

## TEB FINANCIAL SERVICES GROUP

### TEB FACTORING

As one of the 3 biggest companies in the sector, TEB Factoring continued to serve corporate and commercial firms and SMEs and increased its business volume in 2011 through a range of various export, import and domestic factoring products. The Company exceeded its annual profit target by 120%.

#### **The most profitable factoring company in the sector**

TEB Factoring recorded a 24% year-on-year increase in its turnover in TRY terms in 2011, while chalking up a return on equity of 45.48% and a return on assets of 1.11%. The Company closed 2011 with TRY 6 million in turnover. TEB Factoring boasts one of the highest productivity yields in the factoring sector.

TEB Factoring expanded its total client base to 11,000 in 2011, including companies in the SME and sub-SME segments, which it has been seeking to attract since 2007. The Company ended the year 2011 with 2,676 active customers, 8 branches and 97 employees.

**TEB Factoring was awarded the “Best Export Factoring Company” in 2011 by the members (a total of 260 members from 69 countries) of Factors Chain International (FCI), the world’s largest and the most important factoring organization. TEB Factoring has won this prestigious award for 3 years in a row, while Mr. Çağatay Baydar, the Company’s CEO, was elected as the FCI Chairman.**

In the coming years, it is expected that check-bond circulation will drop in parallel with developments in the trade world; instead, people’s interest in products such as irrevocable factoring, supplier finance and dealer finance will grow. In line with these developments, TEB Factoring has developed both its supplier finance and dealer finance products as special and boutique products, tailored to meet its corporate clients’ own dynamics. TEB Factoring aims to represent Turkey, placing Turkey one of the world’s leading countries in the factoring sector.

### TEB ASSET MANAGEMENT

TEB Asset Management’s fundamental objective is to determine the investment vehicle compositions of investment portfolios based on the risk profiles of their individual and corporate clients and to manage those portfolios accordingly with optimum benefit.

TEB Asset Management is an asset management company with a wide external delivery channel. As of 2011 the company commanded a

- 4.9% market share in the overall mutual fund industry,
- 6% market share in actively managed mutual funds,
- 10% market share in Capital Guaranteed mutual funds,
- 7.6% market share in Private Asset Management,
- 3.9% market share and a volume of TRY 250 million in Corporate Asset Management Services,
- 3.2% market share and a volume of TRY 436 million in Pension Funds, and
- 15% market share and a volume of € 152 million in international mutual funds.

TEB Asset Management has been providing asset management services since June 2004. The Company also began to offer ‘Corporate Asset Management Services’ from the end of 2005. Founded to manage the assets of foundations, associations, corporations and legal entities, Corporate Asset Management Services are provided through TRY and foreign currency based models under 3 different categories; bonds, absolute income and stocks.

Having entered a mutually advantageous collaboration with its partner, BNP Paribas Asset Management - a leading name in the asset management business in the Eurozone - TEB Asset Management has steadfastly moved towards its goal of becoming a global player. Having already begun to see the benefits of this collaboration, TEB Asset Management had already succeeded in

establishing strategic cooperation with a number of international corporations.

**TEB Asset Management attaches great importance to the design and production of new products.**

Products offered by TEB in 2011 include Star Pro TI Asset Management products especially designed for Star Banking customers, Private Asset Management services designed for private banking customers and Strategic Mutual Funds with Absolute Income, designed for both Star and Private Banking customers.

In addition, as a leader of innovation in the asset management industry, TEB Asset Management established various versions of Capital Guarantee funds, hedge funds and foreign securities funds such as the BRIC fund, which includes various stocks traded on the stock exchanges of Brazil, Russia, India and China. Moreover, TEB Asset Management and TEB issued innovative Capital Guarantee Funds in 2011, offering an array of alternatives to investors. The Company realized the public offering of a total of 15 new capital guarantee funds in 2011 under the management of TEB Asset Management.

For the first time in Turkey, BNP IP carried out the public offering of the Capital Guarantee Fund based on the money index, which was set up for its assets in Turkey.

**Another important development for TEB Asset Management in 2011 was the merger of TEB Asset Management and Fortis Asset Management under TEB Asset Management.**

This merger further strengthened the synergy created with BNPP Asset Management, while TEB Asset Management has taken over the management of the BNPP L1 Turkey Equity Fund, an international fund investing in Turkish equities, and the SOMPO JAPAN - Turkish Equities Mother Fund. In addition to taking over the management, TEB Asset Management played an active role most especially in the distribution of the BNPP L1 Fund at international platforms.

TEB Asset Management also took over the management of the pension funds at the Cardiff Pension Company, expanding its activities in this area as well.

2012 will be a year of continued expansion for TEB Asset Management with new products and new strategies. With products jointly developed with the Bank such as Mevdufon and Fund Baskets, TEB Asset Management will be able to respond to investors' various investment preferences with distinct products.

## TEB INVESTMENT

Established in 1996, TEB Investment's primary field of activity is to engage in capital market operations in accordance with the provisions set forth in the Capital Markets Law no. 2499 and respective legislation.

TEB Investment Securities Inc. offers the following services:

- mediating in the trade of capital market instruments which are previously issued,
- mediating in the issue of capital market instruments and their sale via public offering,
- the trade of capital market instruments with repurchase-resale guarantee,
- investment consultancy,
- management of clients' assets,
- credit purchase, short-selling, borrowing and lending of capital market instruments, and
- mediating the trade of derivative instruments in Turkey and abroad and custody services.

TEB Investment ranked 4<sup>th</sup> with a 4.32% market share of ISE equity trading volume as of December 2011, accounting for a total trading volume of TRY 60,085 million. As of the same date, the Company was ranked 17<sup>th</sup> on the Turkish Derivatives Exchange in terms of trading volume, where it commanded a market share of 1.96% with its total trading volume of TRY 17,211 million.

TEB Investment differentiates itself in the sector with its

- experienced human resources team, which provides effective services to individual and corporate customers,
- skilled research teams composed of specialists in their own fields, and the high quality services they offer, and
- local know-how in conjunction with the global partner's support and experience.

## THE ECONOMY BANK N.V.

The Economy Bank NV (TEB NV) was founded in 1998 in the Netherlands. TEB NV's mission is to be one of the most active and service-focused players in the Turkish and European financial markets as the TEB Group's specialized service provider in the international trade & commodity finance business line.

In 2005, TEB NV became a member of the BNP Paribas Group, which is one of the biggest financial institutions in the world. This development brought a significant contribution to TEB NV's operations and TEB NV began to offer services in 84 countries worldwide. Benefiting from BNP Paribas' credit-risk analysis systems, the Bank is focused on maintaining its growth trend with an effective business model, in which trade and commodity finance products are held separately.

TEB NV has gained prominence in the sector with its

- experienced human resources,
- small and transparent organization structure,
- strong economic structure which has emerged with risk-monitoring approaches and practices, and
- solution-orientated and tailored solutions

**TEB NV's performance in 2011**

TEB NV raised its pretax profit to € 22.8 million in 2011. Among the most important factors behind this success were the systematic structuring of assets and the Bank's effective risk management policies.

TEB NV attached great importance to risk management throughout the year and adopted credit lending approaches that take risks into account. The Bank's net interest revenues increased to € 31.1 million in 2011, while its net commission and fee revenues reached to € 6.8 million. The Bank's loan provisions had reached € 2.99 million by the end of 2011. TEB NV's net profit after tax was realized as € 8.5 million, with a return on equity of 8.74%.

TEB NV increased its total trade transaction volume from € 1.7 million in 2010 to € 1.9 million in 2011. Meanwhile, its cost/return ratio slipped by 2.52 percentage points from 42.4% in 2010 to 39.88% in 2011.

Differentiating itself in its sector with its experienced managers and robust performance, TEB NV will keep offering its customers various trade finance solutions by strictly holding on to its prudent approach and effective risk management policies.