



İstanbul Takas ve Saklama Bankası A.Ş.

1 JANUARY – 30 SEPTEMBER 2021

UNCONSOLIDATED

INTERIM ANNUAL REPORT

Istanbul Takas ve Saklama Bankası A.Ş. 2021 III. Interim Period Annual Report

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Evaluation of the Chairman of the Board of Directors for the Period

In the third quarter of 2021, developments regarding the coronavirus epidemic and vaccination process continued to be the main agenda item of the global economy. Although vaccination applications have gained speed in the fight against the epidemic worldwide, number of cases continued to increase with the emergence of various variants of the virus. Comments that the third wave has started in the epidemic raise concerns and restrictions continue around the world. While concerns about vaccine supply, which are seen as the determining factor in the economic recovery, are on the agenda, many countries take additional restrictive measures to prevent the spread of the new type of coronavirus, limiting optimistic expectations.

The constraints we face due to the pandemic have enabled us to quickly adopt different ways of connecting, working and learning. Although this crisis poses significant difficulties for both people and economies, the measures taken with determination and on time have paved the way for us to come out of this process with as little impact as possible. The Turkish economy grew by 7% compared to the same period of the last year in an annual basis . Although it depends on the course of the epidemic and the pace of vaccination practices, expectations for the upcoming period also draw a positive picture.

With business continuity plans which have been implemented in the context of the pandemic, our activities have continued in an effective manner. The health and safety of our employees is protected by working from home alternately and taking precautions at work. During this period, Takasbank, which is an important financial infrastructure institution with the services it provides to the money and capital markets of our country, focused on the deepening of the markets and the management of financial risks, as in the previous periods. Projects in line with our strategic goals, in particular to increase the service quality under a strong financial structure and as an important part of Borsa Istanbul Group to contribute to the deepening and development of the markets have been implemented.

Our projects and initiatives to develop and diversify the services offered for the markets, especially the central counterparty service, are carried out in line with the demands of the sector and taking into account the needs of our country. Efforts to strengthen our technological infrastructure have been continued in this period as well in order to manage operational risks arising from information technologies and to continue providing Takasbank services in a fast, efficient and uninterrupted manner.

With strategic point of view and effective management policies, our Bank has made a pre-tax profit of 865 million TL as of September 30, 2021, its asset size has reached 31.3 billion TL and its equity has reached 3 billion TL.

Thanks to our preparedness for risks and our technical competence, our business continuity will be preserved in the upcoming period, and new products and services will continue to be developed in harmony with the Group companies.

I would like to thank all our stakeholders, especially our employees and managers, on behalf of myself and our Board of Directors for their successful performance.

Best regards,

Mahmut KAYACIK
Chairman of the Board of Directors

Evaluation of the CEO for the Period

In the first nine months of 2021 in which our country and the whole world are struggling with epidemic diseases and the negative economic effects it creates, Takasbank has continued to work for the development of Turkish capital markets and demonstrated a successful performance.

In the first nine months of 2021, due to the increase in market transaction volumes and the expansion in Takasbank's service profile, fee and commission income increased significantly above the budget projections and the realizations in the same period of the previous year, reaching 451.978 million TL and pre-tax profit was realized as 865 million TL. As of September, 2021, Takasbank's asset size reached 31.3 billion TL, equity reached 3 billion TL and total cash collateral size reached 22.3 billion TL.

Takasbank has continued its activities without interruption in all markets to which it provides service.

As of September 30, 2021; A total of 10,505 billion TL transactions, 27.71 billion TL of which were private sector bond transactions, were realized in Borsa İstanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market. Regarding the transactions in the market; As a result of multilateral netting in the Takasbank system, cash clearing of TL 1,494 billion and securities with a market value of TL 6,761 billion were realized. In the BİAŞ Swap Market, a total of 3,391 billion TL of bilateral transactions were made, of which 366 billion USD and 42.23 billion EUR transactions. In the BİAŞ Equity Market, 5,068 billion TL transactions were realized, 219 billion TL cash and 775 billion TL securities clearing transactions were realized. As of September 30, 2021, the number of open positions in the Futures and Options Market was 12 million and the open position value was 29.8 billion TL. Transaction volume in Takasbank Money Market, one of the markets operated by Takasbank, reached TL 593 billion in the nine-month period, while the total number of transactions was 181,825. While the average daily transaction volume was 3.22 billion TL, the average transaction size was 3.3 million TL. In the Equity Lending Market, 60 different securities were traded in a nine-month period, 5.88 billion transactions were realized on a unit basis, and the total transaction volume was 43.68 billion TL. In the Turkish Electronic Fund Trading Platform (TEFAS), the transaction volume was 122 billion TL and the number of traded funds was 334 in the nine-month period. While the average daily transaction volume was 661 million TL, the number of transacting institutions was 85. Regarding private pension fund services; As of September 30, 2021, the fund asset value of 400 private pension mutual funds stood at TL 191.15 billion. In the same period, total fund asset value of 854 mutual funds is 198.49 billion TL, total fund asset value of 85 real estate investment funds is 11.24 billion TL, total fund asset value of 109 venture capital investment funds is 8.05 billion TL, total fund asset value of 15 exchange traded funds 4.38 billion TL and the total net asset value of 10 securities investment trusts was 638.87 million TL. Within the scope of the cash loan service offered by Takasbank to intermediary institutions, a daily average of 74.7 million TL of cash loans was extended. In the nine-month period of 2021, Takasbank continued its efforts to deepen the markets and strengthen the IT infrastructure with development activities for the management of financial risks, within the framework of its vision of “contributing to the development of markets with reliable and effective post-transaction services”. I would like to thank everyone, especially our employees, who contributed to the success of our Bank, which has shown a successful financial performance by maintaining its services effectively and uninterruptedly in these days when our country is going through a difficult period along with the rest of the world.

Best regards,

Avşar R. SUNGURLU
General Manager
Board Member

Bank's Historical Development

The Bank which was originally established as a department of the Borsa İstanbul Inc. ("BİAŞ") and started its operations under the name of İMKB Takas ve Saklama A.Ş. on 12 July 1991 has been transformed to a non-deposit taking bank on 8 August 1995 with the name of İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.) upon the resolution of the Council of Ministers No. 95/6551 published in the Official Gazette dated 23 March 1995. In its 18th Ordinary General Assembly dated 29 March 2013, the title of the Bank has been changed to İstanbul Takas ve Saklama Bankası A.Ş. (İstanbul Settlement and Custody Bank Inc.)

Shareholding Structure

Takasbank's paid-in capital is 600 million TL. The Bank has 39 shareholders, and BİAŞ has 64.18%, 11 banks have 17.04% and 27 brokerage houses have 18.78% shares in its capital.

Shareholder Name	Paid-in-Capital (Thousand TL)	Percentage Share (%)
Borsa İstanbul A.Ş.	385,067	64.18
Tacirler Yatırım Menkul Değerler A.Ş.	30,000	5.00
Phillip Capital Menkul Değerler A.Ş.	30,000	5.00
Türkiye Garanti Bankası A.Ş.	29,685	4.95
Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37
Türkiye İş Bankası A.Ş.	26,235	4.37
Diğer (Araç kurum)	26,397	4.40
Diğer (Banka)	20,101	3.35
Total	600,000	100

Names and shares of the real or legal persons holding more than 10% of the capital:

Title	Share Amount (Thousand TL)	Percentage Share (%)
Borsa İstanbul A.Ş.	385,067	64.18

Share transfer of our shareholders within the reporting period: None.

Branch and Personnel Information

The Bank's number of employees is 287 and it does not have any branch. The Bank is operating as a Head Office

Board of Directors, Auditors, CEO and Executive Vice Presidents

Chairman and Members of the Board of Directors	
Name Surname	Area of Responsibility
Mahmut Kayacık ⁽¹⁾	President
Korkmaz Ergun ⁽¹⁾	Vice President
Murat Tacir ⁽¹⁾	Member (Risk Committee Chair - Audit Committee Member)
Gülseren Topuz	Member (Corporate Governance Committee Chair - Credit Committee Permanent Member)
Münevver Çetin	Member (Audit Committee Chair - Risk Committee Member)
Murat Onuk ⁽¹⁾	Member (Credit Committee Permanent Member - Corporate Governance Committee Member)
Avşar R. Sungurlu ⁽¹⁾	Member (General Manager - Credit Committee Chair)
Bekir Bayrakdar	Member (Remuneration Committee Chair - Credit Committee Substitute Member)
Yusuf Karaloğlu	Member (Remuneration Committee Member - Credit Committee Substitute Member)
CEO and Executive Vice Presidents	
Name Surname	Area of Responsibility
Avşar R. Sungurlu ⁽²⁾	General Manager and Board Member - Credit Committee Chair
Gökhan Elibol ⁽²⁾	Executive Vice President – Markets and Operation
Murat Görgün ⁽⁴⁾	Executive Vice President - Central Counterparty and Financial Services
Taşkın Öker	Executive Vice President – Information Technology

(1) At the General Assembly held on March 29, 2021, Board Members Hüseyin Melih Akosman, Ekrem Kerem Korur and Suat Sarıgül resigned from their duties, and Mahmut Kayacık, Korkmaz Ergun, Murat Tacir and Murat Onuk were elected as members of the board of directors.

(2) On March 29, 2021, Mr Avşar R. Sungurlu was appointed as the General Manager and Member of the Board by the Board of Directors resolution.

(3) On May 04, 2021, Serkan Aşkar, Deputy General Manager responsible for Central Counterparty and Financial Services, resigned from her post.

(4) On May 07 2021, Murat Görgün was was appointed as the Executive Vice President and Central Counterparty and Financial Services by the board of directors resolution.

Information about the transactions conducted by the Bank with its Risk Group

As part of the transactions conducted with the risk group to which Takasbank belongs, the transactions executed with the Bank's major shareholder Borsa Istanbul and those conducted with the institutions in which the members of the Board of Directors of our Bank serve as general manager or board member are taken into account.

Bank's Risk Group	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons included in the Risk Group	
	Cash	Non-Cash	Cash		Cash	Non-Cash
Loans and other receivables						
Opening Balance of the Period	-	-	84,877	11,228,460	-	-
Closing Balance of the Period	-	-	96,431	12,106,011	-	-
Received Interest and Commission Income	6,405	-	18,639	10,753	-	-

Analysis of the Bank's Financial Indicators and Performance

Assets (Thousand TL)	30 September 2021
Financial Assets (Net)	28,914,213
Cash and Cash Equivalents	28,909,881
<i>Cash Assets and Central Bank Banks</i>	<i>132</i>
<i>Money market receivables</i>	<i>28,915,533</i>
<i>Expected loss reserves (-)</i>	<i>28,037</i>
Financial assets at fair value through other comprehensive income	4,332
Derivative financial assets	-
Financial assets measured at amortized cost (Net)	2,130,011
<i>Loans</i>	<i>129,649</i>
<i>Other financial assets measured at amortized cost</i>	<i>2,000,787</i>
<i>Expected credit losses (-)</i>	<i>425</i>
Investments in associates, subsidiaries and joint ventures	4,825
Tangible assets (Net)	8,927
Intangible assets and goodwill (Net)	112,801
Investment properties (Net)	35,730
Current tax assets	-
Deferred tax assets	5,348
Other assets	62,565
Total Assets	31,274,420

Liabilities (Thousand TL)	30 September 2021
Loans received	4,041,482
Funds	24,060,036
<i>Other</i>	<i>24,060,036</i>
Derivative financial liabilities	3,194
Lease payables	2,366
Provisions	77,684
<i>Provision for Employee Benefits</i>	<i>19,036</i>
<i>Other provisions</i>	<i>58,648</i>
Current tax liabilities	87,450
Deferred tax liabilities	-
Shareholders` equity	3,002,208
Total Liabilities	31,274,420

Statement of Profit or Loss (Thousand TL)**30 September 2021**

Interest Income	605,412
Interest Expense (-)	21,253
Net Interest Income/Expense	584,159
Net Fees and Commission Income/Expense	411,407
Dividend Income	15,213
Net Trading Income/Losses	9,368
Other Operating Income	6,879
Gross Operating Income	1,027,026
Allowance Expenses for Expected Credit Losses (-)	4,040
Other Allowance Expenses (-)	35,025
Personnel Expenses (-)	70,535
Other Operating Expenses	52,015
Net Operating Profit/Loss	865,411
Tax Provision for Continuing Operations (-)	(209,412)
Net Period Profit/Loss	655,999

Financial Ratios (%)**30 September 2021**

Operating Income / Total Assets	2.77
Shareholders Equity / Total Assets	9.60
Operating Income / Shareholders Equity	28.83
Net Interest Income / Operating Revenue	56.88

Assets (Thousand TL)	31 December 2021
Financial Assets (Net)	22,484,335
Cash and Cash Equivalents	22,480,003
<i>Cash Assets and Central Bank</i>	<i>290</i>
<i>Banks</i>	<i>22,480,895</i>
<i>Money market receivables</i>	<i>25,827</i>
<i>Expected loss reserves (-)</i>	<i>27,009</i>
Financial assets at fair value through other comprehensive income	4,332
Derivative financial assets	-
Financial assets measured at amortized cost (Net)	2,534,489
<i>Loans</i>	<i>99,886</i>
<i>Other financial assets measured at amortized cost</i>	<i>2,435,054</i>
<i>Expected credit losses (-)</i>	<i>451</i>
Investments in associates, subsidiaries and joint ventures	4,825
Tangible assets (Net)	10,296
Intangible assets and goodwill (Net)	106,908
Investment properties (Net)	35,730
Current tax assets	-
Deferred tax assets	-
Other assets	211,653
Total Assets	25,388,236

Liabilities (Thousand TL)	31 December 2021
Loans received	1,843,473
Funds	203,020
<i>Other</i>	<i>20,643,166</i>
Derivative Financial liabilities	20,643,166
Lease payables	-
Provisions	2,042
<i>Provision for Employee Benefits</i>	<i>68,894</i>
<i>Other provisions</i>	<i>15,395</i>
Current tax liabilities	53,499
Deferred tax liabilities	64,282
Shareholders` equity	912
Loans received	2,562,447
Total Liabilities	25,388,236

Statement of Profit or Loss (Thousand TL)	30 September 2020
Interest Income	339,500
Interest Expense (-)	38,992
Net Interest Income/Expense	300,508
Net Fees and Commission Income/Expense	272,503
Dividend Income	10,739
Net Trading Income/Losses	18,202
Other Operating Income	5,686
Gross Operating Income	607,638
Allowance Expenses for Expected Credit Losses (-)	19,654
Other Allowance Expenses (-)	24,859
Personnel Expenses (-)	62,496
Other Operating Expenses	44,812
Net Operating Profit/Loss	455,817
Tax Provision for Continuing Operations (-)	(96,618)
Net Period Profit/Loss	233,081

Financial Ratios (%)	30 September 2020
Operating Income / Total Assets	1.83
Shareholders Equity / Total Assets	9.57
Operating Income / Shareholders Equity	19.13
Net Interest Income / Operating Revenue	49.46

The size of the balance sheet which was 25,388,236 thousand TL at the end of 2020 reached 31,274,420 thousand TL as of end-September 2021. The banks account representing the highest amount in the assets increased by 29% and realized as 28,915,533 thousand TL.

While the funds item holding the most important place in the liabilities of the Bank was 20,643,166 thousand TL at the end of the previous year, it increased by 17% and reached 24,060,036 thousand TL.

On the other hand, the obtained loans item of the bank loans received from 1,843,473 thousand TL to 4,041,482 thousand TL with an increase of 119%

As of the end of third quarter of 2021, the Bank has a pre-tax profit of 865,411 thousand TL and after-tax profit of 655,999 thousand TL.

An interest income of 605,412 thousand TL is earned as of end-September 2021, where 516,438 thousand TL interest is collected from the banks, 76,573 thousand TL interest is collected from the securities and 11,728 thousand TL is collected from the loans and 673 thousand TL results from other interest income. Total interest expense for this period was realized as 21,253 thousand TL.

The Bank earned 451,978 thousand TL commission income as a result of the services it provides and paid 40,571 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-September 2021, net fee and commission income was realized as 411,407 thousand TL.