



**İstanbul Takas ve Saklama Bankası A.Ş.**

**1 JANUARY – 31 MARCH 2018**

**UNCONSOLIDATED**

**INTERIM ANNUAL REPORT**

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## **Chairman of the Board of Director's Evaluation Regarding the Operating Period**

Takasbank, developing its activities within the scope of grand transformation of the capital markets, continues to contribute for a more stable and sustainable structure of our markets.

It has been a period of high risk appetite and growth continues on a global scale, when the first quarter of 2018 is generally evaluated. Global inflation has maintained the level of low despite fluctuations depending on the changes oil and commodity prices in this period, and central banks of developed countries, especially Federal Reserve Bank (FED) and European Central Bank (ECB), has continued their normalization steps in monetary policy. Portfolio entrances to developing countries has maintained its strong course depending on the duration of the global risk appetite including our country, besides global economic activity and positive aspect of trade volume.

Given the our country's economy, higher levels of the inflation and inflation expectations has continued to pose a risk to pricing behaviors, so the Central Bank of the Republic of Turkey (CBRT) has sustained firm stance on monetary policy. In 2018, the credit guarantee fund supports, the firm stance on monetary policy, and the financial measures under the Medium-Term Program have contributed to supporting the economic activity. But, The Turkish lira and the Turkish lira assets are seen loss in values due to live external shocks in the first quarter of 2018, and have separated from the group of countries where it is included, in the negative.

Takasbank has successfully completed financially in the first quarter of 2018. Our pre-tax profit are realized as 116.2 million Turkish Lira, our total assets are realized as 10.07 billion Turkish Lira, and our shareholders' equity are realized as 1.3 billion Turkish Lira.

Takasbank has continuously maintained to improve the technology infrastructure in order to offer its activities more efficient, faster and uninterrupted. The installation process of our bank's software is still going on within the framework of the agreement the Borsa İstanbul has made with Nasdaq OMX.

BISTECH passage transactions of Borsa İstanbul Equity Market and Derivatives Market were completed, and the process of moving onto the BISTECH systems of debt securities market and precious metals and precious stones market is planned to be completed at second quarter of 2018.

Takasbank aiming to have a strong operation and technology infrastructure by offering innovative solutions to the our country's financial sector and capital markets is still going on its studies on new Technologies like blockchain. The application of Takasbank, research&development center since 2017, to the TÜBİTAK Presidency of Technology and Innovation Support Programs for "Natural Gas Market Clearing and Margin Management Project" was accepted in this period.

On one hand Our Bank, which is the central counterparty in the Securities Lending Market, the Derivatives Market, the Borsa İstanbul Money Market and the Equity Market, in addition, will be started to give the service in the Debt Securities Market, has continues to works on the development of the service, on the other hand it develops and diversifies other services in line with sector demands.

With the belief that our employees having a big role in the high performance of our bank will continue their devoted efforts in the upcoming periods, I would like to extend my thanks to everyone having a labour in this success.

Best regards,

Murat ÇETİNKAYA  
Chairman of the Board of Directors

## **CEO's Evaluation regarding the Operating Period**

Throughout in the three months of 2018, our bank continued its efficient and effective progress for Turkish capital markets and customers and showed a successful performance.

Evaluating the 2018 first quarter financial results of our bank, it is observed that a pre-tax profit of 116.2 million TL is obtained. The aforementioned tax result points out a profit being 21% higher than the projected budgeted amount. Also, our total assets are realized as 10.07 billion TL.

Throughout the period, a total 541,47 billion TL transactions executed in BİAŞ Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market. Of these transactions, 11.05 billion TL are corporate bond transactions. As a result of multilateral netting process in the Takasbank system, Takasbank executed cash settlement with a value of 89.91 billion TL and securities settlement with a market value of 356.02 billion TL.

Total number of members in the Futures and Options Market (VIOP) was 69 as of 31 March 2018. In the same period, the number of open positions in VIOP reached 1,631,036 with a market value of 8.3 billion TL.

Throughout the period, Takasbank cash credit volume reached a daily average volume of 186.7 million TL with the active utilization of 13 brokerage houses and settlement credit reached to 3 million TL with the active utilization of 7 brokerage houses.

At Takasbank Money Market (TMM), trading volume once in a three month period reached 196.7 billion TL and transaction number was 58,569. Daily average trading volume was realized as 3.1 billion TL and average transaction size was 3.4 billion TL.

Takasbank Securities Lending Market at which CCP service is provided, a total of 848 million transactions are executed once in a three month period. In this market, 244 different type of securities were subject to the transactions and the trading volume was realized as 4 billion TL.

As of 31 March 2018, 18 private pension companies held 402 private pension funds with Takasbank having a total asset value of 83.10 billion Turkish lira. At the same period, 423 mutual funds had a total asset value of 58.1 billion TL and 9 mutual trusts had a total asset value of 464.9 million TL.

With the belief that our employees having a big role in the high performance of our bank will continue their devoted efforts in the upcoming periods, I would like to extend my thanks to everyone having a labour in this success.

Best regards,

Mahmut KAYACIK  
CEO and Board Member

## Bank's Historical Development

The Bank was originally set up as a department of the Borsa İstanbul Inc. (“BİAŞ”) and, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the resolution in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into İstanbul Takas ve Saklama Bankası A.Ş. (Istanbul Settlement and Custody Bank Inc.)

## Shareholding Structure

Takasbank has a paid-in capital of 600 million TL. The bank has 41 shareholders with Borsa İstanbul having 63.83%, 11 banks having 17.04 % and 29 brokerage houses having 19.12% of shares.

Shareholder Name	Paid-in Capital (Thousand TL)	Capital ratio (%)
Borsa İstanbul A.Ş.	382,998	63.83
Türkiye Garanti Bankası A.Ş.	29,685	4.95
Tacirler Menkul Değerler A.Ş.	29,016	4.84
Phillip Capital Menkul Değerler A.Ş.	27,923	4.65
Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38
Türkiye İş Bankası A.Ş.	26,235	4.37
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37
Other (Brokerage House)	31,527	5.26
Other (Bank)	20,101	3.35
<b>TOTAL</b>	<b>600,000</b>	<b>100</b>

Titles and Shares of the Real or Legal Persons having more than 10% of the capital:

Business Name	Share Amount (Thousand TL)	Ratio(%)
Borsa İstanbul A.Ş.	382,998	63.83

Share transfers of the shareholders within the reporting period:

Old Shareholder	New Shareholder	Cost of Share (thousand TL)	Ratio (%)	Description
Saxo Capital Markets Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	9,000	0.0015	Transfer

## Branch and Personnel Information

The Bank has a total of 274 employees and does not have any branches. The Bank is operating as Head Office.

## Board of Directors, Auditors, CEO and Executive Vice Presidents

### Chairman and Members of the Board of Directors

Name Surname	Area of Responsibility
Murat Çetinkaya	President
Adnan Ertürk	Member (Vice President and Member of Corporate Management Committee)
Mahmut Kayacık	General Manager and Board Member ( Member of Credit Committe)
Ersin Özoğuz	Member (Member of Audit Committee)
Münevver Çetin	Member (Member of Audit Committee)
Seyit Ahmet Işkın	Member (Member of Audit Committee)
Güzide Meltem Kökden	Member (Credit Committee Member, Corporate Governance Committee Member)
Gülseren Topuz	Member (President of Corporate Governance Committee, Credit Committee Associate Member)
Mustafa İleri	Member (Credit Committee Associate Member)

### CEO and Executive Vice Presidents

Name Surname	Area of Responsibility
Mahmut Kayacık	General Manager and Board Member ( Member of Credit Committe)
Gökhan Elibol	Markets and Operations
Ekrem Arıkan	Information Technology

## Information Related to Transactions the Bank Performs Conducts with its Risk Group

Within the scope of the transactions executed with its risk group, the transactions executed with the Bank's major shareholder Borsa Istanbul as well as the transactions executed by the member of the Board of Directors with the institutions of which they hold CEO or Board member posts are taken into account. As of the first quarter of 2017, debt securities guarantee fund with an amount of 557 thousand TL are present in the "Miscellaneous Payables" item. BİAŞ withdrew the amount of Share Certificate Guarantee Fund which held by Takasbank.

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Venture) (Thousand TL)		Direct and indirect shareholders of the Bank (Thousands of TL(Thousand TL)		Other entities included in the risk group (Thousand TL)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Opening Balance at the beginning of the period	-	-	144,797	2,666,698	100,108	-
Closing Balance at the end of the period	-	-	371,341	2,302,158	274,791	-
Received Interest and Commission Income	503	-	11,983	5,487	1,239	125

## Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	MARCH 2018
FINANCIAL ASSETS (Net)	9,524,397
<i>Cash and Balances With Central Bank</i>	45
<i>Banks</i>	9,478,472
<i>Money Markets</i>	20,025
<i>Financial assets at fair value through other comprehensive income</i>	1,832
<i>Loans measured at amortised cost</i>	37,963
<i>Expected Loss Reservs (-)</i>	13,940
LOANS (Net)	397,454
<i>Loans measured at amortised cost</i>	398,040
<i>Allowance for expected credit losses (-)</i>	586
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	4,825
TANGIBLE ASSETS (Net)	6,724
INTANGIBLE ASSETS AND GOODWILL (Net)	100,468
INVESTMENT PROPERTIES (Net)	9,418
CURRENT TAX ASSETS	0
DEFERRED TAX ASSETS	4,549
OTHER ASSETS	21,186
<b>TOTAL ASSETS</b>	<b>10,069,021</b>

LIABILITIES (Thousand TL)	MARCH 2018
LOANS RECEIVED	2,518,782
MONEY MARKET FUNDS	35,025
FUNDS	6,088,679
PROVISIONS	43,987
CURRENT TAX LIABILITIES	27,055
DEFERRED TAX LIABILITIES	0
SHAREHOLDERS` EQUITY	1,355,493
<b>TOTAL LIABILITIES</b>	<b>10,069,021</b>

<b>INCOME STATEMENT (Thousand TL)</b>	<b>MARCH 2018</b>
INTEREST INCOME	124,977
INTEREST EXPENSE (-)	29,032
NET INTEREST INCOME/EXPENSE	95,945
NET FEES AND COMMISSIONS INCOME/EXPENSES	44,787
PERSONNEL EXPENSES (-)	13,437
DIVIDEND INCOME	0
TRADING PROFIT/LOSS (Net)	741
OTHER OPERATING INCOME	3,613
NET OPERATING PROFIT/LOSS	131,649
ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	0
OTHER OPERATING EXPENSES (-)	15,475
NET FAALİYET KÂRI/ZARARI	116,174
PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS	-25,290
<b>NET DÖNEM KARI/ZARARI</b>	<b>90,884</b>

<b>FINANCIAL RATIOS</b>	<b>MARCH 2018</b>
Operating Income / Total Assets	1.15
Shareholders Equity / Total Assets	13.46
Operating Income / Shareholders Equity	8.57
Net interest revenue / Operating revenue	72.88

<b>ASSETS (Thousand TL)</b>	<b>DECEMBER 2017</b>
CASH AND BALANCES WITH CENTRAL BANK	480
BANKS	10,163,484
MONEY MARKETS	20,833
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	1,832
LOANS	198,856
HELD-TO-MATURITY SECURITIES (Net)	36,947
SUBSIDIARIES	4,825
INTANGIBLE ASSETS (Net)	7,437
INVESTMENT PROPERTY (Net)	98,095
TAX ASSETS	9,495
OTHER ASSETS	22,145
<b>TOTAL ASSETS</b>	<b>10,564,429</b>



<b>LIABILITIES (Thousand TL)</b>	<b>DECEMBER 2017</b>
FUNDS BORROWED	3,144,268
MONEY MARKET	34,737
MISCELLANEOUS PAYABLES	5,970,618
OTHER LIABILITIES	60,316
PROVISIONS	82,062
TAX LIABILITY	26,166
SHAREHOLDERS' EQUITY	1,246,262
<b>TOTAL LIABILITIES</b>	<b>10,564,429</b>

<b>INCOME STATEMENT (Thousand TL)</b>	<b>MARCH 2017</b>
INTEREST INCOME	81,485
INTEREST EXPENSE (-)	15,220
NET INTEREST INCOME/EXPENSE	66,265
NET FEES AND COMMISSIONS INCOME/EXPENSE	34,548
DIVIDEND INCOME	30
TRADING INCOME/( LOSS) (Net)	351
OTHER OPERATING INCOME	214
TOTAL OPERATING INCOME/EXPENSE	101,408
PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES	3,171
OTHER OPERATING EXPENSES	22,813
INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX	75,424
TAX PROVISION	-15,727
<b>NET INCOME/(LOSS)</b>	<b>59,697</b>

<b>FINANCIAL RATIOS</b>	<b>MARCH 2017</b>
Operating Income / Total Assets	0.77
Shareholders Equity / Total Assets	11.24
Operating Income / Shareholders Equity	6.83
Net interest revenue / Operating revenue	65.34

Total asset size being 10,564,429 thousand TL as of 2017 year-end reached to 10,069,021 thousand TL as of the end of March 2018. Banks item being the highest amount among the asset items decreased 9,478,472 thousand TL and recorded and decrease of 7%.

Bank's credit portfolio increased by 99% and reached to 397.454 thousand TL from 198.856 thousand TL.

Funds item taking an important place among the liability items increased from 6,088,679 thousand TL as of the previous year-end to 6,030,934 thousand TL and recorded an increase of 1%. All loans received decreased to 2,518,782 thousand TL from 3,144,268 thousand TL and recorded and decrease of 20%.

Also Money Market Payables item increased by 1% and reached to 35,025 thousand TL from 34,737 thousand TL.

The Bank obtained a pre-tax profit of 116,174 thousand TL and a post-tax profit of 90,884 thousand TL as of 2018 1 st quarter end.

Of 124,977 thousand TL interest revenue obtained as of the end of March 2018 117,492 thousand TL was from banks, 1,017 thousand TL from securities, 6,302 thousand TL from loans, 166 thousand TL from others. Total interest expense regarding this period was realized as 29,032 thousand TL.

The bank earned 49,839 thousand TL commission revenue as the result of the services provided and paid a commission of 5,052 thousand TL for TL and FX money transfer transactions. Net fee and commission income was realized as 44,787 thousand TL as of the end of March 2018.