

TSKB Makes its Way “Riskfree”

Türkiye Sınai Kalkınma Bankası (TSKB) opts for Riskfree products for its Risk Management

Being the first privately-owned investment and development bank of Turkey and offering a wide range of products in the fields of corporate banking, investment banking, intermediary services and international trade finance, Türkiye Sınai Kalkınma Bankası (TSKB) has cooperated with *Gantek Teknoloji* for its risk management. The risk management project being implemented at TSKB uses the “Market Risk” and “Financial Instrument Analyzer” (FIA) products of the Riskfree solution family, produced by *Gantek Teknoloji* and its business partner *RiskActive* Companies based entirely on the domestic resources.

Under the “Market Risk” Project being implemented at TSKB, the market risks of the investment funds, principal-protected funds and guaranteed-return funds managed by TSKB and all its subsidiaries as a part of their portfolio management services and operations are for the first time treated under multiple-company structure, and started to be measured on both solo and consolidated bases. Besides, market risks of TSKB, which is among Turkish banks with the highest variety of derivative products structure, will become measurable so as to cover all derivative instruments, while such measurement of risks of derivative products is still a lingering problem for many banks. Market Risks Project will increase the efficiency of activities such as risk measurement and reporting of the principal-protected and guaranteed-income funds, and “Relative Var” calculations for investment funds, and economic capital measurements for all portfolios and positions, and market-risk calculations for the subsidiaries and funds in TSKB. Additionally, decision-taking process will also become more fluent thanks to the easier calculation of the market risks for the complex derivative portfolios under the Project – a major hurdle previously -, as well as the acquisition of the capacity to make stress tests and have limit system structures via a flexible scenario analysis for all portfolios and positions.

“What we target by the *Riskfree*, *Gantek Teknoloji*’s market risk solution, is to measure the size of the risk exposure of, and to apply stress tests on, our portfolios in the present state and under different market conditions. These procedures will be easily applicable both to the market data and to the instruments included, or intended to be included, to TSKB’s portfolios. We will also be able to produce decision support information for the risk criteria and capital optimization thanks to the developed reporting capabilities of the solution. The fact that all printouts and outputs we use have been tailored from global economic models in consideration with the local economic conditions will promote to the efficiency of our decisions,” said Mehmet Sungun, TSKB’s Risk Management Director.

The Solution Best Analyzing the Risks: Riskfree Market Risk Solution

Riskfree Market Risk solution is a decision support system which, by using high volatility and yield curve models, measures risk-exposure values (values at risk; VaR) of the portfolios carried by the organizations, and supports such measurements by stress tests and scenario analyses. Via this solution, VaR (Value at Risk) Calculation can be made for 40 different fixed-income and derivative instruments by using Parametric Model, Historical Simulation Model and Monte Carlo Simulation Model, and relative VaR calculations needed by portfolio management companies can be made with a flexible infrastructure. With stress tests and scenario analyses, the cyclical crises like November and February crises and the risks that can be faced by the corporation under extraordinary market conditions like sharp rises in devaluation and interest rates can be measured correctly by means of risk factor, volatility and correlation-based shocks and the results can be shown in a comprehensible way. Concentration of the market risks carried by the corporation is identified with special analyses like marginal VaR and Incremental VaR, and undesired risky portfolios and positions are thus reduced. Risk-

adjusted capital measurement and performance analyses can be made via Raroc analysis. Economic capital calculation and capital optimization decisions are taken by using Ecap analysis. Control mechanisms are established for the corporation based on maturity, instrument type, foreign currency type, counter party and trader desk via limit systems. Hence, assumption of unlimited risks by the corporation is prevented.

For Financial Instruments and Market Analysis: Riskfree Financial Instrument Analyzer (FIA)

“Riskfree Financial Instrument Analyzer” is characterized as a financial-decision-support-instrument analyzing and pricing the financial instruments by using the processed and filtered financial time series. This solution makes use of the versions of the globally recognized finance engineering models and techniques that have been adapted to developing markets. Financial Instrument Analyzer makes it possible to easily make calculations and analyses for many instruments like fixed-income instruments, vanilla-type derivative products, exotic derivatives and structured derivative products, besides various strategies can be found and established for options. By using “Financial Instrument Analyzer”, TSKB can analyze and price the financial instruments by using the financial time series processed and filtered for the pricing of instruments. TSKB can make calculations and analyses for many types of instruments such as fixed-income instruments, vanilla-type derivative products, exotic derivatives and structured derivative products by using FIA which is supported by user-friendly interfaces and graphics. Aside from these, accuracy and consistency of different data providers can also be controlled diagonally by FIA.

About Türkiye Sınai Kalkınma Bankası (TSKB): Having started its activities in 1950, *Türkiye Sınai Kalkınma Bankası* (TSKB) is Turkey’s first privately-held investment and development bank. Having become a trademark on the subject of extending medium/long term loans for investment projects and of project financing, TSKB reaches to corporate customers with its privatization, public offering, financial/strategic partnership and valuation consultancy services in the field of investment banking, and both to individual customers and corporate customers with its intermediary services and portfolio management services in capital markets. TSKB carries out its activities from its headquarters in Istanbul, its branches in Ankara and İzmir within Turkey and from Bahrain branch abroad. TSKB leads the largest loan and project financings carried out in different business branches mainly in energy sector. It is the bank that has underwritten the largest number of projects particularly on the environment and renewable energy loans in Turkey. Considering also the environmental risks of the corporations and projects for which it provides financing, TSKB is the first Turkish bank holding the ISO 14001 Environment Management System Standard. TSKB which has internalized environmental sensitivity as a basic factor of its banking service cycle and its corporate culture has become the first and only Turkish bank which was found worthy of the “Sustainable Banking of the Year” Prize in Eastern Europe in the category of “Developing Countries” under “2008 Financial Times Sustainable Banking Awards” with its mission that finds its best expression in the motto of “Environment is Our Priority”. Please visit TSKB’s web address, www.tskb.com.tr, for getting more information on the Bank.

About Gantek Technologies:

With 22 years of experience at Information and Communication Technologies (ICT) and maintaining its activities with corporate governance principles, Gantek Teknoloji continues its operations as the leading System Integrator of Turkey and its region. Gantek is positioned as one of the most innovative ICT companies with its R&D investments for 9 years uninterruptedly. The Company provides solutions to telecom industry with Number Portability, Income Maximization and Value Added Services (VAS), to finance industry with risk management solutions, and to defense industry with various graphic applications. Gantek produces efficient solutions based on long-time business cooperation for all mobile and fixed line telecom operators, leading finance organizations, and telecom operators in CIS region. The Company has been listed among the fastest growing technology companies in Turkey at Deloitte Fast 50 Research for the period starting from the start of the research until today with its business volume above 56 million dollars, its employees specialized in their fields and with its strategic collaborations. Please visit www.gantek.com address for more information.