

C Faktoring has become a member (shareholder status) of IFG on 1 October 2008

C Faktoring A.S. was initially established as Elit Finans Faktoring Hizmetleri A.S. in Turkey on 31 March 2000 to provide factoring services to industrial and commercial enterprises. In September 2002, the Company was wholly acquired by C Group. On 9 December 2002, the name of the Company was amended to “C Faktoring Anonim Şirketi”. C Faktoring is a member of C Group, a banking and financial services conglomerate which has established partnerships with prominent organizations/banks and international financial institutions in different parts of its business (the partners of the group include Halkbank of Turkey, IFC, EBRD and Bank Hapoalim of Israel).

C Faktoring has one major subsidiary, Bank Pozitif Kredi ve Kalkinma A.S. with 42.45% share. Tarshish-Hapoalim Holdings and Investments Ltd. (“Tarshish”), a wholly-owned subsidiary of Bank Hapoalim B.M., Israel’s leading financial group and the largest bank, is the other shareholder in Bank Pozitif with 57.55% stake as from 31 October 2006. C Faktoring is the only factoring company in the sector to be a shareholder in a bank (meaning, the only factoring company with a status of bank license owner which requires regulatory approval). C Faktoring had earned this status at the end of 2002 when it acquired Bankpozitif (at the time Toprak Yatirim Bank from the Saving Deposit & Insurance Fund).

After being acquired by the C Group in 2002, C Faktoring is involved in domestic factoring business on with recourse basis to industrial and commercial enterprises by financing trade related receivables and providing collection services to its clients. The first 2 years after its acquisition the company was reorganized and new systems were implemented. C Group reflected its banking and finance know how in doing this. Also the C Group implemented bank-like standards in the areas of credit policy, risk management, IT infrastructure, etc. There was a steady growth of business during the last 5 years. The company assumed asset quality, prudent and bank-like implementation as preferred priorities over faster growth possibility. This is evidenced by relatively slower growth, but solid structure of its assets. C Faktoring assumed a conservative approach for lending and this is reflected in the policies mentioned and the organization structure of the company.

Main activities of C Faktoring consist of financing and collection services. Company’s client portfolio is made up of SMEs in large cities which are main industrial and commercial centers. The company provides services through its Head Office and its three branches located in Istanbul, Ankara and Izmir.

C Faktoring is a bank-like organization with experienced management and sound risk policies which are well above factoring regulations. Since the company is the leading company in terms of paid-in capital size, the main intention is to keep high level of capital adequacy ratio with high quality asset size growth. C Group has appointed experienced bankers to the board of directors (please see CVs of BoD members). All members are extensively experienced in banking, credits and risk management areas. The management level employees of the company are also consisting of experienced bankers.

STRATEGY AND BUSINESS PROFILE

Main business line of C Faktoring is domestic factoring on “with recourse” basis to industrial and commercial enterprises by way of financing trade related receivables and providing collection services to its clients. Company’s client portfolio is made up of SME s in large cities (Istanbul, Ankara, Izmir) which are also in main industrial and commercial centres.

C Faktoring, being part of C Group, also saw the opportunity to invest in the banking sector in Turkey and it sees the participation in Bankpozitif as a critical asset. Also, the partnership with Bank Hapoalim, a major international bank, is an important endorsement and an asset for C Faktoring. In the next 12-24 months the company plans to publicly offer some of its shareholding and in addition to this 7.45% of the shares might be sold to Bank Hapoalim who has indicated an interest to purchase (we would like to keep this information confidential please). By this way, on one hand C Faktoring will continue to be a qualified bank shareholder and partner of Bank Hapoalim, having a considerable stake in a profitable bank, and on the other hand it will have realized profit on part of its shareholding (also giving liquidity capability for the remaining shareholding).

In factoring business the strategy is to grow further while maintaining the same policies and understanding. Growth is expected especially in the domestic market on a diversified basis. For the medium and long term; the company is analyzing opportunities to enter other countries by setting up factoring operations to reflect the know-how and the experience in factoring business in Turkey and the know-how of those markets from the banking activities of the C Group there. This will also enable C Factoring to expand with export factoring in close cooperation with other group factoring network. In summary, it is being analyzed if the factoring service network can be expanded to be one that is across countries.

In addition to C Factoring, C Group has, among its banking and financial services investments in several countries, a 70% stake in Demir-Halk Bank Netherlands NV (rated 'BB' and 30% owned by Turkish Halk Bank, a major Turkish bank majority owned by the Turkish state), 70% stake in Demir Kyrgyz International Bank (DKIB) in Kyrgyzstan, in which EBRD and IFC are other shareholders (15% each), 42,45% share in Demir Kazakhstan Bank (DKB) in Kazakhstan indirectly through Bank Pozitif Kredi ve Kalkinma A.S and 36,25% share in Access Financial Services-IFN S.A. (AFS) in Romania.

| | Amount-YTL | Date Acquired | Percentage |
|--------------------|------------|---------------|------------|
| DAMLA CINGILLIOĞLU | 55.000.000 | December 2002 | 89,869% |
| KEMAL CINGILLIOĞLU | 5.910.000 | December 2005 | 9,657% |
| Other | 290.000 | --- | 0,474% |
| TOTAL | 61.200.000 | | 100% |