

## Takasbank's Investment Strategy and the Protection of Remunerated Collateral

Takasbank's investment strategies are determined in the Fund Management Strategies Communiqué approved by the Board of Directors. In accordance with the investment strategy, Takasbank aims to minimize credit, market and liquidity risks while using its own capital and cash resources. In this regard,

- Is allowed to invest only in the debt instrument issued by The Republic of Turkey Treasury Directorate,
- Cash funds may be invested in reverse repo transactions against the borrowing instruments issued by The Republic of Turkey, Treasury Directorate,
- Is not allowed to invest in the common stocks or debt instruments issued by the members, private sector borrowing instruments and equities,
- Is not allowed to invest in the common stocks and debt instruments issued by itself, its subsidiaries and majority shareholder
- Is allowed to execute derivatives transaction for the purpose of hedging and only under the framework on the CCP default management, is not allowed to hold short or long FX positions for speculative purposes

Furthermore Takasbank is allowed to invest TRY based cash resources at domestic banks, within the established credit limits allocated through the internal credit assessment system and the foreign currency cash resources at banks domiciled abroad within the credit limits established by the independent credit rating grade.

Whether the cash collateral shall be remunerated or not is determined in the relevant market directives or procedures. However remuneration of the collateral is possible only if the collateral is entrusted in such way that enables return on the collateral within the framework of daily market conditions and risk management principles. In cases where the market conditions don't allow this or sufficient returns cannot be attained due to risk management constraint, collateral is not remunerated. Moreover, in case of a default event in the markets, remuneration might be halted due to Default Management Committee's' ruling and liquidity constraints.

Takasbank, remunerates cash collateral and guarantee fund contributions of the participants at the specifically opened accounts at large scale commercial banks where credit default rate is zero or almost zero, within the risk limits allocated to such banks. Minimum 95% of the cash collateral, which cannot be entrusted in this manner, has to be the subject of repo transactions against the Treasury Domestic Borrowing Securities, with large-scale commercial banks or in organized market. The maturity in the CCP service enabled markets for entrusting the collateral or repo is at the maximum two business days.

Takasbank, restricts all risks related to banking, CCP and outside CCP activities with any counterparty, in light of the credit rating result and the counterparty's shareholders' equity with a single upper limit and the upper limits are reviewed at least two times a year. The sum of credit,

risk, transaction, collateral and custody limits allocated in favor of a single counterparty, against banking, CCP and non- CCP services, is not allowed to exceed the upper limit.

Cash and non-cash collateral and guarantee fund contributions entrusted to Takasbank by CCP members have been taken under protection subject to Capital Markets Law 6362 No, Article 73/2. Such collateral is protected both from Takasbank's liquidation, bankruptcy and pursuit of its debtors and from the liquidation or bankruptcy of the banks' or custody agencies' where they have been transferred for the purpose of remuneration, and the pursuit of their debtors .

In entrusting collateral and guarantee fund contributions to other banks for remuneration purposes, (i) market (ii) guarantee fund/ transaction collateral and (iii) portfolio /client differentiation is made, moreover banks are notified in writing that the transferred funds have been taken under protection subject to the Law Article 73, Paragraph 2.