

Garanti Faktoring Hizmetleri A.S.

Full Rating Report

Ratings

Foreign Currency	
Long-Term IDR	BBB
Short-Term IDR	F3
Local Currency	
Long-Term IDR	BBB
Short-Term IDR	F3
National	
Long-Term Rating	AAA(tur)
Support Rating	2
Sovereign Risk	
Foreign-Currency Long-Term IDR	BBB-
Local-Currency Long-Term IDR	BBB
Country Ceiling	BBB

Outlooks

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

Financial Data

Garanti Faktoring Hizmetleri A.S.	31 Dec 12	31 Dec 11
Total assets (USDm)	1,097.3	667.2
Total assets (TRYm)	1,995.2	1,275.0
Total equity (TRY)	105.0	84.5
Operating profit (TRYm)	25.6	9.2
Published net income (TRYm)	20.5	34.5
Comprehensive income (TRYm)	20.5	34.5
Operating ROAA (%)	2.02	1.11
Operating ROAE (%)	26.95	13.67
Factoring receivables/equity (%)	17.47	14.99
Equity/assets (%)	5.37	6.63

Related Research

[2013 Outlook: Turkish Banks \(December 2012\)](#)

[Turkiye Garanti Bankasi Credit Update \(December 2012\)](#)

[Fitch Upgrades Turkey's Large Private Banks & Subsidiaries \(December 2012\)](#)

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Key Rating Drivers

Support-Driven Ratings: The ratings of Garanti Faktoring Hizmetleri A.S. (Garanti Factoring) are equalised with those of its majority shareholder, Turkiye Garanti Bankasi A.S. (Garanti). This is because Garanti Factoring is an integral part of Garanti's business. It shares management and risk systems and distributes products through Garanti's branch network. In Fitch Ratings' opinion, Garanti Factoring is a core group subsidiary.

Good Position, Fragmented Sector: Banks dominate Turkey's financial sector and factoring companies account for a modest (less than 2%) share of total sector assets. There are 78 Turkish factoring companies. Garanti Factoring holds a leading position in the sector by total factoring receivables. It controls a market share of around 11%.

GDP Drives Growth: Factoring companies are able to alter balance sheet size rapidly to meet demand. Demand for factoring finance, correlated to economic growth, has risen at 10%-12% annually in recent years (sluggish compared with historical Turkish standards). Fitch estimates GDP growth of 3.8% in 2013 (2012: 2.2%), modest by recent Turkish standards. Nevertheless, factoring volumes should continue to grow as SMEs become more sophisticated and factoring companies expand coverage into newer emerging industrial cities and regions.

Volatile but Reasonable Profitability: Performance is volatile, reflecting a demand-driven business model. Garanti Factoring lends mainly in Turkish lira, with short tenors (120 days) and with recourse (54% of the portfolio). Operating performance ratios are below the sector average, but asset quality is far better, with impaired receivables representing a low 1.4% of total end-2012 factoring receivables (sector average: 4.9%). Risk-management models are developed in conjunction with Garanti and impairments have been modest.

Net income was unusually high in 2011, boosted by the sale of a subsidiary.

Good Asset Quality: Garanti Factoring attributes its sound asset quality to more conservative risk-management. Its early warning systems and recovery procedures are robust. The ability to use Garanti's extensive credit systems provides comfort. A central invoice registration bureau will be established by June 2014. This will enable factoring companies to share borrower invoicing information, which should improve credit risk management.

Wholesale Funded: Garanti Factoring relies exclusively on bank lines for funding. These are very short term and asset and liability mismatches are considerable. Reliance on parent funding is low (about 5% of total drawn lines) but parent-committed lines are ample and provide a substantial liquidity buffer. Garanti Factoring is seeking to extend the maturity profile of its funding through modest issuance in the domestic bond markets (six months maturity) and international syndicated or club loans. Fitch would view diversification positively.

Leverage Above Average: There is no requirement for factoring companies to comply with prudential capital requirements. Regulators limit factoring receivables to 30x equity but leverage in the sector is not high (sector factoring receivables/sector equity reached 4.3x at end-2012). Garanti Factoring operates with a more highly leveraged balance sheet (17.5x). This is understandable because it is part of a leading financial group.

Rating Sensitivities

Parent Ratings: Garanti Factoring's IDRs move in tandem with those of Garanti. A change in Garanti's ratings, which is not Fitch's base case, would affect those of Garanti Factoring.

Profile and Strategy

Established in 1990, Garanti Factoring is 81.84% controlled by Garanti (55.4% directly held and 26.24% through ownership of publicly quoted shares). Its part public ownership means that Garanti Factoring is required to comply with the capital markets board's corporate governance code. Garanti is compliant with this code and these corporate governance matters do not constrain its ratings in any way.

The company's aim is to grow, aiming for a 12% market share of the factoring business in 2013. SMEs are the target customer base and Garanti Factoring aims to diversify customers across a broad range of sectors. Client introductions will continue to be sourced primarily through Garanti networks but sales teams are also attempting to identify potential customers independently, supported by Garanti's credit and operational systems.

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

Discounting services dominate Garanti Factoring's business but the company is active in all three business lines and holds reasonable market shares in each.

In December 2012 legislation came into force relating to non-bank financial companies, including factoring companies, clarifying various requirements and restrictions, such as licensing and external audit, branch opening procedures, and provisioning policies.

Performance and Prospects

Performance indicators at operating level are volatile, reflecting several factors, including the impact of volume variation, which can be considerable as factoring companies are able to alter balance-sheet size rapidly. This reflects the short-term nature of their lending. In addition, due to Garanti Factoring's size, one-off items can affect the income statement significantly. Operating performance measures fall below the industry average, reflecting slightly lower margins and higher operating costs.

Factoring margins have been volatile, reflecting changes in interest rates and competition. Garanti Factoring's margins remained stable but the sector saw an increase in margins in 2012 due to more aggressive pricing. As competition increases, this trend is unlikely to be sustained. Despite this, new companies continue to enter the sector, driven by growth potential in Turkey. At the same time, regulators have revoked several licenses over the years, with a view to instilling additional discipline and improving the overall financial health of the factoring sector.

Factoring is an attractive form of financing for the vast number of Turkish SMEs because they view it as a more straightforward means of accessing working capital and liquidity. Generally, documentation required by factoring companies is less onerous than that requested by banks and response speed is also generally faster. Garanti Factoring is making inroads into rapidly developing industrial, often export-driven, areas. Expansion potential is strong, especially when considering factoring turnover as a percentage of GDP, a measure commonly referred to within the industry as "penetration rate". In Turkey the penetration rate reaches 5.6%, compared with 12% in UK and 10% in some other major European countries.

Figure 1 compares selected key financial indicators for Garanti Factoring against the sector average. It highlights the somewhat lower margins achieved by Garanti Factoring in 2012, which are understandable because of its superior client quality, as reflected in far better asset-quality ratios. Garanti Factoring's efficiency ratios do not compare well with sector averages, but this reflects the company's far larger sales force. Over time, investments should improve operational efficiency.

Related Criteria

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

[Rating FI Subsidiaries and Holding Companies \(August 2012\)](#)

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

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

Figure 1

Comparison of Key Financial Highlights

(%)	Turkish factoring sector		Garanti Factoring	
	2012	2011	2012	2011
Total assets (TRYm)	18,149	15,622	1,995	1,275
Equity (TRYm)	3,856	3,377	105.0	84.5
Equity/assets	21.3	21.6	5.37	6.63
Gross factoring receivables (TRYm)	17,133	14,784	1,834.5	1,249.4
Factoring yield	14.8	12.9	7.86	6.24
Cost of funding	8.5	8.1	5.64	5.24
NIM on earning assets	5.4	4.1	4.40	4.54
Cost/income	38.7	43.0	51.6	62.65
Cost/assets (av.)	3.8	3.3	2.1	1.9
LICs ^a /pre-impairment op. profit	30.1	18.1	20.74	41.77
LICs ^a /gross factoring receivables	1.8	0.8	0.4	0.5
Impaired loans/total loans	4.7	3.8	1.4	1.2
Operating ROAA	4.2	3.6	1.60	0.65
Operating ROAE	19.6	17.2	26.95	13.67

^a LICs: Loan impairment charges

Source: BRSA sector and issuer data adapted by Fitch

In 2011 Garanti Factoring sold shares in a leasing subsidiary, generating a TRY30.2m one-off gain. This explains the strong rise in net income that year.

Credit Risk

Factoring companies work closely with their customers and Garanti Factoring has accumulated considerable credit-related data on a large number of SMEs. Credit information is shared and stressed according to models developed by Garanti. Garanti Factoring’s lending portfolio is largely domestic (84% of the portfolio). Garanti Factoring has full recourse for the majority of domestic receivables, and can initiate legal proceedings against both the buyer and seller in the event of non-payment. In addition, security is provided in the form of post-dated cheques, widely used in Turkey. Garanti Factoring’s loan book is diversified among customers, with average loans of about TRY524,000. Risk segmentation has been in place for many years and the loan portfolio generally mirrors Turkey’s well spread manufacturing base.

Lending is primarily undertaken in Turkish lira but factoring companies in Turkey are allowed to finance foreign currency-based transactions even for borrowers who do not have access to foreign-currency income streams. Garanti Factoring hedges all open foreign-currency positions, mainly through Garanti.

Factoring receivables are mainly short term. The average maturity of receivables financed by Garanti Factoring is 120 days. Discounts applied vary depending on such things as portfolio type, customer credit profile, impairment expectations, interest rates and funding costs. Risk segmentation has been in place for many years and credit information is shared among all factoring companies in Turkey. Factoring companies have had access to information stored on the national credit bureau for many years, but the more recent establishment of the invoice registration bureau (to be operational in mid-2014) will bring greater efficiency.

Asset quality has remained sound for many years. Impairments are low and reserve coverage appears robust considering the secured nature of the company’s business. Collection procedures for overdue receivables include discussions with customers to determine the reason and/or reviews of the potential for minor restructuring and legal action. Management information indicates that 52% of all overdue loans reach litigation, the balance being resolved at the initial discussion and administrative follow-up stages.

Recovery prospects are far better when handled internally (48%), whereas once litigation is started, they are weak, with around 8% of all receivables transferred to litigation procedures being recovered within one year; over time, recoveries can improve. In February 2012 legislation came into force eliminating the risk of imprisonment for signatories of bounced

cheques. By end-2012 the number of bounced cheques across the sector had doubled compared with 2011. Garanti Factoring has not been negatively affected by a material rise in this type of cheque. Post-dated cheques represent around 23% of total security taken by Garanti Factoring.

Market Risk

Funding is repriced on average every 15 days, while most factoring assets are extended at fixed rates. About 25% of Garanti Factoring's factoring receivables are classified as "rotating" and can be repriced fairly quickly, but Garanti Factoring remains exposed to interest rate risk. Management estimates that a 5% movement in Turkish lira interest rates would affect pre-tax profit by 14%. The impact of foreign-currency interest rate movements is negligible because open currency positions are all hedged, mainly through Garanti.

Funding

Garanti Factoring relies on interbank funding. Turkish banks provide 70% of lines, and international banks the rest. Domestic funding tends to be more stable and that from Garanti usually represents a low of around 5% of total lines drawn. Funding is short term, exposing the company to refinancing risk. Lines committed by the parent group total TRY550m, equivalent to 30% of total drawn funding at H112. These provide comfort and have been drawn in times of market stress, particularly when international banks have lost appetite for Turkish risk.

Garanti Factoring's funding structure is extremely short term and the company is exposed to large asset and liability maturity mismatches: 73% of liabilities at end-2012 mature within one month, while the comparable figure for assets is 40%. An ability to access parent funding provides comfort. Garanti Factoring plans to access the local bond markets to raise longer-term funding.

Financial companies are increasingly issuing on the domestic capital markets. Garanti Factoring may also seek to diversify its funding through the issuance of a bond; management considers that it could achieve a maturity of up to six months. Fitch also considers this possible.

Capital

Leverage tends to be fairly high at Turkey's factoring companies. Garanti Factoring's capital measures are better than the sector average. Dividends have not been paid recently the company is making efforts to build up capital through retained earnings.

Garanti Faktoring Hizmetleri A.S.
Income Statement

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End TRYm	As % of	Year End TRYm	As % of	Year End TRYm	As % of	Year End TRYm	As % of
	Unqualified	Unqualified	Earning Assets	Unqualified	Assets	Unqualified	Assets:port not seen	Unqualified	Assets
1. Interest Income on Loans	68.9	122.8	6.31	84.3	6.66	76.6	4.92	63.1	5.60
2. Other Interest Income	17.8	31.7	1.63	50.3	3.97	92.9	5.97	19.3	1.71
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	86.7	154.5	7.94	134.6	10.63	169.5	10.89	82.4	7.31
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	47.4	84.4	4.34	70.6	5.57	72.5	4.66	59.5	5.28
7. Total Interest Expense	47.4	84.4	4.34	70.6	5.57	72.5	4.66	59.5	5.28
8. Net Interest Income	39.3	70.1	3.60	64.0	5.05	97.0	6.23	22.9	2.03
9. Net Gains (Losses) on Trading and Derivatives	(13.7)	(24.4)	(1.25)	(40.6)	(3.21)	(85.3)	(5.48)	(5.2)	(0.46)
10. Net Gains (Losses) on Other Securities	0.0	0.0	0.00	0.0	0.00	0.2	0.01	0.1	0.01
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	11.6	20.7	1.06	18.9	1.49	15.7	1.01	15.3	1.36
14. Other Operating Income	0.2	0.4	0.02	0.0	0.00	1.1	0.07	(0.2)	(0.02)
15. Total Non-Interest Operating Income	(1.9)	(3.3)	(0.17)	(21.7)	(1.71)	(68.3)	(4.39)	10.0	0.89
16. Personnel Expenses	11.3	20.2	1.04	15.0	1.18	13.5	0.87	11.3	1.00
17. Other Operating Expenses	8.0	14.3	0.74	11.5	0.91	9.4	0.60	8.3	0.74
18. Total Non-Interest Expenses	19.4	34.5	1.77	26.5	2.09	22.9	1.47	19.6	1.74
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	18.1	32.3	1.66	15.8	1.25	5.8	0.37	13.3	1.18
21. Loan Impairment Charge	3.8	6.7	0.34	6.6	0.52	0.6	0.04	3.8	0.34
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	14.4	25.6	1.32	9.2	0.73	5.2	0.33	9.5	0.84
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	30.2	2.38	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	14.4	25.6	1.32	39.4	3.11	5.2	0.33	9.5	0.84
30. Tax expense	2.9	5.1	0.26	4.9	0.39	1.1	0.07	2.5	0.22
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	11.5	20.5	1.05	34.5	2.72	4.1	0.26	7.0	0.62
33. Change in Value of AFS Investments	n.a.	n.a.	-	0.0	0.00	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	11.5	20.5	1.05	34.5	2.72	4.1	0.26	7.0	0.62
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	11.5	20.5	1.05	34.5	2.72	4.1	0.26	7.0	0.62
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

Garanti Faktoring Hizmetleri A.S.
Balance Sheet

	31 Dec 2012			31 Dec 2011			31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End TRYm	As % of Assets	Year End TRYm	As % of Assets	Year End TRYm	As % of Assets	Year End TRYm	As % of Assets	
Assets										
A. Loans										
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Other Loans	1,040.6	1,854.3	94.84	1,262.7	99.04	1,441.0	92.04	857.7	75.71	
6. Less: Reserves for Impaired Loans/ NPLs	11.1	19.8	1.01	13.3	1.04	6.9	0.44	6.4	0.56	
7. Net Loans	1,029.5	1,834.5	93.83	1,249.4	97.99	1,434.1	91.60	851.3	75.14	
8. Gross Loans	1,040.6	1,854.3	94.84	1,262.7	99.04	1,441.0	92.04	857.7	75.71	
9. Memo: Impaired Loans included above	14.9	26.5	1.36	15.4	1.21	13.7	0.88	0.0	0.00	
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
B. Other Earning Assets										
1. Loans and Advances to Banks	60.8	108.3	5.54	7.1	0.56	108.3	6.92	257.0	22.69	
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Trading Securities and at FV through Income	1.1	2.0	0.10	6.3	0.49	9.0	0.57	13.7	1.21	
4. Derivatives	0.2	0.3	0.02	0.0	0.00	0.3	0.02	0.9	0.08	
5. Available for Sale Securities	0.0	0.0	0.00	3.6	0.28	4.2	0.27	4.2	0.37	
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
7. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
9. Total Securities	1.3	2.3	0.12	9.9	0.78	13.5	0.86	18.8	1.66	
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
15. Total Earning Assets	1,091.6	1,945.1	99.48	1,266.4	99.33	1,555.9	99.38	1,127.1	99.49	
C. Non-Earning Assets										
1. Cash and Due From Banks	0.0	0.0	0.00	n.a.	-	0.0	0.00	n.a.	-	
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Fixed Assets	0.5	0.9	0.05	1.2	0.09	1.3	0.08	0.8	0.07	
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
6. Other Intangibles	0.8	1.5	0.08	1.4	0.11	1.4	0.09	1.5	0.13	
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. Deferred Tax Assets	3.6	6.5	0.33	4.3	0.34	3.2	0.20	3.4	0.30	
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
10. Other Assets	0.7	1.2	0.06	1.7	0.13	3.8	0.24	0.1	0.01	
11. Total Assets	1,097.3	1,955.2	100.00	1,275.0	100.00	1,565.6	100.00	1,132.9	100.00	
Liabilities and Equity										
D. Interest-Bearing Liabilities										
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Total Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Deposits from Banks	1,031.2	1,837.5	93.98	1,180.1	92.56	1,511.0	96.51	1,081.4	95.45	
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. Total Deposits, Money Market and Short-term Funding	1,031.2	1,837.5	93.98	1,180.1	92.56	1,511.0	96.51	1,081.4	95.45	
9. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
10. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
12. Total Long Term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
13. Derivatives	0.0	0.0	0.00	0.8	0.06	0.3	0.02	0.1	0.01	
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
15. Total Funding	1,031.2	1,837.5	93.98	1,180.9	92.62	1,511.3	96.53	1,081.5	95.46	
E. Non-Interest Bearing Liabilities										
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Reserves for Pensions and Other	1.2	2.1	0.11	1.2	0.09	1.2	0.08	1.9	0.17	
4. Current Tax Liabilities	1.9	3.3	0.17	3.0	0.24	0.5	0.03	2.6	0.23	
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
9. Other Liabilities	4.1	7.3	0.37	5.4	0.42	2.6	0.17	1.0	0.09	
10. Total Liabilities	1,038.3	1,850.2	94.63	1,190.5	93.37	1,515.6	96.81	1,087.0	95.95	
F. Hybrid Capital										
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
G. Equity										
1. Common Equity	46.2	82.3	4.21	84.5	6.63	50.0	3.19	45.9	4.05	
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Securities Revaluation Reserves	n.a.	n.a.	-	0.0	0.00	n.a.	-	n.a.	-	
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Fixed Asset Revaluations and Other Accumulated OCI	12.7	22.7	1.16	n.a.	-	n.a.	-	n.a.	-	
6. Total Equity	58.9	105.0	5.37	84.5	6.63	50.0	3.19	45.9	4.05	
7. Total Liabilities and Equity	1,097.3	1,955.2	100.00	1,275.0	100.00	1,565.6	100.00	1,132.9	100.00	
8. Memo: Fitch Core Capital	54.4	97.0	4.96	78.8	6.18	45.4	2.90	n.a.	-	
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	

Exchange rate

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

Garanti Faktoring Hizmetleri A.S.
Summary Analytics

	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
	Year End	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	7.86	6.24	6.66	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	9.71	9.54	12.64	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	5.64	5.24	5.59	n.a.
5. Net Interest Income/ Average Earning Assets	4.40	4.54	7.23	n.a.
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	3.98	4.07	7.19	n.a.
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	4.40	4.54	7.23	n.a.
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	(4.94)	(51.30)	(237.98)	30.40
2. Non-Interest Expense/ Gross Revenues	51.65	62.65	79.79	59.57
3. Non-Interest Expense/ Average Assets	2.15	1.87	1.70	n.a.
4. Pre-impairment Op. Profit/ Average Equity	34.00	23.48	12.08	n.a.
5. Pre-impairment Op. Profit/ Average Total Assets	2.02	1.11	0.43	n.a.
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	20.74	41.77	10.34	28.57
7. Operating Profit/ Average Equity	26.95	13.67	10.83	n.a.
8. Operating Profit/ Average Total Assets	1.60	0.65	0.39	n.a.
9. Taxes/ Pre-tax Profit	19.92	12.44	21.15	26.32
10. Pre-Impairment Operating Profit / Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
11. Operating Profit / Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	21.58	51.26	8.54	n.a.
2. Net Income/ Average Total Assets	1.28	2.43	0.30	n.a.
3. Fitch Comprehensive Income/ Average Total Equity	21.58	51.26	8.54	n.a.
4. Fitch Comprehensive Income/ Average Total Assets	1.28	2.43	0.30	n.a.
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
7. Fitch Comprehensive Income/ Risk Weighted Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	n.a.	n.a.	n.a.	n.a.
2. Fitch Eligible Capital/ Weighted Risks	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	4.98	6.21	2.91	3.63
4. Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	5.37	6.63	3.19	4.05
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	n.a.
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	19.52	40.83	8.20	15.25
E. Loan Quality				
1. Growth of Total Assets	53.35	(18.56)	38.19	n.a.
2. Growth of Gross Loans	46.85	(12.37)	68.01	n.a.
3. Impaired Loans(NPLs)/ Gross Loans	1.43	1.22	0.95	n.a.
4. Reserves for Impaired Loans/ Gross loans	1.07	1.05	0.48	0.75
5. Reserves for Impaired Loans/ Impaired Loans	74.72	86.36	50.36	n.a.
6. Impaired Loans less Reserves for Imp Loans/ Equity	6.38	2.49	13.60	n.a.
7. Loan Impairment Charges/ Average Gross Loans	0.43	0.49	0.05	n.a.
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Asse	1.43	1.22	0.95	n.a.
F. Funding				
1. Loans/ Customer Deposits	n.a.	n.a.	n.a.	n.a.
2. Interbank Assets/ Interbank Liabilities	5.89	0.60	7.17	23.77
3. Customer Deposits/ Total Funding excl Derivatives	n.a.	n.a.	n.a.	n.a.

Garanti Faktoring Hizmetleri A.S.
Reference Data

	31 Dec 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009	
	Year End USDm	Year End TRYm	As % of Assets	Year End TRYm	As % of Assets	Year End TRYm	As % of Assets	Year End TRYm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitizated Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	0.6	1.1	0.06	1.3	0.10	1.3	0.08	504.0	44.49
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	5.1	9.0	0.46	6.7	0.53	9.0	0.57	13.8	1.22
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	1,102.9	1,965.3	100.52	1,283.0	100.63	1,575.9	100.66	1,650.7	145.71
8. Memo: Total Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	876.4	1,561.7	79.87	1,351.9	106.03	1,149.4	73.42	n.a.	-
Average Earning Assets	893.3	1,591.8	81.41	1,411.2	110.68	1,341.5	85.69	n.a.	-
Average Assets	898.9	1,601.7	81.92	1,420.3	111.40	1,349.3	86.18	n.a.	-
Average Managed Securitizated Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	839.2	1,495.3	76.48	1,346.1	105.58	1,296.4	82.81	n.a.	-
Average Common equity	44.8	79.9	4.09	67.3	5.28	48.0	3.07	n.a.	-
Average Equity	53.3	95.0	4.86	67.3	5.28	48.0	3.07	n.a.	-
Average Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	1,031.2	1,837.5	93.98	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	1,031.2	1,837.5	93.98	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation									
1. Equity	58.9	105.0	5.37	84.5	6.63	50.0	3.19	45.9	4.05
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	58.9	105.0	5.37	84.5	6.63	50.0	3.19	45.9	4.05
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	58.9	105.0	5.37	84.5	6.63	50.0	3.19	45.9	4.05
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
5. Other intangibles	0.8	1.5	0.08	1.4	0.11	1.4	0.09	1.5	0.13
6. Deferred tax assets deduction	3.6	6.5	0.33	4.3	0.34	3.2	0.20	3.4	0.30
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
9. Fitch Core Capital	54.4	97.0	4.96	78.8	6.18	45.4	2.90	n.a.	-
10. Eligible weighted Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
12. Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange Rate

USD1 = TRY1.78190

USD1 = TRY1.91110

USD1 = TRY1.54130

USD1 = TRY1.49090

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