

## TEB ASSET LIABILITY MANAGEMENT AND TREASURY GROUP

**One of the most important issues in the global banking sector is the effectiveness of asset liability management and how the sustainability of a bank's general liquidity can be protected.**

**What sets TEB apart in the sector is that it has restructured the Asset Liability and Treasury Department as the backbone of its balance sheet management, thus rendering it as one of the most effective departments.**

In order to better serve its customers, the Bank gathered conventional customer transactions under the Financial Markets Department, leaving the remaining balance sheet responsibility to the Asset Liability and Treasury Department.

Asset Liability and Treasury Department's primary goal is to manage the Bank's interest, country, structural FX and liquidity risks in its balance sheet in an optimal manner within the framework of the Bank's growth strategies and the limits defined by the Board of Directors and legal authorities, in order to maximize the Bank's risk-free capital.

During 2011, a year which marked a relative worsening in the global risk environment, the bank's Asset, Liability and Treasury Management succeeded in helping the Bank become more liquid, while ensuring that this liquidity was managed in a more profitable way for investors and shareholders by:

- managing the interest risks in the Bank's balance sheet, in the most effective manner,
- raising the interest rate differential between assets and liabilities despite the conditions introduced by the merger, and
- significantly improving the loans/deposits ratio, which is the leading liquidity indicator of the Bank.

By keeping a close view of the monetary policy being applied by the Central Bank of Turkey, the Asset Liability and Treasury Department models account for various balance sheet items under the financial engineering approach. In order to minimize all risks and maximize the Bank's revenues, the department undertakes a variety of financial transactions in foreign and domestic markets ranging from repurchase-reverse repurchase transactions to complex derivatives transactions in accordance with appropriate legislation and regulations, and by taking into account the Bank's utmost care to its traditional risk approach.

The Asset Liability and Treasury Department broke new ground by issuing the Bank's first bond, differentiated itself by offering customers various deposit products and maintained its position as the market leader in gold banking and effective management.

## CORPORATE INVESTMENT BANKING

**TEB offers its Turkish customers a wide array of products in corporate investment banking.**

The Corporate Investment Banking Department, which combines TEB's ability to accurately analyze the domestic market with the expertise and experience of BNP Paribas in international markets, can completely cover any needs of a corporation in the field of investment banking. TEB Corporate Investment Banking offers innovative products in the following segments:

- FX and Interest Markets
- Stocks & Commodity Derivatives
- Restructured Finance
- Corporate Finance

International and domestic financial markets underwent serious volatility in 2011, which set the stage for a fall in the Turkish Lira. TEB Fixed Income Securities groups provided their corporate and individual customers with solutions which produced high added value in order to minimize the risks associated with these fluctuations. Moreover, TEB and BNP Paribas provide analysis and consultancy services to a variety of infrastructure and energy projects that will contribute invaluable to Turkey's development.

Companies are able to increase their competitive strengths in the global arena, thanks to the corporate investment finance services jointly provided by TEB and BNP Paribas.

In October 2011, TEB became the primary sponsor of the Bonds and Loans Conference, attended by Turkey's largest companies and financial institutions. The conference represented the clearest proof of the tremendous potential promised by the Turkish capital markets and the degree of investor interest in Turkey.

TEB will continue to contribute to the Turkish economy in 2012, by preserving its leading position in the domestic markets in the field of corporate investment banking.

## TEB SECURITIES SERVICES

**The TEB Securities Services Department entered service in 2007 as TEB became responsible for the settlement and custody services, which had been provided by BNP Paribas in Turkey since 1990s.**

The department serves its customers with a specialized team at the head office and with the support of BNP Paribas Securities Services, which is Europe's largest custody bank.

In addition to the settlement and custody services provided to foreign and domestic corporate investors, the department also develops capital market and banking solutions for financial institutions, corporate investors and exporters to cover their needs arising after their investment and funding decisions.

TEB Securities Services Department offers:

- short-selling transactions,
- brokerage house "outsourcing" services,
- safekeeping services,
- borrowing instrument issuance and payment services, and
- services for access to the Central Registry Agency (CRS) for exporters.

**TEB Securities Services Department added new global brands to its customer portfolio in 2011.**

In 2011, the department added leading global brands to its customer portfolio in securities settlement and customer services were provided to international financial institutions. The department achieved significant success in the services that it provides together with TEB Investment to foreign investment banks who are especially eager to access the Turkish Derivatives Exchange.

New products were added to the portfolio of products offered directly or through BNP Securities Services to asset management companies founded in Turkey, as well as the main shareholders of domestic and foreign companies or similar asset holders and stock- or bond-issuing companies.

**Its high-quality services and customer-oriented approach placed TEB as a preferred solution partner in the Turkish market.**

TEB was deemed as “Top Rated” in 2011 by the Global Custodian Magazine, the sector’s leading media organ, in a survey which evaluates those banks that provide custody services in emerging markets on the basis of customer reviews.

**In 2011 TEB became the sector leader in access to the Turkish Derivatives Exchange, thanks to its creative solutions.**

In 2011, TEB raised its market share in stock and/or treasury bond/bill custody services offered to foreign investors abroad and pioneered the sector with respect to accessing the derivatives exchange through creative solutions.