,964	575	48	0.59	0.14
Erişim Fak. A.Ş.	50,921	7,426	7,695	737	19	0.25	0.04
Sümer Fak. Hizmetleri A.Ş.	20,489	7,213	7,517	29	4	0.05	0.02
Artı Finans Fac. Hizm. A.Ş.	21,349	8,247	8,193	-1,555	-54	-0.66	-0.21
Met-Ay Fak. A.Ş.	20,046	8,414	8,222	3	-192	-2.31	-0.97
Berg Fak. A.Ş.	27,543	v,y,	14,766	v,y,	-234	-3.17	-1.70
Halk Fak. A.Ş.	19,951	v,y,	19,739	v,y,	-261	-2.65	-2.62
Zorlu Fak. A.Ş.	44,228	v,y,	9,439	v,y,	-561	-11.9	-2.54
Kredi Alta Fak. A.Ş.	6,605	v,y,	6,412	v,y,	-1,088	-33.94	-32.94
ABC Fak. A.Ş.	75,637	12,162	10,532	1,369	-1,630	-14.37	-1.77
Değer Fak. A.Ş.	26,151	7,503	6,351	120	-1,652	-23.85	-6.58
Tam Fak. A.Ş.	76,955	6,772	74,485	-728	-7,107	-17.49	-16.96
Hepkon Finans Fac. Hizm. A.Ş.	0	60,401	v.y	2,171	v.y	v.y	v.y
Mert Finans Fak. Hizm.A.Ş.	0	7,810	v.y	171	v.y	v.y	v.y
TOTAL	18,042,364	3,324,608	3,772,801	460,000	608,878	17.16	3.62

Table 50 – Profitability Ratios Based on Net Operations Profits

	Net Operations Profits 2011	Net Operations Profits 2012	ROAE 2011	ROAA 2011	ROAE 2012	ROAA 2012
1 Kapital Fac. A.Ş	65,392	94,912	22.12	10.49	27.40	12.89
2 Deniz Fac. A.Ş	43,776	69,421	26.89	4.52	35.87	6.09
3 Yapı Kredi Fac. A.Ş	19,671	61,444	12.28	1.02	32.98	3.37
4 Destek Fac. A.Ş	28,768	50,924	28.64	9.25	39.12	12.01
5 Creditwest Fac. A.Ş.	31,289	36,113	31.93	7.58	30.53	7.29
6 Şirinoğlu Fac.A.Ş.	40,560	31,540	47.63	15.58	29.58	10.37
7 Garanti Fak. Hizmetleri A.Ş.	39,461	25,603	58.66	2.78	27.02	1.59
8 Pamuk Fac. A.Ş	66,391	22,437	76.4	35.68	21.78	13.21
9 Fiba Fak. A.Ş	15,084	21,944	7.30	1.93	10.86	2.72
10 Eko Fac. A.Ş.	10,619	20,583	15.90	4.60	26.32	6.94
11 Girişim Fak. A.Ş.	-8,819	20,512	-3.76	-1.54	8.95	4.06
12 TEB Fac. A.Ş	13,005	19,847	40.71	1.58	46.53	2.40
13 Yaşar Fak. A.Ş.	13,013	17,693	15.83	5.65	19.38	6.66
14 Bayramoğlu Fak. A.Ş.	9,028	17,149	10.30	6.30	17.47	11.23
15 Lider Fac. Hizm. A.Ş.	11,853	15,503	18.92	2.73	20.28	2.71
16 Ekspo Fac. A.Ş.	13,292	14,408	18.86	5.72	20.17	6.02
17 Ulusal Fac. A.Ş.	3,192	13,997	9.62	2.03	26.76	5.51
18 Vakıf Finans Fac. Hizm. A.Ş	16,450	12,853	21.05	2.28	14.84	2.86
19 Anadolu Fac. A.Ş.	6,681	11,591	15.45	4.94	22.94	9.78
20 MNG Fak. A.Ş.	5,263	11,538	12.47	2.74	23.79	4.77
21 Akın Fak. A.Ş	8,517	10,611	27.87	7.29	28.17	6.89
22 Tekstil Fak. A.Ş	5,115	10,598	16.24	3.34	33.08	6.14
23 Yeditepe Fac. A.Ş.	5,779	10,552	23.49	8.04	34.12	9.74
24 Başer Fac. A.Ş	4,461	10,174	17.48	4.25	34.18	8.77
25 C Fak. A.Ş.	-1,757	9,693	-1.22	-0.77	6.19	4.24
26 Optima Fac. A.Ş	6,907	9,682	28.47	5.53	37.08	7.44
27 Çözüm Fac. A.Ş.	3,866	8,281	13.78	8.58	25.24	15.2
28 İş Fak. A.Ş	9,835	7,247	19.12	2.16	12.86	0.98
29 Prime Fak. Hizmetleri A.Ş.	325	6,635	6.31	6.29	72.29	17.68
30 Atılım Fak. A.Ş.	7,050	6,528	27.30	6.35	22.60	5.32
31 ING Fak. A.Ş.	3,742	5,928	14.89	1.62	13.47	1.28
32 Tuna Fak. A.Ş.	2,489	5,878	23.11	8.55	24.82	10.01
33 Doğan Fac. A.Ş.	2,331	5,458	13.67	3.49	27.10	6.20
34 Para Finans Fac. Hizm.A.Ş.	3,639	4,686	18.55	3.59	23.90	3.79
35 Kent Fak. A.Ş	11,443	4,641	47.90	8.76	12.46	2.93
36 Fortis Fac. A.Ş.	2,981	4,378	13.95	1.63	18.22	1.99
37 Şeker Fak. A.Ş.	2,813	3,952	15.06	1.60	18.52	2.11
38 Finans Fak. A.Ş.	2,668	3,615	15.12	0.98	14.37	1.11
39 Global Fak. Hizm. A.Ş.	4,402	3,361	49.31	16.58	27.29	10.9
40 First Fac. A.Ş.	-9,647	3,261	-264.01	-40.65	38.35	7.13
41 VDF Fak. Hizm.A.Ş.	955	3136	15.68	2.04	33.37	3.51
42 Arena Fak. A.Ş.	2,342	3,118	18.74	4.67	21.38	6.79
43 Acar Fac. A.Ş	2,216	2,819	14.49	14.23	16.06	15.99
44 Ak Fac. A.Ş.	-642	2,751	-9.65	-9.52	29.78	6.17
45 Sardes Fak. A.Ş.	-210	2,676	-5.54	-2.25	30.89	6.73
46 Trend Fak. A.Ş.	1,377	2,590	26.37	7.80	22.60	6.77
47 Kredi Finans Fak. Hizm.A.Ş.	973	2,381	20.00	4.42	18.03	2.62
48 Huzur Fak. A.Ş.	2,870	2,235	24.36	3.58	15.34	2.37

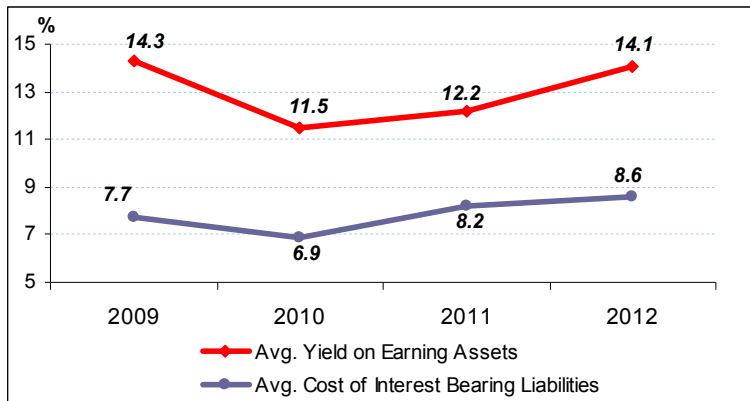
49	Ar Fak. Finansal Hizm.A.Ş.	2,036	2,207	31.84	3.10	23.67	3.24
50	Çağdaş Fac. A.Ş.	7,422	2,183	15.74	6.70	5.20	1.37
51	ACL Fak. A.Ş.	249	2,117	2.10	0.95	16.66	5.94
52	Strateji Fak. A.Ş.	2,092	1,743	15.42	1.62	12.27	1.31
53	Demir Fak. A.Ş.	-589	1,592	-2.45	-0.78	6.54	1.68
54	Doğa Fak. A.Ş.	3,416	1,552	40.74	16.1	9.27	4.76
55	Katar Fak. Fin. Hizm. A.Ş.	1,904	1,523	15.91	8.30	11.13	5.95
56	Eren Fak. A.Ş.	-623	1,519	-16.14	-4.59	18.5	3.30
57	Merkez Fak. A.Ş.	1,045	1,400	24.02	6.86	15.21	4.23
58	Devir Fak. A.Ş.	1,674	1,345	28.2	5.08	10.84	1.74
59	Akdeniz Fak. A.Ş.	1,407	959	12.62	1.27	8.07	0.73
60	Makro Fak. A.Ş.	16	516	0.37	0.11	6.03	1.57
61	Atak Fak. Hizm.A.Ş.	525	509	7.10	6.14	6.03	5.96
62	Artı Finans Fac. Hizm. A.Ş.	-1,621	312	-21.57	-7.19	3.80	1.23
63	Erişim Fak. A.Ş.	1,010	197	27.20	3.66	2.61	0.37
64	Analiz Fak. A.Ş.	2,088	195	22.71	4.27	1.90	0.37
65	As Fak. A.Ş.	-487	156	-13.70	-12.01	2.10	1.37
66	Turkish Fak. Hizm.A.Ş.	673	79	10.06	2.03	0.98	0.23
67	Sümer Fak. Hizmetleri A.Ş.	227	62	6.28	1.63	0.85	0.26
68	Met-Ay Fak. A.Ş.	-2	-215	-0.05	-0.02	-2.59	-1.09
69	Halk Fak. A.Ş.	-	-249	-	-	-2.52	-2.49
70	Berg Fak. A.Ş.	-	-289	-	-	-3.91	-2.1
71	Zorlu Fak. A.Ş.	-	-698	-	-	-14.79	-3.16
72	Kredi Alta Fak. A.Ş.	-	-1,359	-	-	-42.39	-41.15
73	ABC Fak. A.Ş.	2,198	-1,437	17.07	2.09	-12.66	-1.56
74	Değer Fak. A.Ş.	163	-1,440	4.34	1.35	-20.79	-5.73
75	Tam Fak. A.Ş.	-728	-7,538	-21.5	-21.22	-18.55	-17.99
76	Hepkon Finans Fac. Hizm. A.Ş.	6,212	v.y	9.50	9.36	v.y	v.y
77	Mert Finans Fak. Hizm.A.Ş.	185	v.y	2.69	1.57	v.y	v.y
TOTAL		561,301	753,818				

Table 51 illustrates the average sector profitability ratio of each group. There are striking differences between the ratios of different groups. Group A (the leading two companies) operates with a net factoring margin of 3.2%, Group C (13 middle-sized companies) work with 10.1% NIM, and the smaller companies under group D with 10.2% NIM. One can see that Group A and B can fund themselves at lower rates and apply lower discount rates to their customers.

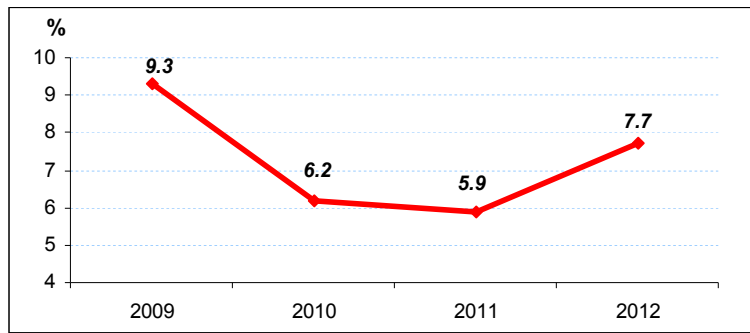
Table 51 - Profitability Ratios of Factoring Companies in 2011 According to Groups

	Sector	Group A	Group B	Group C	Group D	Group E
Average Yield on Earning Assets (%)	14.1	7.6	12.7	18.4	19.9	21.1
Cost of Interest Bearing Liabilities (%)	8.6	4.7	8.7	11.4	12.9	11.2
Net Factoring Interest Margin (%)	7.7	3.2	6.2	10.1	10.2	13.0
Factoring Oper. Margin / Avg.Net Fac. Receivables (%)	7.6	3.5	6.4	10.7	9.8	13.8
Factoring Operations Margin / Average Assets (%)	6.9	3.3	6.0	9.2	9.2	11.5
Return on Average Assets ROAA (%)	3.7	2.1	3.9	3.8	5.0	1.7
Return on Equity (period end) ROE (%)	16.1	21.9	17.6	14.0	17.7	8.0
Average Equity Profitability (Period end) (%)	20.8	32.8	25.0	18.9	23.3	11.5
Operating Expenses / Operating Income (%)	72.1	77.5	87.1	138.7	140.4	507.0
Loan Loss Provision /Operating Income (%)	39.9	26.2	68.3	89.4	90.9	154.6

Graph 17 - Funding Cost and Return of Assets



Graph 18 - Net Factoring Interest Margin



Asset Quality

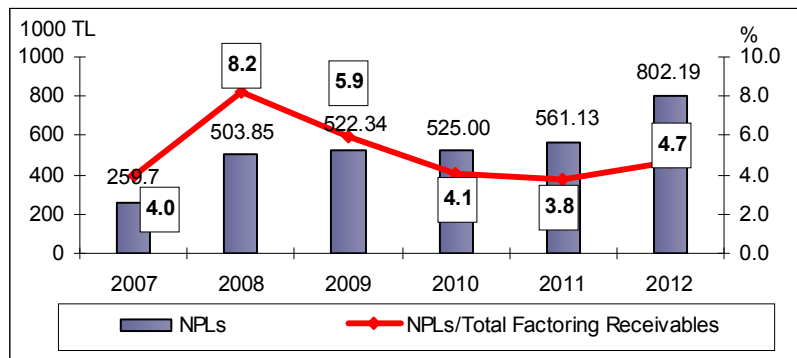
In nominal terms there was a minor increase in total non-performing loans in 2011. But because factoring receivables increased at a higher pace, the NPL ratio fell to 3.8% from 4.1%. In 2012, the NPL ratio once again rose to 4.7%. More detailed analysis showed that Group C's NPL ratio of 7.7% far exceeded the 1% ratio of Group A.

Table 52 – Asset Quality

	2009	2010	2011	2012
Factoring Receivables (Million TL)	8,350.82	12,369.84	14,218.07	16,332.54
Non-Performing Loans (Million TL)	522.34	525.00	565.46	802.19
NPLs / Factoring Receivables (%)	5.9	4.1	3.8	4.7
NPLs / (Equity+ Allowances NPLs) (%)	17.8	15.5	14.8	17.7
Specific Reserves (Million TL)	437.93	448.46	451.18	656.80
Reserve Ratio (%)	83.8	85.4	79.8	81.9

Source: BRSA

Graph 19 - Annual NPL's (1000 TL) and NPL Ratios (%)



Graph 20 – Quarterly NPL Ratios (%)

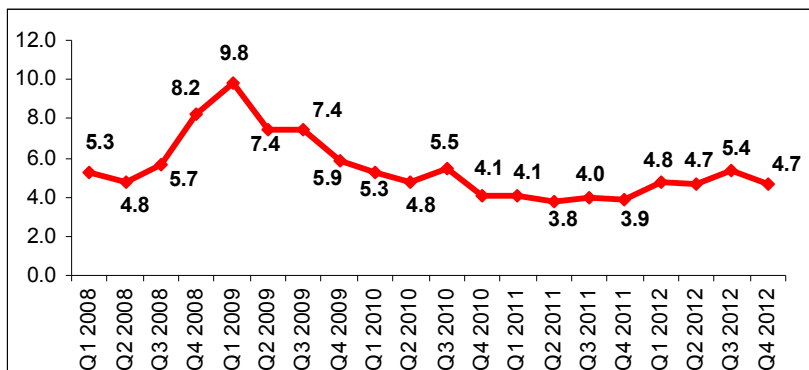


Table 53 – NPL Ratios of Factoring Companies

	2011 NPLs (1000 TL)	2012 NPLs (1000 TL)	NPL Ratio 2011	NPL Ratio 2012
ABC Fak. A.Ş.	10,369	16,498	9.40	19.79
Acar Fak. A.Ş.	1,336	1,424	10.87	16.20
ACL Fak. A.Ş.	3,056	3,383	10.97	8.82
Ak Fak. A.Ş.	0	0	-	0.00
Akdeniz Fak. A.Ş.	2,672	6,453	2.19	4.43
Akın Fak. A.Ş.	4,902	9,100	3.59	5.00
Anadolu Fak. A.Ş.	9,602	9,722	7.47	7.77
Analiz Fak. A.Ş.	2,145	6,914	4.26	12.31
Ar Fak. Finansal Hizm.A.Ş.	244	1,856	0.34	3.11
Arena Fak. A.Ş.	2,712	6,394	5.37	14.62
Artı Finans Fac. Hizm. A.Ş.	1,069	1,651	4.22	9.75
As Fak. A.Ş.	96	2,145	1.41	14.81
Atak Fak. Hizm.A.Ş.	75	0	1.29	-
Atılım Fak. A.Ş.	13,154	14,733	10.49	11.22
Başer Fak. A.Ş.	10,489	18,380	8.70	14.64
Bayramoğlu Fak. A.Ş.	28,322	35,097	15.99	21.29
Berg Fak. A.Ş.	0	0	-	0.00
C Fak. A.Ş.	10,079	11,919	10.27	15.87
Creditwest Fak. A.Ş.	18,265	21,618	3.81	4.40
Çağdaş Fak. A.Ş.	7,133	15,451	5.46	7.90
Çözüm Fak. A.Ş.	4,944	7,194	11.49	12.90
Değer Fak. A.Ş.	1,769	6,738	7.28	24.27
Demir Fak. A.Ş.	1,042	1,951	1.41	2.04
Deniz Fak. A.Ş.	11,735	23,478	1.18	1.89
Destek Fak. A.Ş.	9,672	12,564	2.79	2.65
Devir Fak. A.Ş.	2,564	5,231	4.08	6.20
Doğa Fak. A.Ş.	4,967	7,478	12.57	35.12
Doğan Fak. A.Ş.	212	241	0.19	0.40
Eko Fak. A.Ş.	35,266	42,282	12.72	12.40
Ekspo Fak. A.Ş.	4,110	6,694	1.71	2.79
Eren Fak. A.Ş.	1,196	2,471	4.60	3.80
Erişim Fak. A.Ş.	8,590	10,001	15.16	18.40
Fiba Fak. A.Ş.	15,197	33,155	2.38	4.37
Finans Fak. A.Ş.	7,964	7,698	3.07	2.08
First Fac. A.Ş.	8,013	8,332	15.60	16.73
Fortis Fac. A.Ş.	4,106	4,221	1.65	2.24
Garanti Fak. Hizmetleri A.Ş.	15,445	26,583	1.22	1.43
Girişim Fak. A.Ş.	52,542	13,971	15.42	4.61
Global Fak. Hizm. A.Ş.	1,774	3,094	7.51	11.76
Halk Fak. A.Ş.	0	0	-	0.00
Hepkon Finans Fac. Hizm. A.Ş.	18,357	0	43.53	-
Huzur Fak. A.Ş.	2,302	6,286	2.52	6.58
ING Fak. A.Ş.	1,273	3,259	0.44	0.54
İş Fak. A.Ş.	2,603	10,902	0.64	1.06
Kapital Fak. A.Ş.	12,822	16,609	1.79	2.23
Katar Fak. Fin. Hizm. A.Ş.	8,308	10,818	30.15	36.68
Kent Fak. A.Ş.	3,318	11,866	1.84	8.54
Kredi Alta Fak. A.Ş.	0	0	-	0.00

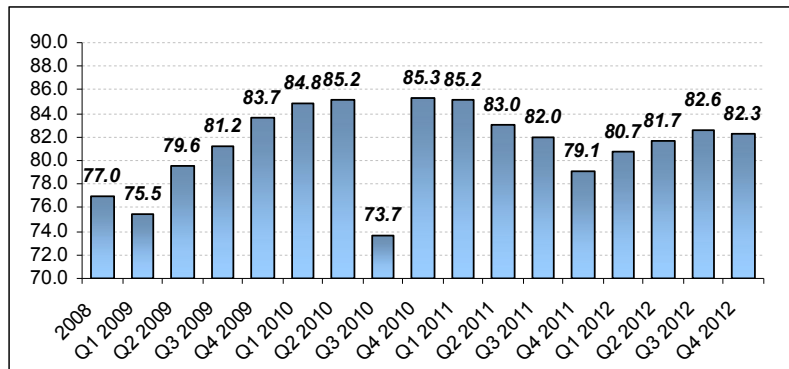
Kredi Finans Fak. Hizm.A.Ş.	1,270	6,136	2.97	4.47
Lider Fak. A.Ş.	11,826	19,747	2.47	3.08
Makro Fak. A.Ş.	2,378	2,855	7.92	7.55
Merkez Fak. A.Ş.	6,307	3,349	17.94	8.81
Mert Finans Fak. Hizm.A.Ş.	369	1,708	4.11	10.89
Met-Ay Fak. A.Ş.	9,753	10,406	48.19	52.19
MNG Fak. A.Ş.	12,963	17,525	5.77	6.73
Optima Fak. A.Ş.	10,241	15,480	8.32	11.20
Pamuk Fac. A.Ş.	6,900	8,982	5.47	10.75
Para Finans Fak. A.Ş.	5,840	7,288	5.31	5.71
Prime Fak. Hizmetleri A.Ş.	0	0	-	0.00
Sardes Fak. A.Ş.	0	203	0.00	0.34
Strateji Fak. A.Ş.	3,596	4,383	2.82	3.23
Sümer Fak. Hizmetleri A.Ş.	1,324	2,379	4.98	12.16
Şeker Fak. A.Ş.	18,488	29,870	9.33	14.13
Şirinoğlu Fak. A.Ş.	20,487	30,489	9.75	10.57
Tam Fak. A.Ş.	0	2,402	-	6.56
TEB Fak. A.Ş.	14,499	10,502	1.74	1.38
Tekstil Fak. A.Ş.	2,584	3,936	1.41	2.36
Trend Fak. A.Ş.	2,964	4,866	8.03	11.03
Tuna Fak. A.Ş.	2,051	2,331	3.56	3.90
Turkish Fak. Hizm.A.Ş.	1,723	2,615	4.21	10.00
Ulusal Fak. A.Ş.	8,132	8,877	4.46	2.83
Vakıf Finans Fac. Hizmetleri A.Ş.	6,377	19,171	1.02	9.35
VDF Fak. Hizm.A.Ş.	0	0	0.00	-
Yapı Kredi Fak. A.Ş.	60,692	62,048	3.34	3.65
Yaşar Fak. A.Ş.	17,516	35,958	5.87	14.06
Yeditepe Fak. A.Ş.	2,739	3,862	3.38	2.81
Zorlu Fak. A.Ş.	0	4,568	-	9.67
BRSA	565,460	802,190	3.80	4.70

*The company began its operations in 2012.

Provisioning

In compliance with the BRSA's regulatory provisioning requirements, specific provisions covered 82.3% of impaired factoring receivables in 2012 (79.1% in 2011).

Graph 21 – Specific Provisioning Ratios (%)



Source: BRSA

Funding

1 Turkish factors, like other non-bank financing companies, need to have strong equity as they are not allowed to collect deposits. Their business volume largely depends on the size of their capital and their access to bank loans. Since 2010 several companies have succeeded in diversifying their funding through bond issuances in the domestic market.

A. Equity

In 2012 total shareholders' equity was TL 3.9 billion, 26.6% increase in net income coupled with 26.5% increase in paid-in capital were instrumental in increasing it by 14.5%. Compliance with the new law that requires minimum TL 20 million capital is expected to raise total equity by at least TL 460 million.

Table 54 – Composition of Equity (Million TL)

	2008	2009	2010	2011	2012
Equity	2,340.50	2,493.33	2,940.32	3,376.55	3,866.77
A) Paid-in Capital	1,030.03	1,026.35	1,090.50	1,279.63	1,618.55
B) Capital Reserves	99.14	285.06	257.77	282.31	345.21
a) Share Premium	0.00	0.00	16.41	29.61	46.02
b) Share cancellation Profits	0.00	0.00	0.00	0.00	0.00
c) Valuation Changes of Marketable Securities	-1.06	48.94	78.62	56.71	112.74
d) Revaluation Changes of Property and Equipment	0.79	10.33	5.88	17.19	43.72
e) Free Share from Investment and Associates, Subsidiaries and JVs	50.40	35.14	35.58	36.03	36.03
f) Hedging Funds (Active part)	0.00	0.00	0.00	0.00	0.00
g) Value increase in Property and Equipment Held for sale Purpose and Held from Terminated Operations	0.00	0.00	0.00	0.00	0.00
h) Other Capital Reserves	49.01	190.65	121.28	142.77	106.70
C) Profit Reserves	694.25	750.85	1,072.29	1,287.75	1,185.81
a) Legal Reserves	91.87	103.49	122.47	143.39	178.64
b) Status Reserves	10.06	10.48	38.36	2.35	4.30
c) Extraordinary Reserves	397.95	263.96	535.37	697.08	713.03
d) Other profit Reserves ^{***}	194.38	372.92	376.10	444.92	289.84
D) Profit or Loss (97+98)	517.08	431.07	519.77	526.87	717.20
a) Prior Year Income or Loss	90.08	100.88	107.69	34.16	93.65
b) Net Period Profit or Loss	427.00	330.20	412.08	492.71	623.55
Equity / Total Assets (%)	30.5	24.0	20.3	21.7	21.3

B. Loans

In recent years bank borrowings have increased and represented 70% of their assets. Bank loans are provided predominantly from domestic banks. In particular independent companies have been borrowing local currency from local banks. Borrowings in foreign currency went up to 54% in 2008 but phased down to 22.4% by 2012 following the occurrence of significant foreign currency losses.

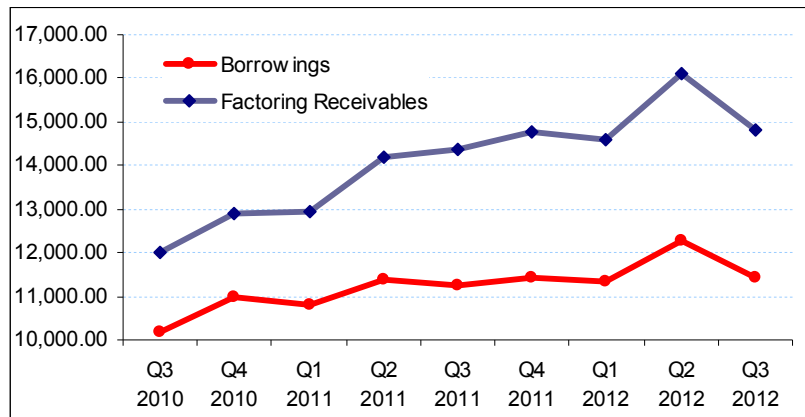
Table 55 - Factoring Sector Funding (Million TL)

	2008	2009	2010	2011	2011
Total Liabilities	7,796.46	10,407.04	14,466.71	15,644.09	18,174.81
Loans	4,943.14	7,499.22	11,095.97	11,463.64	12,811.10
FC Loans / Total Loans	54.78	23.47	22.85	25.94	22.42
Loans / Assets (%)	63.4	72.1	76.7	73.3	70.5
Avg. Securities Issued / Av.Total Funding (%)	0.9	1.6	1.7	2.4	5.1
Equity	2,373.59	2,493.33	2,941.30	3,393.71	3,866.77

Table 56 – Loans (Million TL)

	2008	2009	2010	2011	2011
Loans	4,943.14	7,499.22	10,960.99	11,438.67	12,811.10
Factoring Payables	152.52	111.27	209.67	224.42	274.11
Lease Payables	2.21	2.69	2.80	2.16	5.00
A) Financial Lease Payables	2.60	3.27	3.23	2.43	2.95
B) Operational Lease Payables	0.00	0.00	0.00	0.00	0.00
C) Other	0.00	0.00	0.00	0.00	2.42
D) Deferred Financial Lease Expenses (-)	0.40	0.58	0.43	0.27	0.37
Securities Issued (Net)	92.85	113.95	211.17	348.24	978.38
A) Bills	0.00	0.00	0.00	0.00	159.07
B) Asset-backed Securities	0.00	0.00	0.00	0.00	0
C) Bonds	92.85	113.95	211.17	348.24	819.31
Miscellaneous Payables	125.09	43.84	32.04	52.25	78.80
Other Foreign Liabilities	4.82	9.94	4.06	13.91	17.76

Graph 22 – Factoring Receivables and Loans (Million TL)



C. Credit Disbursements from Local Banks

According to the Central Bank of Turkey data, TL31.3 billion out of TL795 billion total banking sector credits was extended to the Group “Leasing, Factoring, Financing Companies and Others” at the end of 2012 (Table 57). The sector composition of this table illustrates that credits extended to this group

represented 3.7% of the total. The NPL ratio of this group was 6 per mille in 2011. We observed that in 2012 this group's NPL ratio further dropped to 4 per mille while the banking sector ratio rose to 3.4%.

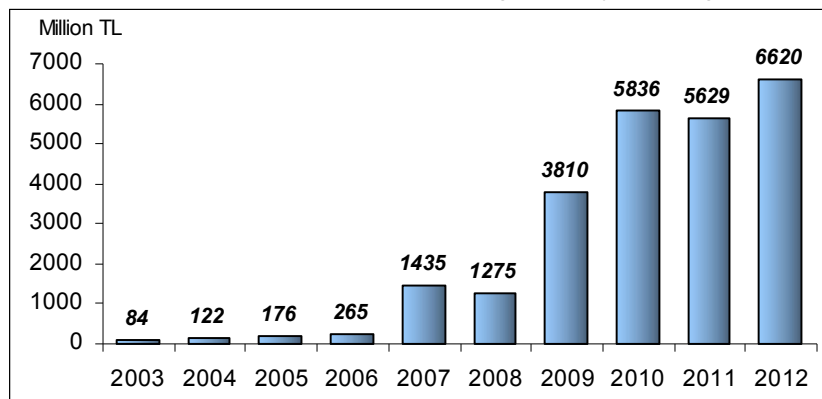
The factoring industry's borrowings from deposit taking banks were TL 6.6 billion. Together with loans extended by investment banks total borrowings from local banks reaches TL 6.8 billion. Since total credits were TL 9.9 billion in 2012, we assume that the difference was obtained from international banks.

Table 57 – Loans Obtained from Deposit Banks and Dev. and Inv. Banks By Factoring Companies (1000 TL)

	2006	2007	2008	2009	2010	2011	2012
Deposit Taking Banks	265,073	1,435,377	1,275,235	3,810,354	5,835,773	5,628,969	6,619,899
Development & Investment Banks	67,448	104,972	5,700	60,041	117,079	141,060	137,464
Total	332,521	1,540,349	1,280,935	3,870,395	5,952,852	5,770,029	6,757,363

Source: CBT

Graph 23 – Loans Obtained from Deposit Taking Banks by Factoring Companies



Source: CBT – Money and Banking Statistics

D. Leverage Ratios

The leading factoring companies have high leverage ratios. Their borrowings equate to 12.7 times their equity, and their total borrowings have 90% share in total assets. Still, these companies have relatively low NPLs.

Table 58 – Financial Ratios - Sector

	2008	2009	2010	2011	2012
Gross Factoring Receivables / Assets (%)	78.6	85.3	89.1	94.5	89.9
Gross Factoring Receivables / Equity (X)	2.6	3.6	4.4	4.4	4.4
Securities / Assets (%)	1.3	2.4	2.0	1.8	1.9
Loans and Borrowings / Assets (%)	63.7	72.1	76.7	73.3	70.5
Equity / Loans and Borrowings (%)	47.3	33.2	26.5	29.6	30.2
Equity / Total Funding (%)	45.0	32.3	25.8	28.3	27.3
Equity / Assets (%)	30.1	24.0	20.3	21.7	21.3
Commitments / Equity (%)	10.8	14.4	15.8	13.7	13.7
Derivative Financial Instruments / Equity (%)	58.6	53.5	73.2	67.0	67.0

Source: Turkrating

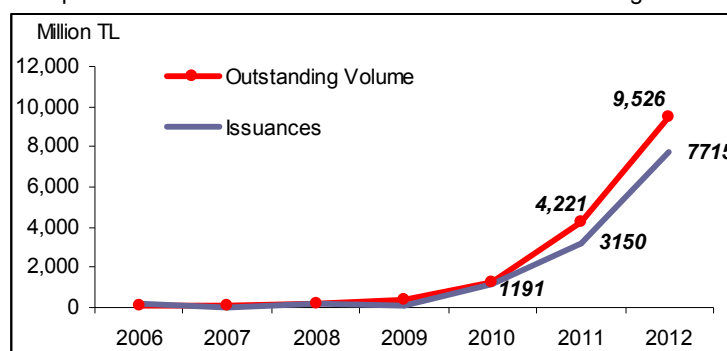
Table 59 – Financial Ratios – Factoring Company Groups

	Group A		Group B		Group C		Group D		Group E	
Asset Quality and Risk Management	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Gross Fact. Receivables /Assets (%)	98.6	94.9	91.9	94.0	93.8	92.4	97.7	98.9	96.9	92.4
Gross factoring Receivables / Equity	13.4	12.7	6.7	8.0	4.9	4.3	4.9	5.5	4.1	3.6
Securities/ Assets (%)	2.4	3.8	3.1	3.4	0.0	0.1	0.0	0.0	0.0	0.1
Loans and Borrowings / Assets (%)	91.2	90.2	71.1	67.4	64.0	56.5	63.0	60.7	62.1	54.1
Equity / Loans and Borrowings %)	8.2	10.0	38.2	48.5	56.3	67.3	67.0	100.5	170.8	65.9
Equity / Total Funding (%)	8.2	9.9	33.3	33.1	46.0	58.1	47.6	55.8	170.2	60.5
Equity / Assets (%)	7.4	8.8	21.8	21.0	27.0	29.3	26.6	26.5	32.3	38.6
Commitments / Equity (%)	4.0	3.3	8.3	4.8	0.5	0.9	259.2	21.3	64.4	39.0
Derivative Fin. Instruments / Equity (%)	213.7	286.7	102.1	83.9	3.4	3.6	0.4	25.3	7.8	3.2

E. Bond Issues

The private sector bond market revived in 2010 after the BRSA allowed banks to issue bonds and bills. Although the bond market is still at nascent stage, private sector bonds gained 24.6% share in 2012. The market is still dominated by banks, but factoring and leasing companies have also been active issuers in this market. The bond market has provided a good opportunity to diversify their funding sources. Total outstanding bonds and bills of the factoring industry were just under TL 1.0 billion at the end of 2012.

Graph 24 – Private Sector Bond Issuances and Outstanding Volume



Source: The Capital Markets Board

Table 60 – Private Sector Bond Issuances in Turkey and Outstanding Volume

	Issuances	Stock	Outstanding Amount
2006	220.00	0.00	120.00
2007	20.00	0.00	140.00
2008	220.00	120.00	240.00
2009	140.40	20.00	360.40
2010	1,191.00	270.00	1,281.40
2011	3,150.04	210.00	4,221.44
2012	7,714.61	2,410.04	9,526.01

Source: CMB Monthly Bulletin

The first bond issue realized by a factoring company was a TL30 million private placement in 2007. The same issuing company engaged in a second issue in 2008. In 2009 and 2010, there were a few other issues but bond issues remained nearly negligible in total funding.

Table 61 - 2008 - 2012 Total Bond Issues of the Factoring Sector (Million TL)

	2008	2009	2010	2011	2012
Securities Issued (Net)	92,85	113,95	211.17	346.49	978.38
A) Bills	0.00	0.00	0.00	0.00	159.07
B) Asset Backed Securitties	0.00	0.00	0.00	0.00	0.00
C) Bonds	92.85	113.95	211.17	236.49	819.31

Source: BRSA

During 2011 and 2012 market conditions improved, and nine factoring companies used the opportunity to tap the bond market. Below, the terms and conditions of these bond issues are given. The bond issuances have used seven different systems, from private placements to public offerings, with different coupon payment terms. Therefore, it was not possible to make spread comparisons. In most cases the bonds provided either lower cost funding or longer maturities than bank borrowings.

2012

ISSUER	Offered/Not offered to the Public	Issuing Date	Term (Year)	Issuing Amount Nom.	Coupon Period (day)	Final Issuing Interest Rate % (simple annual)
Lider Faktoring A.Ş.	1	April 17,2012	1	20,000	28-33	13.07
Lider Faktoring A.Ş.	1	May 8, 2012	1.5	20,000	28-33	12.89
Lider Faktoring A.Ş.	1	June 12, 2012	3	50,000	27-35	11.77
Creditwest Faktoring A.Ş.	2	May 8, 2012	2	30,000	87-94	13.25
Kapital Faktoring A.Ş.	3	June 26,2012	2	75,000	91	11.43
Lider Faktoring A.Ş.	3	June 29,2012	3	20,000	88-94	12.71
Sardes Faktoring A.Ş.	3	July 25,2012	1	13,500	90-92	11.61
Eko Faktoring A.Ş.	3	July 26,2012	2	50,000	86-96	11.35
Ekspo Faktoring A.Ş.	5	July 31, 2012	2	50,000	182-184	11.47
Destek Faktoring A.Ş.	3	Sept 13, 2012	1.5	60.000	91	11.42
Kent Faktoring A.Ş.	3	Oct 1, 2012	2	30.000	91	11.47
Ulusal Faktoring A.Ş.	3	Oct 19, 2012	1	45.000	94-95	11,79
Lider Faktoring A.Ş.	1	Nov 22, 2012	15 months	30.000	28-33	9,74
Creditwest Faktoring A.Ş.	1	Nov 27, 2012	1	50.000	29-31	9,35
Creditwest Faktoring A.Ş.	2	Nov 27, 2012	1	50.000	91-94	8,88
Şeker Faktoring A.Ş.	2	Dec 4, 2012	1.5	10.000	91	9,43
	Bills		Months			
Şeker Faktoring A.Ş.	6	June 19, 2012	6	20,000		10.86
Turkish Faktoring A.Ş.	7	May 14, 2012	5	15,000		11.15
Fiba Faktoring A.Ş.	7	Oct 9, 2012	1	50.000		9,45
Şeker Faktoring A.Ş.	6	Dec 4, 2012	6	20.000		7,75
Fiba Faktoring A.Ş.	7	Dec 12, 2012	6	50.000		6,89

2013

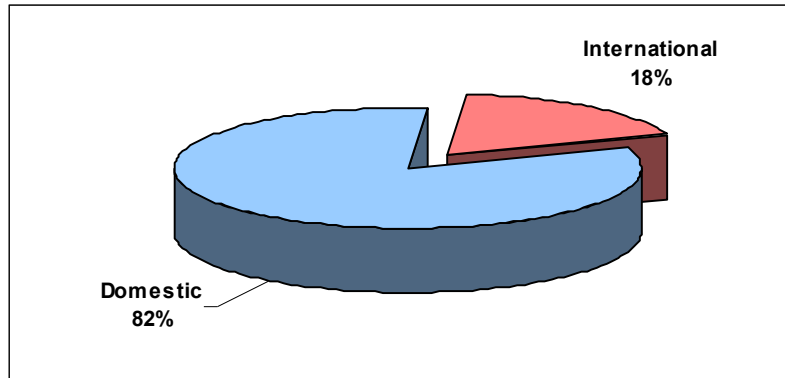
Issuer	Offered/Not offered to the Public	Issuing Date	Term (Year)	Issuing Amount Nom.	Coupon Period (day)	Final Issuing Interest Rate % (simple annual)
C Faktoring A.Ş.	3	22 Ocak 2013	2	25,000	91-92	9.16
Ak Faktoring A.Ş.	3	20 Şubat 2013	2	15,000	91	10.40
Sardes Faktoring A.Ş.	3	28 Mart 2013	1	6,500	91-92	10.00
Ulusal Faktoring A.Ş.	3	10 Nisan 2013	2	50,000	91	9.45
Sardes Faktoring	3	28 Mart 2013	1	6,500	91-92	10.00
Ulusal Faktoring	3	10 Nisan 2013	2	50,000	91	9.45
Kapital Faktoring	3	16 Mayıs 2013	2	75,000	91	7.33
Creditwest Faktoring	3	17 Mayıs 2013	2	50,000	91	7.84
Eko Faktoring	3	24 Mayıs 2013	2	50,000	90-91	8.66
Prime Faktoring	3	06 Ağustos 2013	2	20,000	91	13.47
Creditwest Faktoring	3	26 Ağustos 2013	3	50,000	88-91	12.20
	Bills		(Months)			
Tekstil Faktoring A.Ş.	7	25 Şubat 2013	6	25,000		7.50
Deniz Faktoring A.Ş.	7	28 Şubat 2013	3	50,000		6.14
Deniz Faktoring A.Ş.	7	28 Şubat 2013	6	50,000		6.49
Girişim Faktoring A.Ş.	7	01 Mart 2013	6	50,000		6.62
Kent Faktoring	7	29 Nisan 2013	6	28,000		7.31
Deniz Faktoring	7	08 Mayıs 2013	6	55,000		5.68
Tekstil Faktoring	7	27 Mayıs 2013	6	10,000		6.14
Fiba Faktoring	7	27 Mayıs 2013	6	50,000		6.14
Deniz Faktoring	7	29 Mayıs 2013	6	50,000		5.78
Zorlu Faktoring	7	29 Mayıs 2013	6	25,000		10.54
Turkish Faktoring	7	29 Mayıs 2013	6	15,000		9.53

1	Public offering – FRN – annual coupon
2	Public offering – FRN – quarterly coupon
3	Private placement – FRN – quarterly coupon
4	Public offering - FRN – bi-annual coupon
5	Private placement - FRN – bi-annual coupon
6	Public offering – discounted bills
7	Private placement – discounted bills

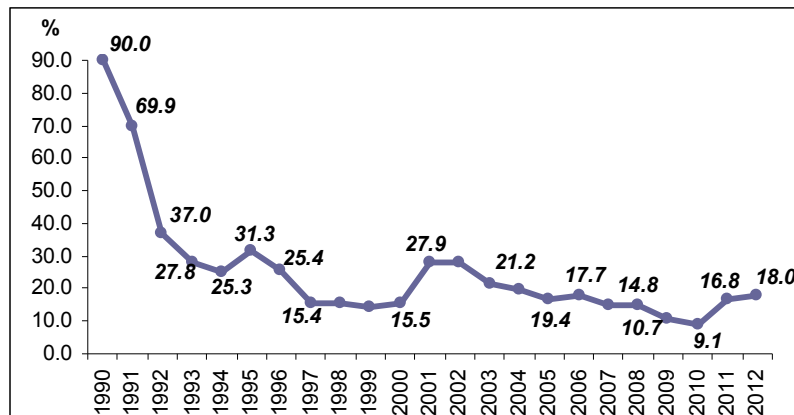
6. INTERNATIONAL FACTORING

Currently 19 factoring companies provide international factoring services. Among those companies, 16 are members of Factors Chain International, and four are members of Factors Group (IFG). The share of international transactions in total turnover increased to 18% in 2012 from 9.1% in 2010. Total international turnover grew to US\$43 billion from US\$40 billion in 2012, as a result of which the penetration rate improved from 5.2% to 5.5%.

Graph 25 - Distribution of Turnover (2012)



Graph 26 – Share of International Turnover in Total Turnover (%)



In USD terms, international turnover declined from US\$51.6 billion to US\$40.0 billion in 2011 due to the appreciation of the Lira. In TL terms, the decrease was from TL75.9 billion to TL70.9 billion. In the first nine months of 2012 international turnover increased by 23% to TL10.5 billion.

Table 62 – GDP and Factoring Penetration Rate

	2007	2008	2009	2010	2011	2012
GDP Growth (%)	4.7	0.7	-4.8	9.2	8.8	2.2
GDP (Million USD)	658,786	742,094	616,703	731,608	772,298	786,293
Total Turnover (Million USD)	26,405	28,677	30,370	51,594	39,997	41,799
Penetration Rate (%)	4.0	3.9	4.9	7.1	5.2	5.5

Source : The Factoring Association

Graph 27 – Domestic and International Factoring

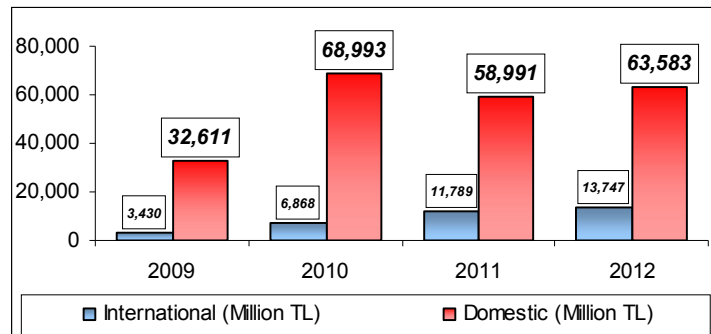


Table 63 - Factoring Sector- Turnover Volume (Million TL)

	12/2009	12/2010	03/2011	06/2011	09/2011	12/2011	03/2011	06/2012	09/2011	12/2011
International	3,430	6,868	2,710	5,405	8,534	11,789	3,314	7,294	10,531	13,747
Domestic	32,611	68,993	15,322	29,842	44,452	58,991	13,457	28,860	43,493	63,583
Total	36,041	75,861	18,031	35,247	52,986	70,780	16,771	36,154	54,025	77,330

International Comparisons

Total world turnover volume marked a 7.7% increase in 2012 (28.8% in 2011) and reached US\$2.8 trillion. Malaysia's contribution to such high growth is substantial given the 73% annual increase in factoring turnover in Malaysia. Hong Kong, Russia and U.A.E. followed Malaysia in terms of high growth. Annex 4 lists the 69 members of Factors Chain International together with their domestic and international turnovers. Turkey ranks sixteenth with its €41.8 billion turnover. In Europe, the UK, Italy and France have reported high turnovers.

Graph 28 – World Factoring Turnover (Billion USD)

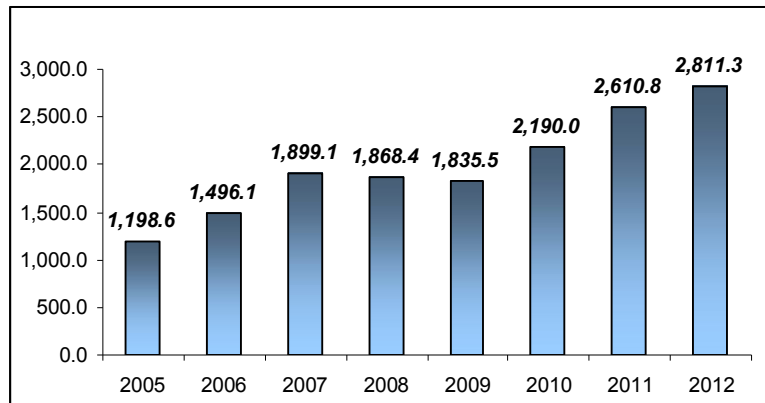


Table 64 – Years 2005 – 2012 Factoring Turnover (Million USD)

	2007	2008	2009	2010	2011	2012	% Değ.
Total Europe	1.361.105	1.252.832	1.253.608	1.388.584	1.578.921	1.712.369	8,5
Total Americas	218.661	217.775	203.078	246.284	268.433	247.673	-7,7
Total Africa	15.629	18.701	21.158	22.171	30.221	31.549	3,8
Total Asia	254.395	332.083	300.288	472.487	658.001	753.560	14,5
Total Australia	49.319	46.877	57.357	60.476	75.269	66.197	-12,1
WORLD TOTAL	1.899.111	1.868.397	1.835.489	2.190.002	2.610.844	2.811.346	7,7

In Asia excluding Japan and Taiwan factoring volumes are not high. In China the turnover volume has grown tenfold in the last four years. Factoring turnover is still considerably low in the Middle East. In Europe, U.K. and France have been the two countries with the largest volume in recent years. Germany has caught up with them ranking fifth in line in the international league. Factors Chain International statistics indicate that there were 2503 factors in the world in 2012. Annex 4 gives the full list of countries and the number of factors that are active in these countries.

Table 65 – Top Countries in Turnover Volume in the World (Million USD)

	2008	2009	2010	2011	2012	2012/2011 (%)
1. China	77,550	96,239	205,351	354,620	453,246	27.8
2. U.K.	265,080	279,727	300,609	347,351	383,947	10.5
3. France	190,350	183,300	203,626	226,203	245,892	8.7
4. Italy	180,762	177,678	190,994	226,983	239,806	5.6
5. Germany	149,460	137,566	172,114	204,765	207,558	1.4
6. Spain	141,000	149,037	150,022	158,237	163,541	3.4
7. Japan	150,165	119,691	130,877	144,140	128,171	-11.1
8. U.S.A.	141,000	126,555	126,227	136,049	n. a.	-
9. Taiwan	68,738	48,334	89,023	103,397	92,295	-10.7
The World	1,868,397	1,835,489	2,190,002	2,610,844	2,811,346	7.7
Turkey	25,451	29,000	51,803	39,997	41,799	4.5

Table 66 illustrates the composition of factoring turnover. In 2012, international factoring marked 30.6% increase over the previous year on the back of 70% increase (67% in 2011) in export invoice discounting. In domestic factoring, recourse factoring marked 16.4% increase but non-recourse factoring retains the largest share of 35.6% among other services.

Table 66 - Composition of Turnover among FCI Members (Million USD)

	2007	2008	2009	2010	2011	2012	2012/2011 % Ch.
FCI Members							
Invoice Discounting	321,074	291,750	283,130	271,755	361,647	398,897	10.30
Recourse Factoring	246,277	236,683	227,423	312,097	346,630	403,552	16.42
Non-Recourse Factoring	346,874	343,212	346,695	376,285	429,210	464,291	8.17
Collections	20,344	36,575	34,043	31,083	33,712	36,635	8.67
Total Domestic Factoring	934,569	908,221	891,290	991,220	1,171,198	1,303,375	11.29
Export Factoring	99,899	124,424	108,185	167,459	211,162	253,907	20.24
Import Factoring	25,428	31,532	25,205	31,336	40,092	48,398	20.72
Export Invoice Discounting	47,348	45,727	57,705	39,619	66,170	112,288	69.70
Total International Factoring	172,675	201,683	191,095	238,414	317,425	414,592	30.61
Total FCI	1,107,244	1,109,904	1,082,386	1,229,634	1,488,623	1,717,968	15.41
World Domestic Factoring	1,683,571	1,620,010	1,598,883	1,863,278	2,268,640	2,346,646	3.44
World International Factoring	213,154	248,397	236,606	326,724	342,204	464,700	35.80
TOTAL	1,896,725	1,868,407	1,835,489	2,190,002	2,610,844	2,811,346	7.68

Source: http://www.factors-chain.com/?p=ich&uli=AMGATE_7101-2_1_TICH_L1403780046

Total world factoring volume reached US\$2.8 billion in 2012. The larger part (86.4%) is domestic factoring, while the remainder is international. Annex 4 provides a very detailed table.

Table 67 - Distribution of Turnover in Factoring Sector

	2006	2007	2008	2009	2010	2011	2012
World (Billion USD)	1,497,260	1,896,725	1,868,407	1,835,489	2,190,002	2,610,844	2,811,346
Domestic	784,382	934,569	908,221	891,290	991,220	2,268,640	2,346,646
International	129,921	172,675	201,683	191,095	238,414	342,204	464,700
Turkey (Million USD)	19,701	26,405	28,677	30,370	51,594	43,699	44,287
Domestic	16,216	22,470	24,447	27,110	46,919	36,350	36,330
International	3,485	3,935	4,230	3,260	4,675	7,349	7,957

Source: Factoring Association

Among the 78 factoring companies in Turkey 19 provide export and/or import factoring services. Combined, Yapı Kredi Factoring and TEB Factoring represent 51.7% share (70% in 2011) in this market. Both companies have experienced personnel with which to provide these services. Moreover, they benefit from the advantage of having parent banks with foreign partners (Unicredito and Paribas) and subsidiaries around the world. In that respect, it is nearly impossible for small, independent companies to compete with them.

Table 68 – International Transactions by Company in 2012 (Million)

	Export (USD)	Import (USD)	Total (USD)	Share (%)
1 TEB Fak. A.Ş	2,022,729	982	2,023,711	25.97
2 Yapı Kredi Fak. A.Ş	1,993,563	7,415	2,000,978	25.68
3 Fortis Fac. A.Ş.	618,371		618,371	7.93
4 ING Fak. A.Ş.	563,643		563,643	7.23
5 Garanti Fak. Hizmetleri A.Ş.	273,413	276,833	550,246	7.06
6 İş Fak. A.Ş	483,380	11,038	494,418	6.34
7 Pamuk Fac. A.Ş	309,000		309,000	3.96
8 Fiba Fak. A.Ş	267,390	10,227	277,617	3.56
9 Deniz Fak. A.Ş	246,000		246,000	3.16
10 Strateji Fak. A.Ş.	226,164		226,164	2.9
11 HSBC Bank A.Ş.	153,283		153,283	1.97
12 Vakıf Finans Fac. Hizmetleri A.Ş	100,566	5,619	106,185	1.36
13 Ekspo Fak. A.Ş.	22,757	62,265	85,022	1.09
14 Burgan Bank A.Ş.	53,970	15,584	69,554	0.89
15 Demir Fak. A.Ş	27,264		27,264	0.35
16 Finans Fak. A.Ş.	25,830		25,830	0.33
17 Tekstil Fak. A.Ş	9,600		9,600	0.12
18 Girişim Fak. A.Ş.	5,543		5,543	0.07
19 Kapital Fak. A.Ş	951		951	0.01
TOTAL	7,403,417	389,963	7,793,380	100.00

Table 69 – International Transactions by Company in 2011 (Million)

	Export (USD)	Import (USD)	Total (USD)	Share (%)
1 TEB Fak. A.Ş	2,055,648	1,92	2,057,568	28.01
2 Yapı Kredi Fak. A.Ş	1,875,703	20,213	1,895,916	25.81
3 ING Fak. A.Ş.	661,566		661,566	9.01
4 Fiba Fak. A.Ş	482,844	24,722	507,566	6.91
5 Garanti Fak. Hizmetleri A.Ş.	252,019	202,426	454,445	6.19
6 Pamuk Fac. A.Ş	343,705		343,705	4.68
7 Fortis Fac. A.Ş.	263,956	29	263,985	3.59
8 Strateji Fak. A.Ş.	257,314		257,314	3.50
9 İş Fak. A.Ş	230,189	1,073	231,263	3.15
10 Deniz Fak. A.Ş	219,133		219,133	2.98
11 HSBC Bank A.Ş.	197,93		197,93	2.69
12 Şeker Fak. A.Ş.	184		184	0.00
13 Vakıf Finans Fac. Hizmetleri A.Ş	78,772	10,331	89,103	1.21
14 Ekspo Fak. A.Ş.	42,182	10,906	53,088	0.72
15 Burgan Bank A.Ş. (Euro Tekfen Bank)	31,482	4,059	35,541	0.48
16 Girişim Fak. A.Ş.	28,655		28,655	0.39
17 Demir Fak. A.Ş	23,974		23,974	0.33
18 Finans Fak. A.Ş.	14,996		14,996	0.20
19 Tekstil Fak. A.Ş	7,743		7,743	0.11
20 Kapital Fak. A.Ş	1,799		1,799	0.02
TOTAL	7,069,794	275,679	7,345,472	100.00

7. REGULATORY AND LEGISLATIVE FRAMEWORK

In October 2006, the regulation and supervision of factoring companies was transferred from the Turkish Treasury to the BRSA. Between 2007 and 2011, the BRSA brought discipline to the factoring sector through the introduction of a series of legislative changes which applied to Factoring, Leasing, and Financing Companies. In 2012 the government again issued a single law to these three segments of non-bank financial institutions. Enacted on 21 November 2012, Law 6361, “**The Leasing, Factoring and Financing Companies Law,**” gave factoring companies a stronger legal base.

Previous regulations (those dated 10 October 2006, No. 26315) and related modifications remain effective until replaced with new ones. The general principles of Law 6361 are summarized below.

An Important Organizational Change: The Establishment of the Financial Leasing, Factoring and Financing Companies Association

The Association of Turkish Financial Leasing, Factoring and Financing Companies was established at the end of July 2013 pursuant to the provisions of the Law 6361 dated 12 December, 2012 and began operating at the end of October 2013. The Association unites the three groups of non-bank financial companies under one roof but each group remains fairly autonomous in its activities. The statutes of the new association were published in the Official Gazette on 25 July, 2013. This association is a legal entity having the status of a public institution. Subscription of every factoring, leasing and financing company to this association, within one month of having received a license to operate, is compulsory.

License Requirements

Companies are required to have issued all ownership shares as registered and payable in cash and to maintain paid up capital of not less than TL20.0 million. . Companies which have been previously established shall increase their minimum capital within three years (deadline 13 December 2015). The commercial title of companies must contain the description “Factoring Company.” Articles of association shall comply with applicable laws and regulations, and partnership structures are to be transparent and open, not hindering effective audits by the Board in case their founders are legal entities.

There is a two-stage establishment permission procedure. At the first stage, permission is granted for the establishment of a company. Once procedures related to the establishment (including registration with the Trade Registers Office; designating persons with signing powers; establishment of appropriate service units and internal controls; establishment of accounting, data processing and reporting systems; development of adequate staff positions for such units, including defining staff duties identifying staff powers and responsibilities) are completed, a company may apply to obtain an operating license. Establishment permissions of companies failing to apply for operating licenses within one hundred eighty days from receiving establishment permission are rendered null and void.

Qualifications of Founders

Company founders are expected to meet the following conditions:

- a. They have not been declared bankrupt, have not declared any forced restructuring and postponement of debts, have not made any applications for restructuring through

reconciliation which have not yet been upheld or do not face any rulings for postponement of bankruptcy;

- b. They have not directly or indirectly held a share of ten percent or more in, or the control of, banks, the operational permissions of which have been discontinued or which have been transferred to the Savings Deposit Insurance Fund or the banks transferred to the Fund before entry into force of Banking Law Nr. 5411, excluding discretionary bankruptcy;
- c. They have not directly or indirectly held a share of ten percent or more in, or the control of, any factoring, financial leasing, financing and insurance companies or in any other organizations operating in the money and capital markets, the operating licenses of which have been abrogated, excluding voluntary liquidation and brokers forced into liquidation of their businesses;
- d. They have not received a sentence of any heavy imprisonment or imprisonment of more than five years pursuant to the abolished Turkish Criminal Code Nr. 765 dated 1 March 1926 and other laws, a sentence of imprisonment of more than three years pursuant to Turkish Criminal Code Nr. 5327 dated 26 September 2004 and other laws or they have not been convicted of opposition to the imprisonment requiring provisions of the abolished Law on Banking Nr. 3182 dated 25 April 1985, abolished Law on Banking Nr. 4389 dated 18 June 1989, Banking Law Nr. 5411, Capital Market Law Nr. 2499 dated 28 July 1981, Law on Money Lending Nr. 2279 dated 8 June 1933 and Financial Leasing Law Nr. 3226 or of infamous crimes such as simple or complicated embezzlement, extortion, bribery, theft, swindling, forgery, misuse of beliefs and offenses of fraudulent bankruptcy and smuggling offences other than smuggling of labor and consumers' goods, rigging of public tenders and purchases and sales, money laundering and tax evasion or participation in such offenses pursuant to the abolished Turkish Penal Code Nr. 765, Turkish Penal Code Nr. 237 or other laws;
- e. They must enjoy such financial capability and standing which can meet the sums of capital subscribed by them.
- f. If the founder is a legal person, it must have a clear ownership structure.
- g. Founders must have the honesty and competence the job requires.

Opening of local branches by companies operating in Turkey

Opening local and overseas branches is subject to the permission of the Board. Procedures and principles regarding the qualifications for authorizations of branches are determined by the Board. A paid-up capital amount of TL1.0 million is required for each branch or representation office. The applications made to the Board should be accompanied by a feasibility report detailing the justification for opening such a branch. Establishing a network can only be by way of opening branches. The new Law has terminated the option to open representation offices, and companies therefore are given a period of six months to close representation offices or convert them into branches. Failure to start operation within 90 days of receiving permission from the BRSA renders branch opening permission null and void.

This law does not cover the terms and conditions for companies established abroad. How they can open branches in Turkey will be covered by new legislation.

Restrictions Related to Factoring Companies

Factoring Companies:

- a) May not operate outside their core business.
- b) May not, in order to provide additional financing to customers under contracts with customers and as a part of related transactions therein, extend cash loans exceeding one percent of its total paid-up capital. The Board is authorized to reduce this rate to zero or increase to five percent of paid-up capital and may otherwise differentiate on a company-specific basis.
- c) May not issue guarantees, sureties, and/or letters of credit to persons holding ten percent or more of its own share capital or controlling ten percent or more of its own share capital, or to entities which hold ten percent or more of share capital or control ten percent or more of share capital, with the exception of guarantees and sureties not exceeding twenty percent of the total paid-up capital. The Board is authorized to reduce this rate to five percent, or increase up to twenty-five percent and may otherwise differentiate on a company-specific basis.
- d) May not, in accordance with Law Number 2499, accept deposits and may not under any name collect money in return for an interest. This excludes the issuance of securities, obtaining funds from international markets, money markets and from organized markets, and funding from partners or partnerships.
- e) Factoring companies take over or assume the collection of receivables arising from the sale of goods or services that cannot be documented by an invoice even if those receivables are based on bills of exchange which are within the framework of principles and procedures determined by the Board. The total amount of the partial assignments to more than one factoring company based on the same invoice cannot exceed the invoice amount.

Limitations to transactions and provisions

1. The total sum of receivables of factoring companies, which stem from the extension of funds, may not exceed thirty folds of their own-funds.
2. Companies must set aside provisions subject to the procedures and principles to be laid down by the Board for the purpose of covering their losses already arisen or expected to arise out of their receivables from transactions, which cannot be precisely determined.
3. A factoring company's minimum own funds cannot be lower than the minimum paid-up capital amount. Companies for which minimum own funds fall below this amount shall increase their own funds to this amount within one year.

External Audit Requirements

Since 24 February 2011 factoring companies are required to present their annual balance sheets and income statements to the General Assembly. External audits may be made only by independent audit companies authorized by the BRSA in compliance with the "Regulation on the Authorization and Activities of Institutions to Realize Independent Audits in Banks," published in the Official Gazette dated 11 November 2006 Nr. 26333. Companies are required to send to the BRSA independent audit contracts until the end of October of the related year and to send the Annual Audit Report no later than 15 April.

Provisioning Requirements

In order to cover losses and within the framework of the principles and procedures set by the Board, factoring companies are obliged to make provisions for losses arising from or expected to arise from the receivables arising from transactions and whose amount are not certain.

Central Invoice Register

Factoring companies and banks consolidate information – including invoice information – about receivables they takeover, and this information is stored at the Risk Center or in a manner deemed appropriate by the Association. The principles and procedures for sharing information is to be determined by the Association.

Unrealized expectations of the sector under this Law:

One of the key problems of the factoring sector is that factoring companies may not deduct their provisions for impaired receivables and/or potential future impaired receivables from operating profits. The Ministry of Finance does not allow companies to book provisions as expenditures, though banks may. All factoring companies had expected that this unfair treatment would be resolved with the new law, but the law has made no reference.

List of Related Legislation

The Leasing, Factoring and Financing Companies Law No.6361 enacted on November 21st, 2012

Regulation on Principles for the Establishment and Operations of Financial Leasing, Factoring and Financing Companies - Published in Official Gazette dated October 10, 2006 Nr. 26315 prepared on the basis of the Article 93 (1a) of Banking Law Nr. 5411 dated October of 19, 2005, Articles 10, 12 and 32 of Financial Leasing Law Nr. 3226 dated June 10, 1985 and Articles 12 and 13 of Decree-Law Nr. 90 on Transactions of Lending Loans dated September 30, 1983.

Amendments:

- Official Gazette dated 23/03/2008 No. 26825
- Official Gazette dated 26.03.2009 No. 27270
- Official Gazette dated 14.01.2011 No. 27815
- Official Gazette dated 24.02.2011 No. 27856

MASAK (The Financial Crimes Investigation Board of the Ministry of Finance)

Regulations published in the Official Gazette dated January 9, 2008 No. 26751 on "The Prevention of Financing of Terrorism and the Prevention of Laundering Proceeds of Crime"

Circulars:

Circular announced by the BRSA Implementation II Department on 8 July 2010
Circular announced by the BRSA Implementation II Department on 4 January 2011

By-Laws:

Communiqué on Uniform Chart of Accounts to be Implemented by Financial Leasing, Factoring and Financing Companies and its explanation as well as the Form and Scope of Financial Statements to be Announced to the Public - Published in the Official Gazette dated May 17, 2007Nr. 26525

Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables - Published in Official Gazette dated July 20, 2007 Nr. 26588

8. THE ECONOMIC ENVIRONMENT OF 2012 AND 2013

Throughout 2011 and 2012 the government's policy was to slow down the economy so as to reduce demand hoping that eventually the current account deficit would be lower together with lower imports. Fiscal and monetary policies were directed to this goal. However, 2012 has also been a year of instability in the international capital markets stemming from the weaknesses in several European countries. Although the instability and uncertainties with regards the global economic outlook stemmed from European banks, the Central Bank's monetary policy and the government's insistence to cool off the economy amplified these uncertainties. Instability and unpredictability pushed up interest rates. Most corporations were negatively impacted by this environment; earnings eroded, and liabilities went up.

Measures taken during 2011 were not effective enough to prevent a deficit of 10% of GDP but impacted the momentum of GDP growth. By the first half of 2012, GDP growth cooled down to 3%, and the current account deficit showed a marked decrease. However, the impact of government's policies turned out to be stronger than anticipated and GDP growth fell to 2.2% in 2012. Private consumption fell by 0.6% contrasting with 7.7% increase and private investments dropped by 4.8% following a 22.3% jump in 2011. Credit growth had finally been lowered to 14% by September 2012, at the end of the year the annual pace of credit growth eased to 16.4% (30% in 2011). The government changed its 15% credit growth "target" to a "reference point". In 2013 the economy picked up once again and GDP grew by 3.7% in the first half of 2013 and once again credit growth accelerated (Graph 31).

Graph 29 – Quarterly GDP Growth

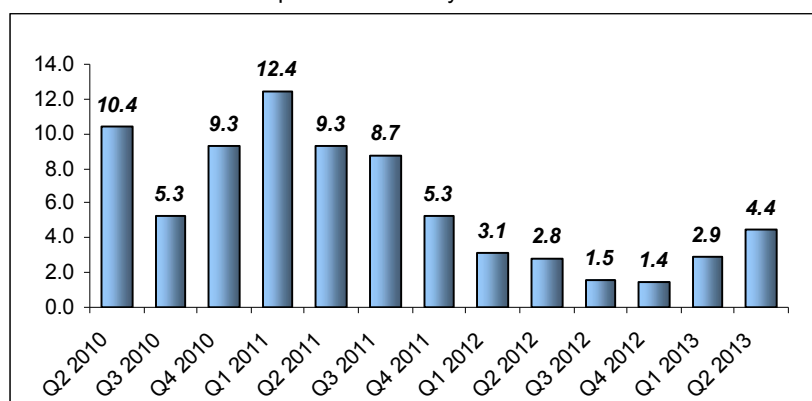


Table 70 – Growth Rate of Expenditures (%)

	2009	2010	2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	Q1 2013	Q2 2013	H1 2013
Consumption Expenditure	-2.3	6.7	7.7	-0.4	-1.2	-0.3	-0.4	-0.6	3.1	5.3	4.2
Government Consumption Expenditure	7.8	2.0	4.7	5.5	4.4	5.5	8.5	6.1	7.6	7.4	7.5
Fixed Capital Formation	-19.0	30.5	18.0	-1.5	-4.3	-3.3	-1.7	-2.7	2.3	3.7	3.0
- Public	-0.6	17.7	-2.2	-1.7	4.0	6.8	21.8	9.3	83.9	36.7	55.4
- Private	-22.5	33.6	22.3	-1.5	-5.6	-5.3	-6.8	-4.8	-7.3	-2.0	-4.6
Final Domestic Demand	-5.1	10.8	9.8	-0.1	-1.5	-0.5	0.3	-0.4	3.3	5.1	4.2
Total Domestic Demand	-7.4	13.5	9.5	-2.3	-3.0	-1.1	-1.0	-1.8	3.4	7.4	5.4
Exports	-5.0	3.4	7.9	12.6	23.2	14.4	16.7	16.7	5.6	1.2	3.2
Imports	-14.3	20.7	10.7	-5.1	0.4	2.0	6.6	-0.3	7.1	11.7	9.5
GDP	-4.8	9.2	8.8	3.1	2.8	1.5	1.4	2.2	2.9	4.4	3.7

Source: Turkstat

In the first six months of 2013 GDP growth came from consumer spending and public investments. Private sector investments remained weak. By mid 2013 credit growth did go up to 25% once again but credits were ineffective in mobilizing investments and production.

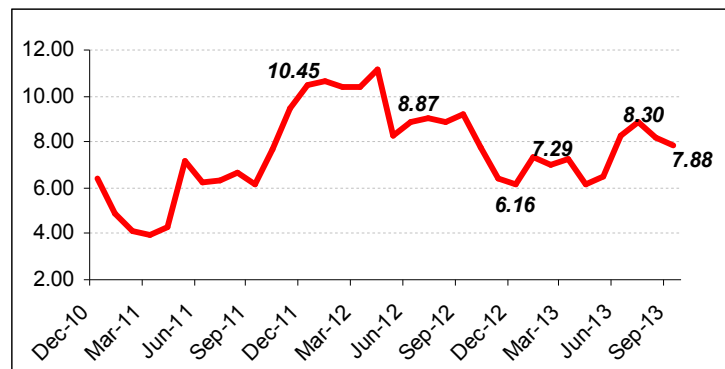
High Inflation

Inflation remained high at above 6% in 2012 albeit easing below the 10% of 2011. Inflation remained high until April, and then decelerated to 6.2% at the end of December. In 2013 once again CPI fluctuated around 8%.

Table 71 – Annual Consumer Price Index

	2005	2006	2007	2008	2009	2010	2011	2012	June 2013	Sep 2013
Consumer Price Index	7.72	9.65	8.39	10.06	6.53	6.40	10.45	6.17	8.9	7.9

Graph 30 – Consumer Price Index



The government's measures to limit credit growth since 2010 were effective by the third quarter of 2012. In the meantime, banks had been much more selective in credit allocations and raised corporate lending rates from 8.3% to 14.9%.

Graph 31 - Annual Growth Rate of Total Loans (%)

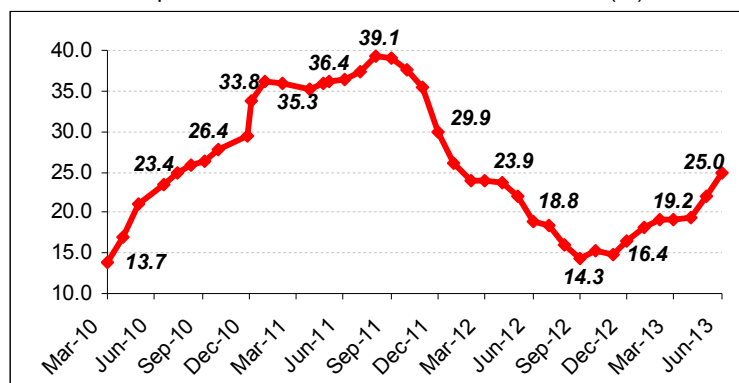
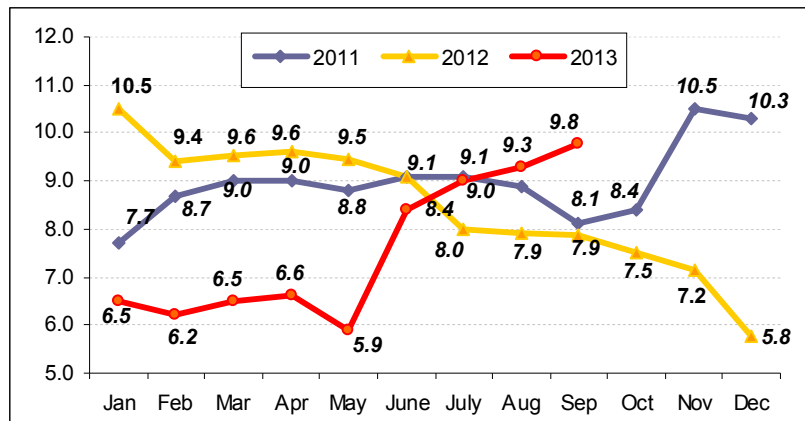


Table 72 - Annual Loan Growth (%)

2008	2009	2010	2011	2012	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2012	Q2 2012
28,6	6,8	33,9	29,9	16,4	23,9	18,8	14,3	16,4	19,2	25,0

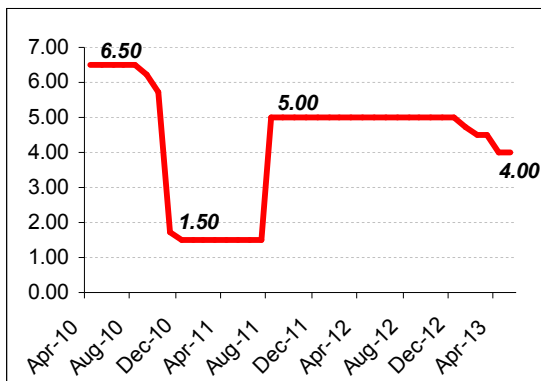
The rates of the Treasury's bond issuances reflect the gradual fall in interest rates throughout 2012. Rates declined from a monthly average of 10.5% in January to 5.8% in December. This trend continued until mid May 2013, i.e. the announcement of the US Fed's tapering. The trend then reversed and moved up to nearly 10% by September. The volatility of interest rates negatively impacted both the banking sector and the factoring industry.

Graph 32 - Turkish Treasury Borrowing Rates (%)

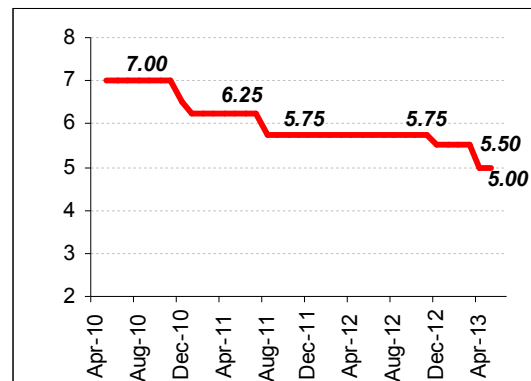


Source: Treasury Public Sector Debt Management Report

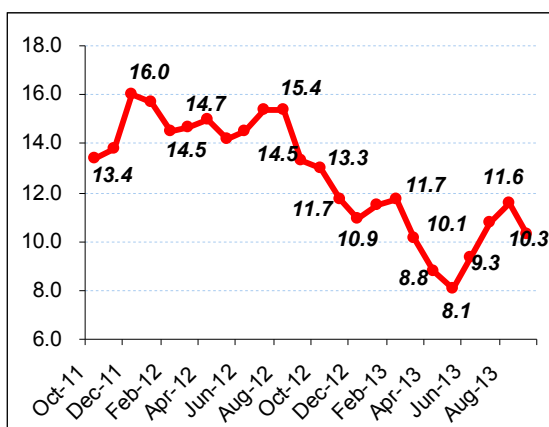
Graph 33 – Central Bank Policy Rates



Graph 34 - CBT O/N Interest Rates

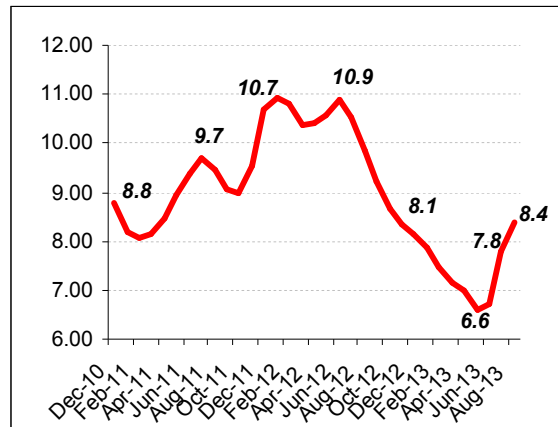


Graph 35 – Corporate Credit Rates (%)



Source: Ministry of Development

Graph 36 – Interest Paid to 3-Month Deposits



Source: The Central Bank

The Increase in Bounced Checks

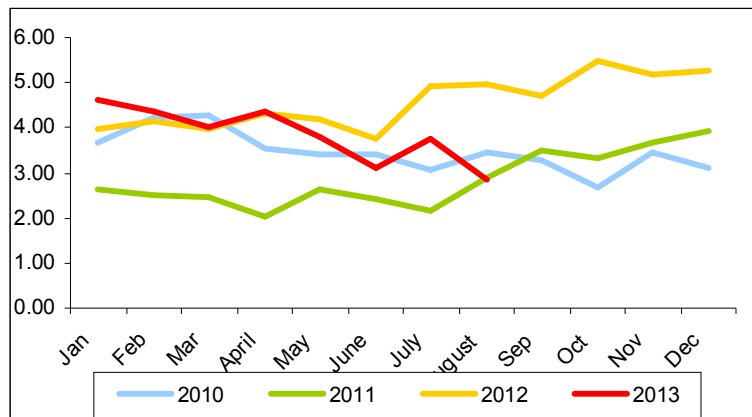
Parallel to GDP growth falling from 8.8% to 2.2% in 2012, industrial production fell from 10.1% to 2.2%. Such a sharp slowdown has negatively impacted the volume of factoring services to the manufacturing industries. The share of manufacturing companies in factoring volume did not change and the 2011 volume of factoring receivables were maintained in 2012 despite this negative environment. But the decrease in sales resulted in the increase in payment difficulties. The combination of a stringent monetary policy and contraction in household spending increased the NPL ratio in the factoring sector. Additionally, the increase in the number of bounced checks worsened the asset quality. On 31 January 2012, the Check Legislation was modified so as to terminate the penalty of “imprisonment up to one year” and with administrative fines of between TL300 and TL 3,000. The increase in bounced checks was partially due to the termination of the prison sentence penalty. In 2012 the number of bounced checks increased by 89.6% in value and 55% in quantity. In 2013 the trend continued. Although there appears to be a decrease in the number of bounced checks, in terms of value the decrease is marginal. As of the end of August the total volume of bounced checks was TL8.1 billion compared to TL8.3 billion in the same period of 2012. On 9 April 2012, the Central Credit Registration Bureau initiated a new system permitting anyone to obtain information on the check payment record of any individual or corporation. This was obviously a good mechanism to prevent bad checks, but seemingly was not effective enough to address the problem.

Table 73 – The Volume of the Bounced-Checks (Million TL)

	2011	2012	2013
Jan	563	1,213	1,406
Feb	511	1,040	1,218
Mar	534	920	918
Apr	376	1,289	1,558
May	728	1,179	1,185
June	598	865	762
July	464	1,764	1,477
August	718	1,470	729
Sep	1,147	1,135	
Oct	931	1,395	
Nov	1,005	1,433	
Dec	976	1,470	
Total	8,551	16,217	

Source: CBT

Graph 37 – The Ratio of the Bounced-Checks to the Total Volume of the Checks (%)



Source: CBT

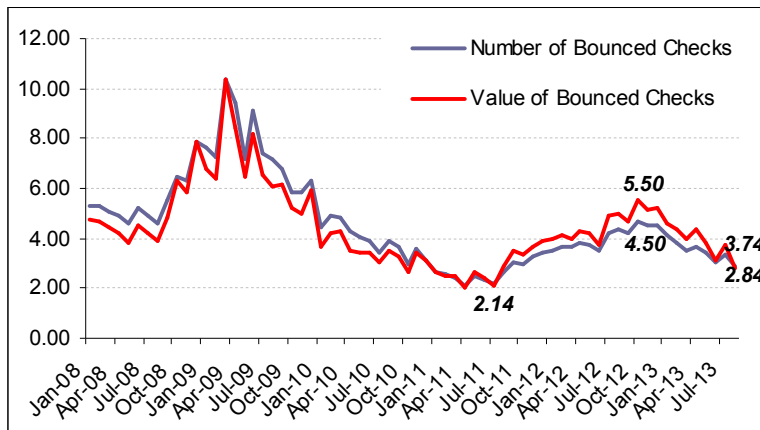
Table 74 – Annual ratios of the Bounced- Checks

	Volume Ratio of Bounced-Checks (%)	Quantity Ratio of Bounced-Checks (%)
2008	5.60	5.02
2009	7.66	6.83
2010	3.94	3.46
2011	2.71	2.91
2012	4.05	4.63
Aug 2013	2.89	2.84

Source: CBT

While the total volume of bounced checks shows a modest improvement, there was a marked improvement in the share of bounced checks in total check volume. The ratio was down to 2.9% in August 2013 from 4.34% in August 2012 and 4.05% at the end of 2012.

Graph 38 - The Ratios of Bounced Checks in terms of Amount and Volume



A similar deterioration in payment quality occurred in the case of protested bills. Data provided by the Central Bank and the Risk Center showed a 42% increase in protested bills in 2012. In the first nine months of 2013, numbers were higher; there was 16.3% increase in the volume of protested bills and 5.6% increase in number.

Graph 39 - Protested Bills

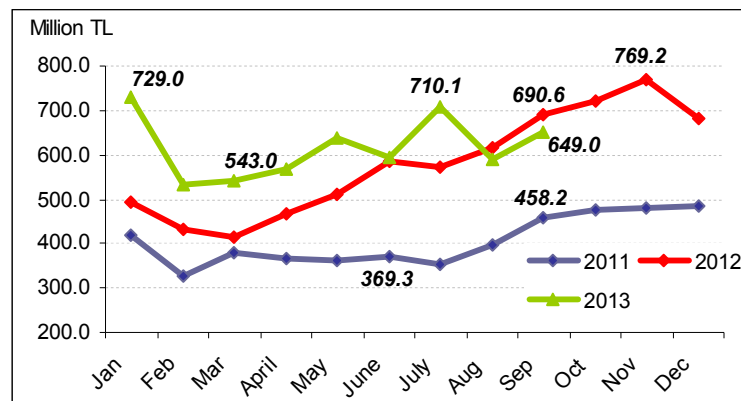


Table 75 - Protested Bills

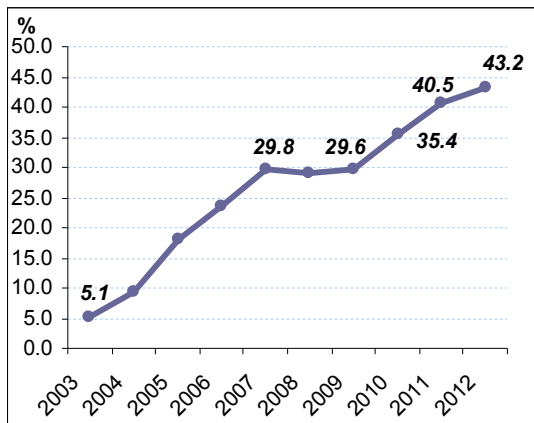
	Number of Protested Bills				Amount of Protested Bills (TL)			
	2011	2012	% Chg.	2013	2011	2012	% Chg.	2013
Jan.	74,624	77,755	4.20	98,363	419,898,682	494,156,665	17.68	728,982,243
Feb.	60,631	80,151	32.19	82,790	326,323,085	430,033,631	31.78	534,137,624
March	73,406	79,788	8.69	84,028	380,390,860	413,978,245	8.83	542,975,956
April	72,188	77,079	6.78	85,092	367,992,387	467,024,680	26.91	568,112,630
May	72,891	86,768	19.04	91,628	362,070,199	510,558,770	41.01	636,176,856
June	74,449	85,958	15.46	90,793	369,340,097	583,334,855	57.94	592,888,054
July	75,379	88,406	17.28	99,086	384,394,916	571,355,143	48.64	710,060,177
August	83,452	98,596	18.15	92,876	395,008,628	615,803,365	55.90	590,944,539
Sept.	84,769	96,231	13.52	89,348	458,172,975	690,596,261	50.73	649,018,924
October	77,899	91,375	17.30		474,560,347	721,838,569	52.11	
Nov.	86,159	116,807	35.57		479,118,803	769,224,416	60.55	
Dec.	83,131	95,816	15.26		485,004,138	681,299,848	40.47	
Total	918,978	1,074,730	16.95	814,034	4,902,275,117	6,949,204,448	41.75	5,553,297,003

Source: CBT

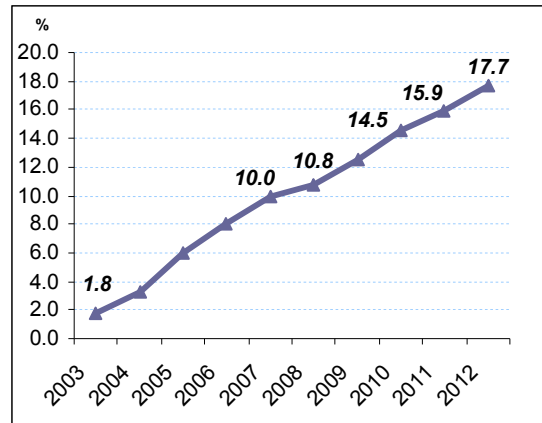
Increase in Household Liabilities

In 2012 household liabilities as a percentage of GDP was still low (17.7%) in Turkey. Although low by international comparisons, the ratio has grown tenfold in the last ten years. In Turkey consumer loans include credit cards and general purpose loans which are also alternative financing sources to factoring companies' customers.

Graph 40 - Household Liabilities/Assets (%)



Graph 41 - Households Liabilities/GDP (%)



Developments in the Banking Sector

From 2008 through 2012 credits as a percentage of total assets increased from 50% to 60%, total assets of the banking system as a percentage of GDP grew from 77% to 97%. Credit culture is developing and the depositor base is expanding. Turkey's banking system is strong and well capitalized. Capital adequacy ratios remained high (17.8% in 2012, 16.3% in June 2013). Credit growth declined to 16.4% in 2012 from 29.9% in 2011 and 39.9% in 2010 as a result of measures introduced by the Central Bank and the BRSA. The NPL ratio showed minimal change although there was 23.3% increase in nominal terms. Net income increased by 19.2% in 2012, by 18.2% in the first half of 2013.

The factoring sector has higher ROA and ROE values than the banking and leasing sectors.

Table 76 – Comparison of Profitability Ratios with the Banking and Leasing Sectors

		2008	2009	2010	2011	2012	Q2 2013
Factoring	Net Profit/Loss (Million TL)	427	330	412	493	623	264
	ROAA (%)	5.8	3.2	2.8	3.2	3.4	1.36
	ROAE (%)	46.8	17.0	18.4	18.7	20.8	6.4
Leasing	Net Profit/Loss (Million TL)	592	583	466	510	434	279
	ROAA (%)	3.5	4.0	3.0	2.7	2.1	1.26
	ROAE (%)	54.8	25.1	17.6	16.2	11.7	5.8
Banks	Net Profit/Loss (Million TL)	13,421	20,182	22,116	19,844	23,524	13,676
	ROAA (%)	1.8	2.4	2.2	1.7	1.7	4.1
	ROAE (%)	18.7	22.9	20.1	15.5	15.7	16.1

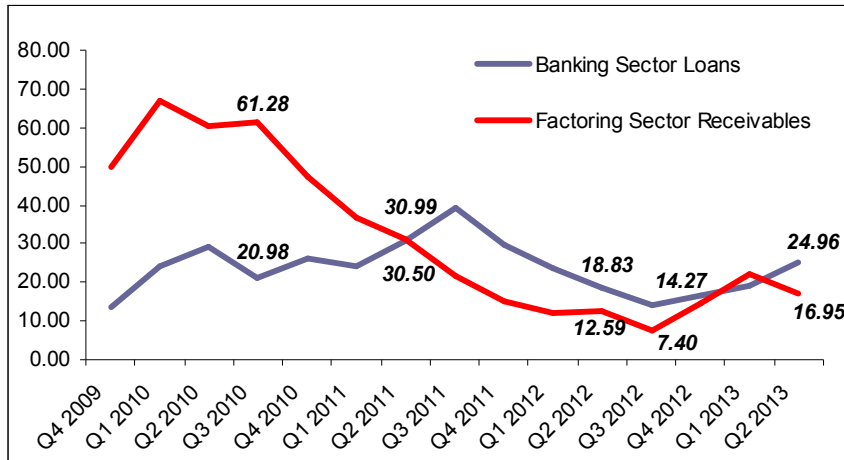
Table 77 - Financial Indicators of Banks

	2008	2009	2010	2011	2012	Q2 2013
Total Assets (Million TL)	732,536	834,014	1,006,667	1,217,695	1,370,642	1,527,690
Annual Growth (%)	25.9	13.9	20.7	21.0	12.6	24.3
Loans (Million TL)	367,445	392,621	525,851	682,893	794,756	921,178
Annual Growth (%)	28.6	6.9	33.9	29.9	16.4	31.7
Non-Performing Loans (Million TL)	14,053	21,853	19,993	18,973	23,408	26,140
NPL /Total Loans	3.8	5.6	3.8	2.8	2.9	2.8
Net Income (Million TL)	13,421	20,182	22,116	19,844	23,649	13,676
Change in Net Income	-10.0	50.4	9.6	-10.3	19.2	18.2
Shareholders' Equity (Million TL)	86,424	110,887	134,542	144,646	181,822	184,749
Annual Growth (%)	13.9	28.3	21.3	7.5	25.8	15.9

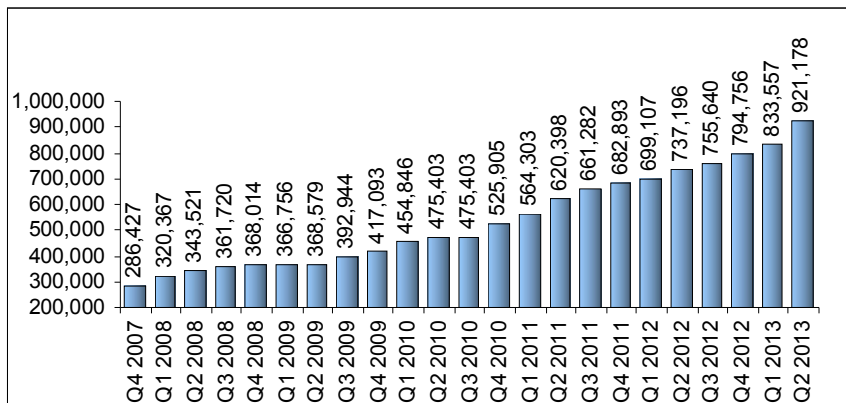
Source: BRSA

The comparison of the growth of factoring with banking sector credits shows that bank credits lost momentum in October 2011. The fall in the pace of factoring receivables' growth began earlier in the third quarter of 2010. By the third quarter of 2012 the annual increase of bank credits was higher at 19.2% than the 17.3% annual increase in factoring receivables.

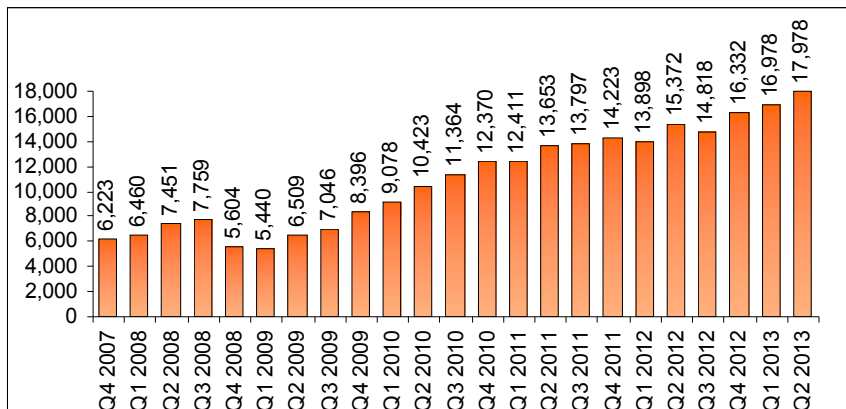
Graph 42 - Annual Growth of Bank Credits and Factoring Receivables (%)



Graph 43 - 2007-Q2 2013 Banking Sector Loan Volume (Million TL)



Graph 44 - 2007-2012 Factoring Sector Loan Volume (Million TL)



9. DEVELOPMENTS IN 2013 IN THE FACTORING INDUSTRY

The growing number of customers from 6,483 to 76,157 (13.6%) shows a clear effort to penetrate into a larger SME market. This effort has provided job opportunities to one hundred people in the first six months of 2013. In this period 150 rep offices have been converted into branches in compliance with Law 6361 or closed. Meanwhile, the number of branches rose by 178 to 254 by the end of June.

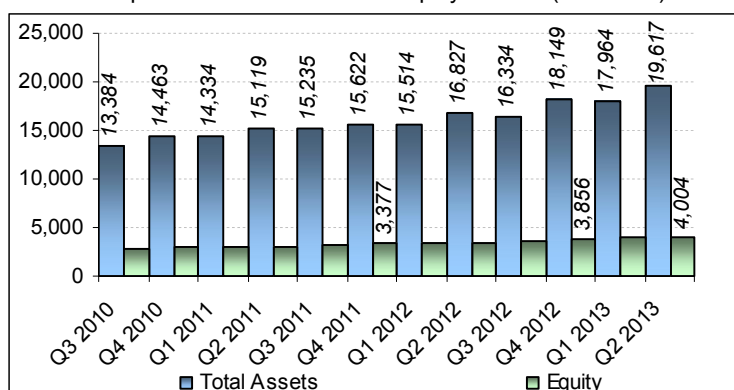
Table 78 – Year 2013 Indicators of The Factoring Industry

	2011	2012	Q1 2013	Q2 2013
Number of Companies	74	78	78	78
Number of Branches	25	62	76	254
Number of Rep. Offices	218	185	169	19
Number of Personnel	3819	4186	4,135	4,284
Number of Customers	66,648	67,054	69,674	76,157

Source: Factoring Association

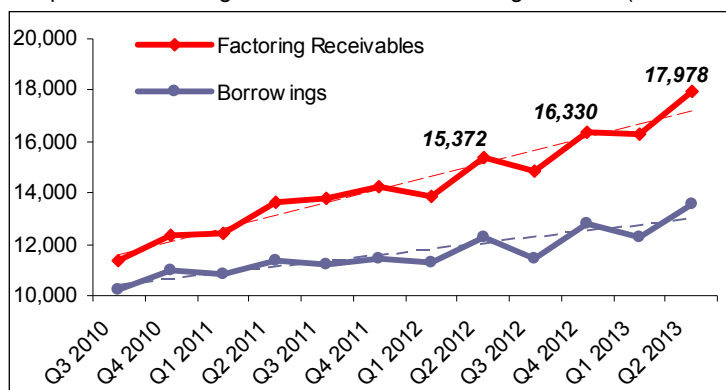
Total assets showed an increase of 8% rising to TL 19.6 billion (US\$10.2 billion), total shareholders' equity to TL 4.0 billion (US\$2.0 billion).

Graph 45 – Total Assets and Equity in 2013 (Million TL)



Source: BRSA

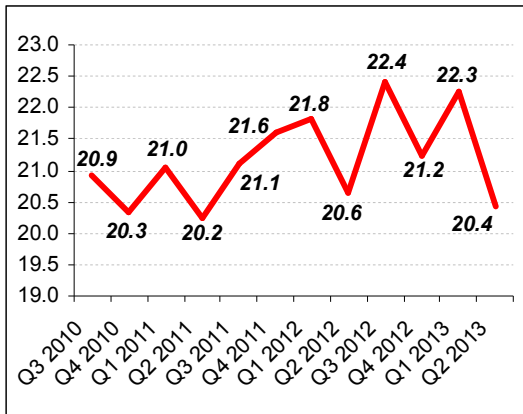
Graph 46 – Factoring Receivables and Borrowings in 2013 (Million TL)



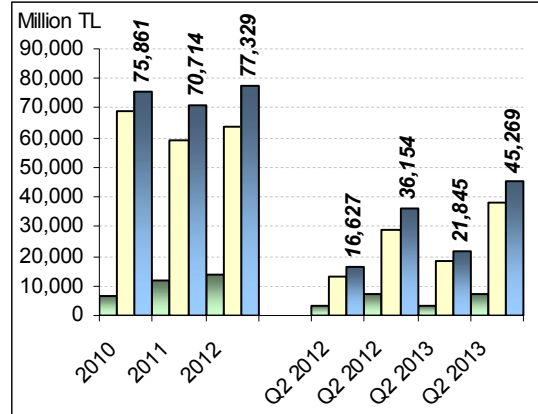
Source: BRSA

Equity as a share of total assets fell to 20.4% from 21.2%. The growth trend of factoring receivables continued and marked TL 1.6 billion increase (10%). The increase in receivables was funded largely by banks loans (TL 754 million), the rest from bond issuances (TL 453 million) and reduction in liquid assets. Turnover volume increased by 25% to TL 45.3 billion in the first half based on domestic turnover increase.

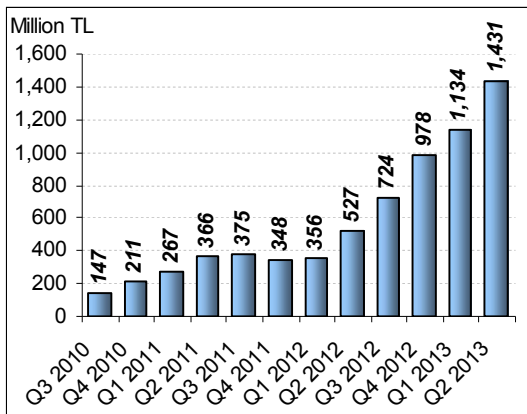
Graph 47 – Total Equity/Total Assets (%)



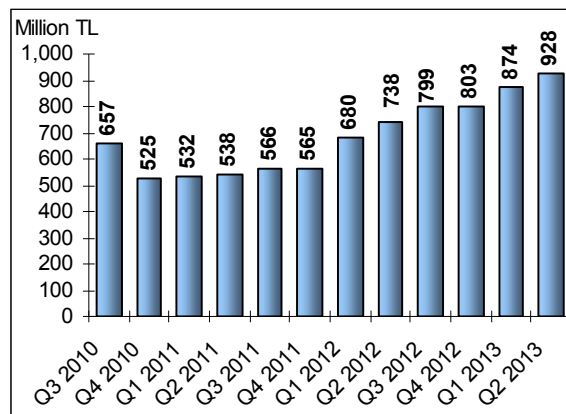
Graph 48 – Turnover Volume



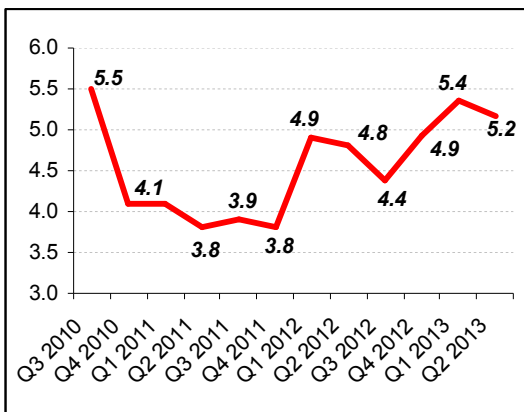
Graph 49 – Outstanding Amount of Bonds & Bills



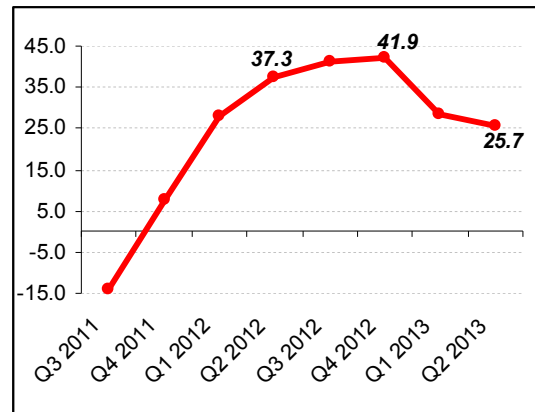
Graph 50 – Non-Performing Loans (Million TL)



Graph 51 – NPL Ratios (%)

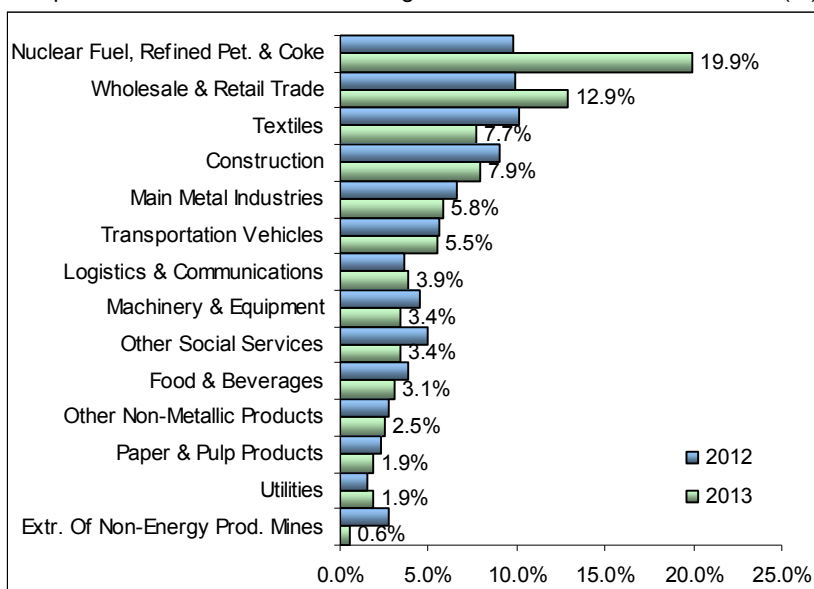


Graph 52 – Annual Increase in NPLs (%)



The BRSA did not publish details on the industry breakdown of factoring receivables in 2013. However, the Factoring Association's data indicated that once again the energy sector has been actively using factoring services and has gained 20% share in the total volume of factoring receivables.

Graph 53 – Sector Shares in Factoring Receivables in June 2012 & 2013 (%)



Earnings

Even though the volume of business was higher, earnings were down in June 2013. Among the 78 companies 10 reported loss. Income from factoring operations fell by 10.7% in line with falling interest rates, financial expenses decreased by 27.5%. However, the net income from derivatives of TL 40.8 million and 24% increase in personnel expenditures diminished the 15.2% increase in factoring operations margin to 6.7%.

The net income of TL 264 million represented a 17.2% decrease over the same period of 2012. In the previous year the industry had recorded 41.7% increase in earnings.

Income Statements of June 2011, June 2012 and June 2013

	June 2011	June 2012	June 2013	2012/2011	2013/2012
A. Income from Factoring Operations	855,900	1,294,110	1,155,240	51.20	-10.73
Factoring Interest income	749,120	1,180,770	1,043,180	57.62	-11.65
B. Total Factoring Operations Expenses	-450,490	-757,710	-537,410	68.20	-29.07
1- Financial Expenses	-398,260	-596,080	-432,020	49.67	-27.52
2- Foreign Exchange Gains/Losses (net)	-19,000	8,780	15,800	-146.21	79.95
3- Provision for impaired Factoring receivables -	-33,230	-170,410	-121,190	412.82	-28.88
C. Factoring Operations Margin (A-B)	405,410	536,400	617,830	32.31	15.18
D. Total Operating Expenses	-218,520	-259,010	-321,950	18.53	24.30
E. Factoring Operating Profits (C+D)	186,890	277,390	295,880	48.42	6.67
Profit Before Tax	259,690	376,260	317,280	44.89	-15.68
Net Income	224,580	318,190	263,660	41.68	-17.14

Source: BRSA

10. GENERAL ASSESMENT AND OUTLOOK

There has been considerable progress since the date the regulation and supervision of factoring companies were transferred to BRSA. Following the transfer to BRSA of 83 leasing companies, 9 consumer finance companies along with 88 factoring companies on January 17, 2006, the BRSA introduced a series of legislations and succeeded in the realization of a wide range of structural reforms in the industry. Since then there has been significant progress in terms of corporate governance. At the same time, much has been done to promote factoring under the auspices of the Turkish Factoring Association both domestically and internationally. During this process some companies improved transparency and corporate governance standards, others changed hands, and still others terminated their businesses. Meanwhile, investors' interest in the sector continued and seven new companies joined in 2011 and 2012. The new Law No.6163 addressed a significant portion of the industry's problems and provided a sound legal framework conducive to making these companies into more effective financial institutions.

Current developments lead us to expect the continuation of entries and exits to the industry. The competitive environment and the continued change in ownership and executive cadres reflect the dynamic nature of the industry. Given that the use of post-dated checks is permitted in Turkey and their use is widespread across the country partly explains the steady demand for factoring services in Turkey. Moreover, the dominance of small and medium sized companies in Turkey constitutes the main trigger for a strong demand for factoring services.

Factoring services have been developing in all countries. The Turkish Factoring Industry can take a proactive part in this process by assuming an intermediary role between mature and emerging markets. In view of Turkey's geographical position between the developed and developing export markets it is suggested that Turkey become a hub of international factoring. By sharing their experience and imparting their know-how, Turkish factors can have a valuable contribution to the development of factoring in emerging markets.

The competitive environment, economic volatilities, and the uncertain outlook present quite a challenge for those who are designing their management strategies. We expect the BRSA to introduce additional operational compliance rules in the future which would create an even greater challenge. We view year 2013 as the beginning of a second transitional period which could lead to the closing of several more companies and change of ownership in some others. Meanwhile, we expect the present divergence in business models to result in the resumption of growth among a number of companies while the larger part of the companies would remain within their small sub-groups. Nonetheless, factoring companies are expected to improve their organizational structures, corporate governance, and financial strengths in the foreseeable future under the guidance of the newly established union.

Sources:

- BRSA Reports and Statistics
- Interviews with the members and representatives of the Factoring Association
- Interviews with various sector representatives
- Dünya Gazetesi
- International Factoring Conference in Turkey, "Factoring: Bridging the Global Trade", Turkish Factoring Association
- Hürriyet Daily dated December 13, 2012

TABLES

ANNEX 1 - BRSA FACTORING DATA

The following tables were downloaded from the BRSA's website pages on 25 February 2013.
Revisions after this date have not been taken into consideration.

BALANCE SHEET (Million TL)

ASSETS (Million TL)

		2009	2010	2011	2012
1	CASH	4.61	10.57	9.46	5.60
2	FINANCIAL ASSETS AT FAIR VALUE CHANGE IS REFLECTED TO INCOME STATEMENT (Net)	73.42	13.22	13.46	14.58
3	A) Financial Assets Held for Trading	65.10	9.40	7.67	3.10
4	B) Financial Assets Where Fair value Change is Reflected to Income statement	0.23	0.01	0.22	0.35
5	C) Derivative Financial Assets held for Trading	8.09	3.81	5.58	11.13
6	BANKS	1,069.55	1,155.79	451.22	716.12
7	RECEIVABLES FROM REVERSE REEPURCHASE AGREEMENTS	0.00	0.06	0.00	0.00
8	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	186.87	286.31	275.19	353.87
9	FACTORING RECEIVABLES (10+14)	8,350.82	12,369.84	14,218.07	16,332.54
10	A) Discount Factoring Receivables (11+12-13)	3,846.15	5,507.20	6,818.29	7,871.29
11	a) Domestic	3,976.44	5,629.00	7,061.65	8,029.33
12	b) Foreign	0.00	26.11	4.53	109.30
13	c) Unearned Income (-)	130.29	147.91	247.88	267.34
14	B) Other Factoring receivables (15+16)	4,504.68	6,862.63	7,399.77	8,461.25
15	a) Domestic	4,081.98	5,885.01	6,036.92	7,037.38
16	b) Foreign	422.69	977.62	1,362.85	1,423.86
29	NON-PERFORMING RECEIVABLES	84.41	76.54	114.30	145.38
30	A) Non-Performing Factoring Receivables	522.34	525.00	565.47	802.19
33	D) Specific Provisions (-)	437.93	448.46	451.18	656.80
34	DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING	0.02	0.00	0.00	0.00
35	A) Fair Value Hedges	0.02	0.00	0.00	0.00
36	B) Cash Flow Hedges	0.00	0.00	0.00	0.00
37	C) Net Foreign Investment Hedging	0.00	0.00	0.00	0.00
38	INVESTMENTS HELD TO MATURITY (Net)	0.11	0.01	0.00	0.06
39	SUBSIDIARIES (Net)	81.49	93.16	99.36	99.36
40	AFFILIATES (Net)	329.28	201.27	149.48	144.74
41	JOINT VENTURES (Net)	0.00	0.00	0.00	0.00
42	TANGIBALE ASSETS (Net)	116.08	122.84	139.59	140.49
43	INTANGIBALE ASSETS (Net) (44+45)	6.86	7.32	8.43	10.10
44	A) Goodwill	0.00	0.00	0.00	0.00
45	B) Other	6.86	7.32	8.43	10.10
46	DEFERRED TAX ASSETS	35.89	57.37	71.51	79.51
47	ASSETS HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)	11.26	11.67	15.03	15.77
48	A) Held for Sale	11.26	11.67	15.03	15.77
49	B) Terminated Operations	0.00	0.00	0.00	0.00
50	OTHER ASSETS	56.38	56.66	56.78	116.70
51	TOTAL ASSETS	10,407.04	14,462.61	15,621.87	18,174.81

LIABILITIES (Million TL)

		2009	2010	2011	2012
52	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	2.87	9.51	52.67	5.37
53	LOANS AND BORROWINGS	7,499.22	10,960.99	11,438.67	12,811.08
54	FACTORING PAYABLES	111.27	209.67	224.42	274.11
55	LEASE PAYABLES (56+57+58-59)	2.69	2.80	2.16	5.00
56	A) Finance Lease Payables	3.27	3.23	2.43	2.95
57	B) Operational Lease Payables	0.00	0.00	0.00	0.00
58	C) Other	0.00	0.00	0.00	2.42
59	D) Deferred Financial Lease Expenses (-)	0.58	0.43	0.27	0.37
60	MARKETABLE SECURITIES ISSUED (Net) (61+62+63)	113.95	211.17	348.24	978.38
61	A) Bills	0.00	0.00	0.00	159.07
62	B) Asset Back Securities	0.00	0.00	0.00	0.00
63	C) Bonds	113.95	211.17	348.24	819.31
64	MISCELLANEOUS PAYABLES	43.84	32.04	52.25	78.80
65	OTHER EXTERNAL REOURCES	9.94	4.06	13.91	17.76
66	DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING (67+68+69)	0.00	0.02	0.00	0.00
67	A) Fair Value Hedges	0.00	0.00	0.00	0.00
68	B) Cash Flow Hedges	0.00	0.02	0.00	0.00
69	C) Net foreign Investment Hedging	0.00	0.00	0.00	0.00
70	TAXES PAYABLES AND OTHER LIABILITIES	48.11	39.67	56.02	51.50
71	PROVISIONS (72+73+74)	77.57	51.06	55.46	83.17
72	A) Provisions for Restructuring	0.03	0.19	0.14	0.13
73	B) Reserve for Employee Benefits	12.14	16.55	20.21	30.47
74	C) Other Reserves	65.40	34.32	35.11	52.58
75	DEFERRED TAX LIABILITIES	4.25	1.28	0.93	2.88
76	PAYAV-BLES RELATED TO ASSETS HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net) (77+78)	0.00	0.03	0.09	0.01
77	A) Held for Sale	0.00	0.03	0.09	0.01
78	B) Terminated Operations	0.00	0.00	0.00	0.00
79	SUBORDINATED LOANS	0.00	0.00	0.50	0.00
80	SHAREHOLDERS' EQUITY (81+82+91+96)	2,493.33	2,940.32	3,376.55	3,866.77
81	A) Paid-in Capital	1,026.35	1,090.50	1,279.63	1,618.55
82	B) Capital Reserves (83+84+85+86+87+88+89+90)	285.06	257.77	282.31	345.21
83	a) Share Premium	0.00	16.41	29.61	46.02
84	b) Share Cancellation Profits	0.00	0.00	0.00	0.00
85	c) Valuation Changes of Marketable Securities	48.94	78.62	56.71	112.74
86	d) Revaluation Changes of Property and Equipment	10.33	5.88	17.19	43.72
87	e) Free Share from Investment and Associates, Subsidiaries and Joint Ventures	35.14	35.58	36.03	36.03
88	f) Hedging Funds (Active part)	0.00	0.00	0.00	0.00
89	g) Value increase in Property and Equipment Held for sale Purpose and Held from Terminated Operations	0.00	0.00	0.00	0.00
90	h) Other Capital Reserves	190.65	121.28	142.77	106.70
91	C) Profit Reserves (92+93+94+95)	750.85	1,072.29	1,287.75	1,185.81
92	a) Legal Reserves	103.49	122.47	143.39	178.64
93	b) Status Reserves	10.48	38.36	2.35	4.30
94	c) Extraordinary Reserves	263.96	535.37	697.08	713.03

95	d) Other Profit Reserves	372.92	376.10	444.92	289.84
96	D Profit or Loss (97+98)	431.07	519.77	526.87	717.20
97	a) Prior Year Income or Loss	100.88	107.69	34.16	93.65
98	b) Current Year Income or Loss	330.20	412.08	492.71	623.55
99	TOTAL LIABILITIES (52+53+54+55+60+64+65+66+70+71+75+76+79+80)	10,407.04	14,462.61	15,621.87	18,174.81

STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (Million TL)

	2009	2010	2011	2012	
100	RECOURSE FACTORING OPERATIONS	588.09	2,449.59	1,355.82	1,796.64
101	NON-RECOURSE FACTORING OPERATIONS	2,501.66	3,878.74	4,348.40	4,120.30
102	GUARANTEES TAKEN	10,548.09	18,899.15	18,719.36	23,907.48
103	GUARANTEES GIVEN	465.79	504.67	465.89	581.29
104	COMMITMENTS (105+106)	360.13	464.41	464.30	222.91
105	A) Irrevocable Commitments	196.70	271.82	276.00	145.16
106	B) Revocable Commitments (107+110)	163.43	192.60	188.30	77.75
107	a) Lease Commitments (108+109)	163.43	192.60	188.30	0.00
110	b) Other Revocable Commitments	196.70	271.82	276.00	77.75
111	DERIVATIVE FINANCIAL INSTRUMENTS (112+116)	1,334.62	2,153.97	2,274.23	2,302.54
112	A) Derivative Financial Assets Held for Hedging (113+114+115)	639.93	15.95	198.97	33.40
113	a) Fair Value hedges	331.37	15.18	198.97	33.40
114	b) Cash Flow Hedges	308.56	0.77	0.00	0.00
115	c) Foreign Investment Hedges	0.00	0.00	0.00	0.00
116	B) Trading Transactions (117+118+119+120+121)	694.68	2,138.02	2,075.26	2,269.14
117	a) Forward Foreign Currency Buy- Sell Transactions	1.00	470.76	467.82	23.30
118	b) Currency and Interest rate Swaps	365.97	1,495.57	1,061.79	2,086.30
119	c) Currency, Interest Rate and Security Options	277.30	2.05	2.46	26.61
120	d) Currency, Interest Rate Futures	0.00	0.00	0.00	7.65
121	e) Other	50.42	169.65	543.19	125.28
122	ITEMS HELD IN CUSTODY	11,503.53	11,328.43	12,211.72	13,958.11
123	TOTAL OFF BALANCE SHEET (100+101+102+103+104+111+122)	27,301.91	39,678.95	39,839.71	46,889.26

INCOME STATEMENT (Million TL)

	2009	2010	2011	2012
1 OPERATING INCOME (2+9+12)	1,336.49	1,524.47	2,037.11	2,616.30
2 FACTORING INCOME (3+6)	1,336.49	1,524.47	2,037.11	2,616.30
3 A) Factoring Interest Income (4+5)	1,190.90	1,338.25	1,784.59	2,353.21
4 a) Discount	719.13	775.32	1,045.39	1,418.90
5 b) Other	471.77	562.93	739.20	934.31
6 B) Factoring Commission Income (7+8)	145.59	186.22	252.53	263.08
7 a) Discount	90.19	114.68	150.79	156.34
8 b) Other	55.40	71.54	101.73	106.74
16 OPERATING EXPENSE (-) (17+...+21)	309.48	388.90	455.13	551.58
17 A) Personnel Expenses	182.67	233.97	279.52	336.50
18 B) Retirement Pay Provision Expenses	2.92	3.22	3.27	4.19
19 C) Research and Development Expenses	0.00	0.00	0.00	0.00
20 D) General Administration Expenses	112.78	141.47	153.03	190.90
21 E) Other	11.10	10.24	19.31	19.99
22 OTHER OPERATING INCOME (23+24+25+30+31+34+35)	1,706.89	2,872.96	1,562.55	881.17
23 A) Interest income from Deposits	63.39	77.01	32.64	24.56
24 B) Interest income from Reverse Repurchase Agreements	0.11	0.04	0.01	0.34
25 C) Interest income from Marketable Securities Portfolio (26+...+29)	0.60	0.89	1.38	0.57
26 a) Financial Assets held for trading	0.60	0.19	0.27	0.07
27 b) Financial assets where value change is reflected to Income Statement	0.00	0.43	0.46	0.07
28 c) Financial Assets Available for Sale	0.00	0.00	0.66	0.43
29 d) Investments Held to Maturity	0.00	0.27	0.00	0.00
30 D) Dividend Income	10.64	8.90	61.87	56.77
31 E) Capital Market Operations Profit (32+33)	19.69	6.19	69.72	109.71
32 a) Derivative Financial Operations	19.54	6.01	69.63	109.67
33 b) Other	0.15	0.18	0.09	0.04
34 F) Foreign Exchange Gains	1,566.85	2,630.65	1,293.55	628.33
35 G) Other	45.60	149.29	103.38	60.89
36 FINANCIAL EXPENSES (-) (37+...+42)	509.19	680.24	987.96	1,147.78
37 A) Interest on Loans Borrowed	467.01	629.13	895.67	1,015.81
38 B) Interest on Factoring Payables	7.69	19.68	31.50	37.43
39 C) Financial Lease Expenses	0.09	0.10	0.12	0.10
40 D) Interest on Marketable Securities Issued	16.62	12.72	35.06	65.03
41 E) Other Interest Expenses	5.23	0.47	0.21	0.41
42 F) Other Fees and Commissions	12.55	18.15	25.40	29.02
43 SPECIFIC PROVISION FOR NON-PERFORMING FACTORING RECEIVABLES (-)	144.71	179.85	119.89	305.28
44 OTHER OPERATING EXPENSES (-) (45+49+55+56+57)	1,656.09	2,652.48	1,430.70	727.82
45 A) Expense from Decrease in Value of marketable Securities (46+47+48)	0.40	0.27	0.00	0.00
46 a) Financial Assets at Fair value Through Profit and loss	0.00	0.15	0.00	0.00
47 b) Financial Assets Available for Sale	0.40	0.11	0.00	0.00
48 c) Financial assets Held to maturity	0.00	0.00	0.00	0.00
49 B) Expenses from decrease in Value of Fixed Assets (50+...+54)	6.76	0.35	0.19	0.16
50 a) Expense from Decrease in Value of Tangible Assets	0.78	0.35	0.01	0.12
b) Expense from Decrease in Value of Assets Held for sale and Terminated Operations	0.68	0.00	0.18	0.01
52 c) Expense from Decrease in Value of Goodwill	0.00	0.00	0.00	0.02
53 d) Expense from Decrease in Value of Other Intangible Assets	0.00	0.00	0.00	0.00
54 e) Expense from Decrease in Value of Subsidiaries, Affiliates and Joint	5.30	0.00	0.00	0.00

Ventures (Business partners)					
55	C) Losses from derivative Financial Operations	46.34	6.14	87.72	49.41
56	D) Foreign Exchange Loss	1,564.35	2,633.49	1,329.18	629.40
57	E) Other	38.24	12.23	13.62	48.86
58	NET OPERATING PROFIT/LOSS (1+22)-(16+36+43+44)	423.92	495.97	605.99	765.00
59	AMOUNT EXCESS RECORDED AS GAIN AFTER MERGER	0,00	0.00	0.00	0.00
60	NET MONETARY POSITION GAIN OR LOSS	0,00	0.00	0.00	0.00
61	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (58+59+60)	423.92	495.97	605.99	765.00
62	TAX PROVISIONS FOR CONTINUING OPERATIONS (±) (63+64+65)	93.72	84.18	113.24	141.36
63	A) Current Tax Provision	110.89	100.75	127.87	140.58
64	B) Loss Effect of Deferred Tax (+)	4.77	5.54	8.35	21.78
65	C) Gain Effect of Deferred Tax (-)	-21.94	-22.11	-22.98	-21.00
66	NET PROFIT/LOSS FOR CONTINUING OPERATIONS (61±62)	330.20	411.79	492.75	623.64
67	INCOME ON TERMINATED OPERATIONS (68+69+70)	0.00	0.33	0.00	0.00
68	A) Income on Assets Held for Sale	0,00	0.33	0.00	0.00
69	B) Income on Sale of Subsidiaries, Affiliates and Joint ventures (Business partners)	0.00	0.00	0.00	0.00
70	C) Other Income on Terminated Operations	0.00	0.00	0.00	0.00
71	TERMINATED OPERATIONS EXPENSES (-) (72+73+74)	0.00	0.03	0.07	0.00
72	A) Assets Held to Maturity Expenses	0.00	0.03	0.07	0.00
73	B) Loss on Sale of Subsidiaries, Affiliates and Joint ventures (Business partners)	0.00	0.00	0.00	0.00
74	C) Terminated Operations Expenses	0.00	0.00	0.00	0.00
75	PERIOD PROFIT/LOSS ON TERMINATED OPERATIONS BEFORE TAX (67-71)	0.00	0.31	-0.07	0.00
76	TAX PROVISION FOR TERMINATED OPERATIONS (±) (77+78+79)	0.00	0.02	-0.03	0.09
77	A) Current Tax Provision	0.00	0.00	0.00	0.09
78	B) Loss Effect of Deferred Tax (+)	0.00	0.02	0.00	0.00
79	C) Gain Effect of Deferred Tax (-)	0.00	0.00	0.03	0.00
80	NET PERIOD PROFIT/LOSS ON TERMINATED OPERATIONS (75±76)	0.00	0.29	-0.04	-0.09
81	NET PERIOD PROFIT/LOSS (66+80)	330.200	412.08	492.71	623.55
82	Earnings/Loss Per Share	0.640	0.74	1.85	1.110

Sector Turnover Distribution (1,000 TL)

		2011	2012	% Change
1	Agriculture, Hunting, Forest Products	1,283,092	1,527,037	19.0
2	Fishing	30,667	26,257	-14.4
3	Total Agriculture (1+2)	1,313,759	1,553,294	18.2
4	Extracting of Mines Product Energy	400,688	1,055,294	163.4
5	Extracting of Mines Not Product Energy	2,108,620	1,191,002	-43.5
6	Food, Beverage and Tobacco Industry	2,585,853	2,925,093	13.1
7	Textile and Textile Products Industry	7,147,104	7,144,137	0.0
8	Leather and Leather Products Industry	342,578	352,848	3.0
9	Wood and Wood Products Industry	654,665	718,267	9.7
10	Paper Raw Materials and Paper Products Industry	2,014,985	1,744,077	-13.4
11	Nuclear Fuel and Refined Petroleum and Coke Coal Ind.	4,954,684	9,821,776	98.2
12	Chemical Products Industry	1,736,112	1,777,004	2.4
13	Rubber and Plastic Products Industry	1,559,349	1,654,564	6.1
14	Other Mines Excluding Metal Industry	2,255,903	2,002,305	-11.2
15	Main Metal Industry	5,168,642	4,932,501	-4.6
16	Machine and Equipment Industry	3,129,340	3,524,757	12.6
17	Electrical and Optical Devices Industry	1,202,256	1,246,597	3.7
18	Transportation Vehicles Industry	4,523,949	4,374,520	-3.3
19	Manufacturing Industry Not Classified In Another Places	2,504,951	2,305,004	-8.0
20	Electric, Gas and Water Resources	2,855,801	2,693,895	-5.7
21	Total Manufacturing (4+...+20)	45,145,480	49,463,641	9.6
22	Construction	7,098,540	6,952,229	-2.1
23	Wholesale and Retail Trade, Motor Vehicles Services	6,508,514	8,187,051	25.8
24	Hotels and Restaurants (Tourism)	795,276	729,594	-8.3
25	Transportation, Warehousing and Communication	2,300,472	2,920,265	26.9
26	Financial Intermediation	1,563,459	1,648,518	5.4
27	a) Financial Institutions	1,440,062	1,570,816	9.1
28	b) Other Financial Intermediation	123,397	77,702	-37.0
29	Real Estate Brokerage	1,313,718	1,213,626	-7.6
30	Defense and Public Administration And Social Security Institutions	10,280	9,420	-8.4
31	Education	64,258	27,747	-56.8
32	Health and Social Services	713,344	671,094	-5.9
33	Other Social and Personal Services	3,214,463	3,416,116	6.3
34	Private Person Employing Worker	42,475	27,411	-35.5
35	International Organizations and Institutions	1,823	471	-74.2
36	Total Services (22+...+35) - (27+28)	23,626,622	25,803,542	9.2
37	OTHER	627,667	528,836	-15.7
38	GENERAL TOTAL (3+21+36+37)	70,713,528	77,349,313	9.4

Sector Turnover Distribution Shares (%)

		2010	2011	2012
1	Agriculture, Hunting, Forest Products	1.08	1.81	1.97
2	Fishing	0.08	0.04	0.03
3	Total Agriculture (1+2)	1.16	1.86	2.01
4	Extracting of Mines Product Energy	6.18	0.57	1.36
5	Extracting of Mines Not Product Energy	12.53	2.98	1.54
6	Food, Beverage and Tobacco Ind.	2.56	3.66	3.78
7	Textile and Textile Products Industry	7.07	10.11	9.24
8	Leather and Leather Products Industry	0.33	0.48	0.46
9	Wood and Wood Products Industry	0.90	0.93	0.93
10	Paper Raw Materials and Paper Products Industry	3.03	2.85	2.25
11	Nuclear Fuel and Refined Petroleum and Coke Coal Ind.	19.76	7.01	12.70
12	Chemical Products Industry	1.96	2.46	2.30
13	Rubber and Plastic Products Industry	1.31	2.21	2.14
14	Other Mines Excluding Metal Industry	2.69	3.19	2.59
15	Main Metal Industry	4.69	7.31	6.38
16	Machine and Equipment Industry	3.24	4.43	4.56
17	Electrical and Optical Devices Industry	1.90	1.70	1.61
18	Transportation Vehicles Industry	3.35	6.40	5.66
19	Manufacturing Industry Not Classified In Another Places	1.94	3.54	2.98
20	Electric, Gas and Water Resources	2.66	4.04	3.48
21	Total Manufacturing (4+...+20)	76.10	63.84	63.95
22	Construction	7.75	10.04	8.99
23	Wholesale and Retail Trade, Motor Vehicles Services	3.80	9.20	10.58
24	Hotels and Restaurants (Tourism)	1.32	1.12	0.94
25	Transportation, Warehousing and Communication	3.19	3.25	3.78
26	Financial Intermediation	1.81	2.21	2.13
27	a) Financial Institutions	1.56	2.04	2.03
28	b) Other Financial Intermediation	0.24	0.17	0.10
29	Real Estate Brokerage	0.63	1.86	1.57
30	Defense and Public Administration And Social Security Institutions	0.01	0.01	0.01
31	Education	0.09	0.09	0.04
32	Health and Social Services	0.67	1.01	0.87
33	Other Social and Personal Services	2.25	4.55	4.42
34	Private Person Employing Worker	0.07	0.06	0.04
35	International Organizations and Institutions	0.00	0.00	0.00
36	Total Services (22+...+35) - (27+28)	21.58	33.41	33.36
37	OTHER	1.16	0.89	0.68
38	GENERAL TOTAL (3+21+36+37)	100.00	100.00	100.00

Ratios (%)

	2009	2009	2010	2011	2012
Non-Performing Loans (Gross) / Total Receivables	8.88	5.98	4.15	3.90	4.77
FC Cash Receivables / Total Cash Receivables	8.99	5.87	9.04	10.33	10.33
Receivables from Financial Institutions / Total Receivables	19.33	12.24	9.13	3.11	4.26
Receivables from Non-Financial Institutions / Total Receivables	80.67	87.76	90.87	96.89	95.74
Income Before Tax (Loss) / Average Assets	6.27	4.89	3.89	4.04	4.58
Period Net Profit (Loss) / Average Assets	5.25	3.81	3.23	3.29	3.74
Period Net Profit (Loss) / Total Average, Equity	18.84	14.06	15.19	15.77	17.45
Income Before Tax (Loss) / Total Average Equity	22.49	18.06	18.29	19.40	21.41
Net Operating Income (Expenses) / Expenses	21.05	20.06	13.26	26.38	47.71
Non-Operating Expenses / Income	89.74	86.63	89.41	83.25	64.32
Capital Markets Transactions Profit (Loss) / Income	-0.64	-0.23	0.00	-0.47	1.89
Personnel Expenses + Provision for Severance Pay / Total Non-Operating Expenses	4.79	5.20	4.17	8.54	17.21
Shareholders' Equity / Total Assets	30.62	23.96	20.33	21.61	21.28
FC Liabilities / Total Liabilities +Net Derivative Liabilities	52.03	22.33	22.16	24.63	20.34
NPLs (Net) / Total Equity	4.65	3.39	2.60	3.38	3.76
Derivative Financial Assets / Total Equity	1.05	0.33	0.13	0.17	0.29
Derivative Financial Liabilities / Total Equity	0.18	0.12	0.32	1.56	0.14

Source: BRSA

ANNEX 2 – BRANCHES AND REPRESENTATIVE OFFICES**(Companies Licensed by the BRSA as of 30 July, 2012)**

Branches and Representation Offices

	Nr. of Branches	Nr. of Rep. Offices
1. ABC Faktoring A.Ş.		3
2. Acar Faktoring A.Ş.		
3. ACL Faktoring. A.Ş.		
4. Ak Faktoring A.Ş.		
5. Akdeniz Faktoring A.Ş.	1	
6. Akın Faktoring A.Ş.		
7. Anadolu Faktoring A.Ş.		
8. Analiz Faktoring A.Ş.	1	1
9. Ar Faktoring Finansal Hizm.A.Ş.		2
10. Arena Faktoring A.Ş.		3
11. Artı Finans Factoring Hizm. A.Ş.		2
12. As Faktoring A.Ş.		
13. Atak Faktoring Hizm.A.Ş.		
14. Atılım Faktoring A.Ş.		1
15. Başer Faktoring A.Ş.		4
16. Bayramoğlu Faktoring A.Ş.		1
17. Berg Faktoring A.Ş.		
18. C Faktoring A.Ş.		
19. Creditwest Faktoring A.Ş.		
20. Çağdaş Faktoring A.Ş.	2	
21. Çözüm Faktoring A.Ş.		2
22. Değer Faktoring A.Ş.		
23. Demir Faktoring A.Ş.		1
24. Deniz Faktoring A.Ş.		11
25. Destek Faktoring A.Ş.		
26. Devir Faktoring A.Ş.		
27. Doğa Faktoring A.Ş.		5
28. Doğan Faktoring A.Ş.		
29. Eko Faktoring A.Ş.	8	2
30. Ekspo Faktoring A.Ş.		
31. Eren Faktoring A.Ş.		
32. Erişim Faktoring A.Ş.		5
33. Fiba Faktoring A.Ş.	1	7
34. Finans Faktoring A.Ş.		3
35. First Faktoring A.Ş.		
36. Fortis Faktoring A.Ş.		
37. Garanti Faktoring Hizmetleri A.Ş.		11
38. Girişim Faktoring A.Ş.		
39. Global Faktoring Hizm. A.Ş.		
40. Halk Faktoring A.Ş.		
41. Hepkon Finans Factoring Hizm. A.Ş.		
42. Huzur Faktoring A.Ş.	2	2

43. ING Faktoring A.Ş.		
44. İş Faktoring A.Ş.		
45. Kapital Faktoring A.Ş.		4
46. Katar Faktoring Fin. Hizm. A.Ş.		3
47. Kent Faktoring A.Ş.		2
48. Kredi Alta Faktoring A.Ş.		
49. Kredi Finans Faktoring Hizm.A.Ş.	1	
50. Lider Faktoring A.Ş.		23
51. Makro Faktoring A.Ş.		
52. Merkez Faktoring A.Ş.		
53. Mert Finans Faktoring Hizm.A.Ş.		
54. Met-Ay Faktoring A.Ş.		6
55. MNG Faktoring A.Ş.	1	7
56. Optima Faktoring A.Ş.	7	
57. Pamuk Faktoring A.Ş.		
58. Para Finans Faktoring A.Ş.	6	
59. Prime Faktoring Hizmetleri A.Ş.		
60. Sardes Faktoring A.Ş.		
61. Strateji Faktoring A.Ş.		9
62. Sümer Faktoring Hizmetleri A.Ş.		
63. Şeker Faktoring A.Ş.		8
64. Şirinoğlu Faktoring AŞ.		39
65. Tam Faktoring A.Ş.	6	
66. TEB Faktoring A.Ş.	10	
67. Tekstil Faktoring A.Ş.		5
68. Trend Faktoring A.Ş.	2	
69. Tuna Faktoring A.Ş.		2
70. Turkish Faktoring Hizm.A.Ş.		
71. Ulusal Faktoring A.Ş.	2	2
72. Vakıf Finans Factoring Hizmetleri A.Ş.		
73. VDF Faktoring Hizm.A.Ş.		
74. Yapı Kredi Faktoring A.Ş.		5
75. Yaşar Faktoring A.Ş.	11	
76. Yeditepe Faktoring A.Ş.		
77. Zorlu Faktoring A.Ş.		
TOTAL	60	181

Source: The Factoring Association

ANNEX 3 – FACTORING COMPANIES THAT HAVE TERMINATED OPERATIONS

Factoring Companies Whose Licenses Have Been Cancelled by the BRSA

	Cancellation Date
1. KIZILKAPLAN FAKTORİNG FİNANS HİZMETLERİ A.Ş.	20.07.2006
2. KOÇ FAKTORİNG HİZMETLERİ A.Ş.	14.12.2006
3. K FAKTORİNG A.Ş.	25.01.2007
4. ÖZ FİNANS FAKTORİNG HİZMETLERİ A.Ş.	22.11.2007
5. EURO FAKTORİNG ALACAK ALIMİ A.Ş.	28.02.2008
6. TASFİYE HALİNDE ADK FAKTORİNG FİNANS HİZMETLERİ A.Ş.	28.02.2008
7. AVRASYA FAKTORİNG HİZMETLERİ A.Ş.	17.04.2008
8. BAYINDIR FAKTORİNG HİZMETLERİ A.Ş.	17.04.2008
9. PERA FAKTORİNG HİZMETLERİ A.Ş.	17.04.2008
10. KÖROĞLU FİNANS FAKTORİNG HİZMETLERİ A.Ş.	15.05.2008
11. GOLD FAKTORİNG HİZMETLERİ A.Ş.	26.06.2008
12. SAFİR FİNANS VE FAKTORİNG A.Ş.	08.10.2008
13. ÜNİVERSAL FİNANS FAKTORİNG A.Ş.	01.10.2009
14. KURTULUŞ FAKTORİNG HİZMETLERİ A.Ş.	02.04.2009
15. ORTAK FAKTORİNG A.Ş.	02.07.2009
16. ŞARK FİNANS FAKTORİNG A.Ş.	22.07.2009
17. BEST FAKTORİNG A.Ş.	05.08.2009
18. SERAY FAKTORİNG A.Ş.	07.01.2010
19. AKÇE FİNANS FAKTORİNG HİZMETLERİ A.Ş.	15.04.2010
20. ANA FAKTORİNG HİZMETLERİ A.Ş.	15.04.2010
21. FON FAKTORİNG HİZMETLERİ A.Ş.	15.09.2010
22. GİSAD FAKTORİNG A.Ş.	06.10.2010
23. ULUS FAKTORİNG A.Ş.	21.10.2010
24. D FAKTORİNG A.Ş.	21.10.2010
25. ERA FİNANS FAKTORİNG HİZMETLERİ A.Ş.	21.10.2010
26. İLKE FAKTORİNG HİZMETLERİ A.Ş.	11.11.2010
27. SÜZER FAKTORİNG HİZMETLERİ A.Ş.	07.04.2011
28. HEDEF FAKTORİNG HİZMETLERİ A.Ş.	05.05.2011
29. EDF FAKTORİNG HİZMETLERİ A.Ş.	29.12.2011
30. GÜVEN FAKTORİNG A.Ş.	10.02.2011
31. BATI FAKTORİNG A.Ş.	29.11.2012
32. SARAY FAKTORİNG A.Ş.	20.12.2012
33. İVME FAKTORİNG A.Ş.	21.03.2013

ANNEX 4 – FACTORING DATA BY COUNTRY

Factors Chain International
Factoring Turnover by Country in 2012 (Million USD)

	Nr. of Companies	Domestic	International	Total
EUROPE				
Austria	4	10,603	3,859	14,463
Belgium	5	41,997	13,844	55,841
Bosnia & Herzegovina	1	40	20	59
Bulgaria	7	1,681	297	1,978
Croatia	20	2,839	153	2,992
Cyprus	3	4,351	66	4,417
Czech Rep.	8	4,818	2,033	6,851
Denmark	6	6,988	4,615	11,603
Estonia	4	2,201	274	2,475
Finland	5	19,052	3,362	22,415
France	11	201,280	44,613	245,892
Germany	210	158,523	49,035	207,558
Greece	12	14,714	2,111	16,825
Hungary	19	3,075	454	3,528
Ireland	7	24,986	1,326	26,312
Italy	41	189,039	50,768	239,806
Latvia	8	362	352	714
Lithuania	8	1,224	2,057	3,280
Luxembourg	1	215	179	394
Malta	2	148	169	316
Netherlands	4	56,036	9,889	65,925
Norway	6	21,000	2,885	23,885
Poland	29	26,818	5,498	32,316
Portugal	14	27,093	3,164	30,257
Romania	11	2,953	897	3,850
Russia	31	45,861	518	46,380
Serbia	16	989	264	1,253
Slovakia	5	910	440	1,350
Slovenia	4	633	224	857
Spain	21	146,895	16,646	163,541
Sweden	40	42,388	1,319	43,707
Switzerland	8	3,560	396	3,956
Turkey	71	33,806	7,993	41,799
Ukraine	50	1,616	9	1,626
United Kingdom	40	358,204	25,744	383,947
Total Europe	732	1,456,897	255,472	1,712,369
AMERICAS				
Argentina	5	782	28	810
Bolivia	1	28	18	46
Brazil	1,000	57,448	74	57,522
Canada	58	7,865	1,496	9,361
Chile	140	29,271	2,373	31,644

Colombia	98	5,732	283	6,015
Costa Rica	7	237	0	237
El Salvador	15	396	0	396
Guatemala	4	303	0	303
Honduras	1	0	40	40
Mexico	11	34,414	38	34,452
Nicaragua	23	349	7	356
Panama	18	1,121	3	1,123
Peru	9	2,752	294	3,046
United States	110	92,295	9,945	102,240
Uruguay	2	79	1	80
Total Americas	1,502	233,071	14,601	247,673
AFRICA				
Egypt	8	158	132	290
Mauritius	1	169	0	169
Morocco	5	2,211	220	2,431
South Africa	5	28,003	185	28,187
Tunisia	8	419	51	471
Total Africa	27	30,960	588	31,549
ASIA				
China	27	359,274	93,972	453,246
Hong Kong	16	9,286	29,404	38,690
India	12	4,615	198	4,813
Indonesia	1	0	4	4
Israel	6	1,338	537	1,875
Japan	4	127,051	1,121	128,171
Jordan	1	0	16	16
Korea	10	0	10,548	10,548
Lebanon	1	377	20	397
Malaysia	5	1,879	471	2,350
Qatar	1	59	40	99
Singapore	9	7,489	3,942	11,431
Taiwan	21	39,555	52,740	92,295
Thailand	8	5,557	163	5,721
United Arab Emirates	5	3,296	527	3,824
Vietnam	6	53	28	80
Total Asia	133	559,830	193,730	753,560
AUSTRALASIA				
Australia	20	65,208	198	65,406
New Zealand	7	680	111	791
Total Australasia	27	65,888	309	66,197
TOTAL WORLD	2,270	2,346,646	464,700	2,811,346

Source: International Factoring Association Data obtained through the Turkish Factoring Association

Factoring Turnover by Country in 2005 - 2012 (Million USD)

	2006	2007	2008	2009	2010	2011	2012	Annual % Change
EUROPE								
Austria	6,248	7,620	8,954	9,481	11,038	11,643	14,463	24.22
Belgium	22,044	28,032	31,725	34,207	42,788	49,501	55,841	12.81
Bosnia & Herzegovina				50	60	58	59	1.72
Bulgaria	46	438	635	486	731	1,309	1,978	51.11
Croatia	449	1,606	2,961	3,504	3,711	2,940	2,992	1.77
Cyprus	3,361	4,358	4,590	4,791	4,584	4,869	4,417	-9.28
Czech Rep.	5,313	6,979	7,050	5,377	5,860	6,628	6,851	3.36
Denmark	10,144	12,372	7,755	10,153	10,630	11,869	11,603	-2.24
Estonia	3,828	1,898	2,012	1,430	1,630	1,508	2,475	64.12
Finland	14,652	18,469	17,837	15,375	16,476	16,844	22,415	33.07
France	132,012	177,624	190,350	183,300	203,626	226,203	245,892	8.70
Germany	95,040	129,940	149,460	137,566	172,114	204,765	207,558	1.36
Greece	6,904	10,833	14,382	17,589	19,552	19,087	16,825	-11.85
Hungary	3,802	4,526	4,512	3,604	4,437	3,650	3,528	-3.34
Ireland	39,195	33,462	33,840	27,691	26,836	23,750	26,312	10.79
Italy	158,974	179,288	180,762	177,678	190,994	226,983	239,806	5.65
Latvia	364	1,694	2,143	1,287	436	481	714	48.44
Lithuania	2,503	3,927	4,724	2,510	2,046	2,765	3,280	18.63
Luxembourg	404	715	846	499	427	233	394	69.10
Malta	1	37	73	150	181	259	316	22.01
Netherlands	33,660	46,457	42,300	42,900	46,505	59,602	65,925	10.61
Norway	15,134	24,820	21,150	21,593	20,030	21,243	23,885	12.44
Poland	5,841	11,534	10,998	17,160	21,539	23,193	32,316	39.34
Portugal	22,290	24,656	25,380	25,327	27,578	36,123	30,257	-16.24
Romania	990	1,898	2,327	2,002	2,392	3,345	3,850	15.10
Russia	11,293	19,126	22,772	12,269	16,161	27,435	46,380	69.05
Serbia	198	330	522	586	664	1,200	1,253	4.42
Slovakia	1,731	2,015	2,256	1,616	1,303	1,517	1,350	-11.01
Slovenia	449	664	917	930	864	713	857	20.20
Spain	88,139	122,201	141,000	149,037	150,022	158,237	163,541	3.35
Sweden	28,644	31,682	22,560	26,827	24,926	37,911	43,707	15.29
Switzerland	2,640	3,669	3,652	7,150	5,315	4,470	3,956	-11.50
Turkey	19,701	28,653	25,451	29,000	51,803	39,997	41,799	4.51
Ukraine	818	1,299	1,853	758	717	1,237	1,626	31.45
United Kingdom	328,375	418,284	265,080	279,727	300,609	347,351	383,947	10.54
Total Europe	1,065,185	1,361,105	1,252,824	1,253,608	1,388,584	1,578,921	1,712,369	8.45
AMERICAS								
Argentina	439	529	501	479	465	615	810	31.71
Bolivia				26	24	45	46	2.22
Brazil	26,471	30,748	31,098	42,385	65,173	59,114	57,522	-2.69
Canada	4,470	6,234	4,230	4,648	4,947	6,846	9,361	36.74
Chile	14,916	21,345	22,278	20,735	21,820	27,858	31,644	13.59
Colombia	132	2,964	2,961	3,420	3,699	6,466	6,015	-6.97
Costa Rica							237	
El Salvador							396	
Guatemala							303	
Honduras	0	139	7	150	213	39	40	2.56
Mexico	10,758	13,432	13,466	3,032	19,317	27,306	34,452	26.17
Nicaragua							356	
Panama	801	705	649	715	797	907	1,123	23.81

Peru	743	946	1,234	1,084	3,603	3,189	3,046	-4.48
United States	126,720	141,620	141,000	126,555	126,227	136,049	102,240	-24.85
Uruguay							80	
Total Americas	185,450	218,661	217,422	203,228	246,284	268,433	247,673	-7.73
AFRICA								
Egypt	4	29	71	157	266	259	290	11.97
Mauritius				173	166	165	169	2.42
Morocco	581	964	1,199	1,301	1,423	1,822	2,431	33.42
South Africa	10,296	14,279	17,075	19,305	20,090	27,700	28,187	1.76
Tunisia	356	358	357	395	392	441	471	6.80
Total Africa	11,237	15,629	18,701	21,331	22,337	30,386	31,549	3.83
ASIA								
Armenia			10	10	18	18		-100.00
China	18,876	48,145	77,550	96,239	205,351	354,620	453,246	27.81
Hong Kong	12,817	11,242	11,985	11,553	19,133	22,530	38,690	71.73
India	4,699	7,380	7,332	3,790	3,654	3,628	4,813	32.66
Indonesia						4	4	0.00
Israel	495	1,168	1,974	2,002	2,192	2,138	1,875	-12.30
Japan	98,380	113,473	150,165	119,691	130,877	144,140	128,171	-11.08
Jordan				61	57	16	16	0.00
Korea	1,122	1,394	1,269	4,200	6,748	10,478	10,548	0.67
Lebanon	125	257	564	601	598	423	397	-6.15
Malaysia	634	683	776	1,001	1,406	1,360	2,350	72.79
Qatar				33	31	97	99	2.06
Singapore	3,901	4,774	5,640	6,721	7,706	8,642	11,431	32.27
Taiwan	52,800	62,050	68,738	48,334	89,023	103,397	92,295	-10.74
Thailand	2,541	3,270	3,337	3,013	2,784	3,991	5,721	43.35
U.A.E.	1,069	496	2,623	2,731	2,657	2,267	3,824	68.68
Vietnam	21	63	120	135	86	87	80	-8.05
Total Asia	197,480	254,396	332,082	300,114	472,322	657,837	753,560	14.55
AUSTRALASIA								
Australia	36,396	48,297	45,890	56,356	59,679	74,491	65,406	-12.20
New Zealand	370	1,022	987	1,001	797	777	791	1.80
Total Australasia	36,766	49,319	46,877	57,357	60,476	75,269	66,197	-12.05
TOTAL WORLD	1,496,118	1,899,111	1,867,906	1,835,639	2,190,002	2,610,844	2,811,346	7.68

Source: International Factoring Association Data obtained through the Turkish Factoring Association

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