

CEO'S EVALUATIONS

TEB's esteemed shareholders,

2011 marked a milestone in TEB's corporate history. The merger of TEB and Fortis Bank Turkey under the TEB brand was of great importance in terms of our corporate scale. Following the merger, our Bank now stands as the 6th largest private sector bank in Turkey.

The year 2011 also saw TEB broke new ground in terms of its range of products and services, its number of customers and its innovation, efficiency and service network structure.

With its sound prediction capabilities and effective change management, as well as strategies shaped within a framework of attentive and painstaking planning, TEB succeeded in providing a higher number of products and services to more customers in a year which was marked by some exceptional market conditions.

An important milestone in TEB's history

TEB and Fortis Bank Turkey were merged under the roof of TEB on February 14th, 2011. Following the completion of legal procedures related to the merger, a comprehensive process was launched which aimed to integrate both banks under the TEB brand; within this framework, a number of quite critical projects were completed ahead of schedule.

The TEB-Fortis merger left its mark in the Turkish banking history as a successful example in terms of two different cultures coming together around common future targets and shared values and to work up to. The most fundamental priority of the merger process was to provide both banks' products and services to their customers in an uninterrupted manner through the branches and alternative delivery channels and to move forward with the merger process by placing customer satisfaction on top of everything.

The operational merger was completed about 3 months ahead of schedule, in turn allowing us to maintain a strong focus on competition and growth by shifting our attention back to our

primary business as swiftly as possible. TEB's organic growth strategy did not change after the merger. However, the merger opened a window of opportunity for TEB to improve its branch efficiency, which is vitally important; as the first step of this approach, 102 of our branches which were in close proximity to each other were combined or moved to new locations in 2011. These efforts rapidly enhanced the effectiveness and efficiency of our branch network, while positive developments were recorded in TEB's deposit and loan volumes per branch. Our mid-term target is to increase the total number of our branches to 650 and to place our branches as the driving force of our sustainable growth.

Our performance

In order to compare the financial results of TEB, which demonstrated a steady, healthy and sustainable growth performance in 2011, with the results of the previous year, it is possible to conduct an analysis by simply adding TEB's and Fortis Bank Turkey's financial results as of December 31st, 2010. When considered from this perspective, the Bank's total assets recorded a 22% increase to reach TRY 38 billion by the end of the year.

In 2011, our Bank recorded a rate of growth in its loan volume which was close to the sector average, while it raised its deposits at a rate exceeding the sector average. While its loan volumes grew by an average of 29% when compared to the end of 2010, TEB's placements expanded at a rate close to the sector average. TEB's deposits grew by 25%, almost double the sector average rate of growth of 13%. Accordingly, TEB's total loan and deposit volume were realized TRY 25.7 billion and TRY 22.9 billion respectively in 2011.

Our net profit in 2011 amounted to TRY 207 million, despite ongoing expenses throughout the merger process. I am delighted to proclaim that TEB raised its profit, despite the additional burdens imposed on the banking sector in 2011, as well as intensive competitive conditions and expenses incurred by the merger process. The progress we achieved in 2011 is more apparent

when previous year's profit breakdown is examined. Our profit in 2010 included income generated from the sale of TEB Leasing and insurance contracts. When these exceptional income items and merger costs are excluded, it is seen that TEB's profit increased by 86% in 2011.

In 2011, TEB's shareholders' equity amounted to TRY 4.2 billion, while its capital adequacy ratio was calculated as 14.23%, which was higher than the threshold determined by the regulatory authorities. Meanwhile, the bank's non-performing loans ratio, of 2.8% at the end of 2011, stands as a clear indication that our loan portfolio is balanced and healthy while proving our Bank's success in the fields of marketing and risk management.

Our performance in 2011 was also important in terms of reflecting the first positive results of the merger. Our target is to maximize TEB's new growth potential in 2012 and beyond.

TEB maintained its steady growth by demonstrating a strong performance in all business lines.

TEB obtained good results in all business lines in 2011 while continuing to diversify its portfolio and improve customer satisfaction. Within this framework, I would like to share some of my opinions about our business lines and products for 2011 as follows:

The first thing that I would like to touch on is TEB's prestigious position among SMEs and its strong presence in this business line. TEB carries out exemplary practices in SME banking and is the preferred choice among more and more small and mid-scaled enterprises as a service provider with each passing year. Loans provided by TEB in the SME business line grew by 36% in 2011 and the share of SME loans to the total loans provided by TEB rose to 43%. This increase took TEB's market share up to 5.39% in 2011.

We aim to be not only the bank but also an advisor of SMEs. In line with this target, our Bank has held a total of 53 SME Academy meetings in a total of 33 cities since 2005; about 11,300 business men and women participated in these meetings and attended the training programs.

Moreover, we have organized search meetings in 13 cities and in Turkish Republic of Northern Cyprus and for 4 sectors since 2006 in order to produce future strategies on the basis of cities and sectors. In these search meetings, we came together with a number of entrepreneurs, which allowed us to create a platform of ideas.

From now on, TEB will continue to implement the best practices of SME banking in the sector and to offer its customers products, services and solutions with high added value.

Another important topic of the year is our successful performance in gold banking. With a market share of over 31% in gold loans, TEB continued to be the sector leader in gold banking in 2011. This achievement is the result of our efforts to offer gold banking products to our customers throughout Turkey by means of our wide branch network. On the other hand, gold banking products, which are developed to complete the service cycle and offered to investors, help to differentiate us in the sector.

Foreign trade finance is a field in which TEB is very strong for many years. Providing agency and financial services for all kinds of foreign trade transactions of its customers through its worldwide correspondent network, our Bank developed the concept, "foreign trade customer", in 2011 and further strengthened its competitive edge by offering a brand new point of view towards the topic. Our Foreign Trade Center have recently focused on our active and potential customers, who have a great need for foreign trade transactions and trade finance. Our specialized employees, who are all experts in their own fields, provided services that best fit customer needs within the framework of creative foreign trade finance models.

Another important development in 2011 was in the private banking business line. Private banking services were provided 22 years ago in Turkey for the first time by TEB, which has now added new points of view to this business line in 2011 for a special future. This new approach allows us to grow with new customers by enhancing our private consultancy services.

Another issue that I would like to touch on is the integration of the Corporate Investment Banking business line into our organization in 2011. As a result of this development, TEB expanded its product diversity and cross-sales activities, significantly boosting in-house synergy. The volatile state of the markets in the second half of the year provided us with an opportunity to increasingly focus on fixed-income products, which are popular with companies seeking to provide protection against possible risks.

In cash management, in 2011 TEB opted for investments which would make a difference in the sector; the Bank added a new service to its existing portfolio of e-banking services for companies by combining its expertise and experience in this area with developments in mobile technology: Mobile Banking Services. Meanwhile, we have further enriched our product portfolio of collection and payment systems which we offer to our customers, with the 'MobilTEB' practice, a world first. TEB is the only service provider in Turkey to offer cash management services in the mobile environment and will continue to implement new practices that will make tremendous impact in this area.

TEB continued to make a difference with its new products, services and campaigns.

In 2011, our Bank continued its efforts to leverage the added value, which it offers to its customers, by means of new products, services, practices and campaigns, and performed works that made a difference in the sector.

Another important development of 2011 was the launch of Marifetli Hesap (Skillful Account), our new individual savings product, which was offered to our customers with the mission of changing the saving habits of the Turkish people. Offering quite flexible opportunities, this product ensures that your savings grow day by day in overnight deposits with special interest rates.

In addition, our new products, including Damla Altın Hesabı (Drop of Gold Account), Yıldız-Pro (Star-Pro), Pratik Kredi (Handy Loan) and our new insurance products, raise our competitive strength and contribute to our market visibility. Moreover, we received a total of 15 awards from

national and international contests with our websites and TEB Handy Internet Branch, where we aim perfect user experience.

Our Bank will continue to be the pioneer of innovation with its array of products, services, practices and solutions that it offers in various business lines through its subsidiaries.

The TEB brand indicates strong added value for our subsidiaries.

One of the first three companies in its sector, TEB Factoring continued to increase its business volume and generated 120% of its profit target in 2011. Having achieved a 24% expansion in its turnover in 2011, TEB Factoring is one of the most efficient service providers in its sector. Another achievement of TEB Factoring which I would like to touch upon is that it was chosen as the "Best Export Factoring Company" in 2011. With this result, TEB Factoring brought this award to Turkey for three years in a row. In addition to the award, Mr. Çağatay Baydar – the CEO of TEB Factoring – was elected as the Chairman of FCI.

TEB Asset Management, another subsidiary of TEB, was prominent in various categories with strong market shares in 2011. By offering innovative capital guarantee funds with TEB throughout the year, TEB Asset Management offered various alternatives to investors. On the other hand, TEB Asset Management entered strategic collaborations with a number of international corporations and expanded its client base.

Differentiating itself by offering effective services to its individual and corporate customers, TEB Investment succeeded in ranking 4th in the ISE market as of November 2011.

As a service provider for our Group and one specialized in the finance of international trade and commodities, Economy Bank N.V. continued to pursue its activities as one of the most effective and service-oriented participants of markets. It maintains its operations without being affected by the global financial crisis, thanks to its efforts to structure its assets in a systematic way, as well as its effective risk management policies.

Moving forward with full awareness of our responsibilities

TEB knows what the assets under its management mean for the national economy, as well as for its stakeholders and shareholders, and is well aware of its responsibilities. Our Bank will aim to achieve the best for its customers and employees in the coming periods and continue to achieve strong results in this direction.

With its competitive position in the market, our Bank will steadily make use of the high growth potential offered by financial markets and reflect this to its own performance and is determined to be a service provider which responsibly applies the best practices.

With its foundations laid down in 1927, TEB enters 2012, a year in which it will celebrate its 85th anniversary, backed by its rich diversity of products and services, and armed with its market knowledge and expertise that date back many years, and as always supported by its capable human resources and robust financial structure. These basic pillars of strength will also uninterruptedly provide the power that TEB will require during its sustainable growth.

I would like to take this opportunity to extend my gratitude to TEB's precious customers who have chosen us, and all of my colleagues for their painstaking and self-devoted efforts and our correspondents for the strong business relations that date back many years.

We have focused on building the "TEB of the Future"... I sincerely believe that with the synergy generated from our cooperation and the support of our stakeholders, we can realize this today and in the future as we did in the past.

Yours sincerely,

Varol Civil
CEO