



İstanbul Takas ve Saklama Bankası A.Ş.

1 JANUARY – 30 JUNE 2021

UNCONSOLIDATED

INTERIM ANNUAL REPORT

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

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

In the second 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 567 million TL as of June 30, 2021, its asset size has reached 29.7 billion TL and its equity has reached 2.8 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 six 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 six 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 303.7 million TL and pre-tax profit was realized as 567 million TL. As of June, 2021, Takasbank's asset size reached 29.7 billion TL, equity reached 2.8 billion TL and total cash collateral size reached 21.9 billion TL.

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

In the first six months of 2021, transactions at the total amount of 6,667 billion TL have been conducted in Borsa İstanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, where 14.58 billion TL of them constitutes private sector bond transactions. For the transactions conducted in the market; cash settlement at the amount of 924 billion TL and securities settlement with a market value of 4,237 billion TL have been executed in the Takasbank system as a result of multilateral netting process. In BİAŞ Swap Market, bilateral transactions at the total amount of 2,004 billion TL have been conducted of which 235 billion is USD and 14,34 billion is EUR. In BİAŞ Equities Market, transactions at the total amount of 3,942 billion TL have been conducted and 173 billion TL cash settlement and 581 billion TL securities settlement transactions have been concluded by Takasbank. As of June 30, 2021 the number of open positions in the Futures and Options Market was 11 million, and the amount of open positions was 25.2 billion TL.

The trading volume in Takasbank Money Market as one of the markets operated by Takasbank was 416 billion TL and the number of total transactions was 125.203 in the the six months of 2021. The daily average trading volume was 3.3 billion TL and the average transaction size was occurred as 3.4 million TL. In the Securities Lending Market, 56 different type of securities were traded during the the six months of 2021, 3.61 billion transactions were conducted in total and the trading volume was realized as 25.3 billion TL. In Turkey Electronic Fund Trading Platform (TEFAS), the trading volume for the six-month period was 87 billion TL and the number of traded funds was realized as 308. The daily average trading volume was 705 million TL, the number of institutions conducting trades was 82.

With regard to the private pension fund services; the fund asset value of 399 private pension investment funds was 183.61 billion TL as of June 30, 2021. At the same period, total fund asset value of 790 investments funds reached TL 176.34 billion and total fund asset value of 10 securities investment trusts reached 630.18 million TL.

Daily average of the cash credit service provided by Takasbank to the brokerage houses is 71.5 million TL in this period.

In the first six months of 2021, Takasbank has continued its development efforts to deepen markets and manage financial risks within the framework of its vision of “contributing to the development of markets with reliable and efficient post-trade services”.

During this period in which our country and the whole world are struggling with epidemic diseases and the negative economic effects it creates, I would like to thank our employees and everyone who contributed to financial and operational success of Takasbank

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 (Aracı 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 277 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 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	11.228.40	-	-
Closing Balance of the Period	-	-	92.453	11.036.623	-	-
Received Interest and Commission Income	4.604		12.731	7.413	-	-

Analysis of the Bank's Financial Indicators and Performance

Assets (Thousand TL)	30 June 2021
Financial Assets (Net)	28,265,998
Cash and Cash Equivalents	28,261,666
<i>Cash Assets and Central Bank</i>	120
<i>Banks</i>	28,265,617
<i>Money market receivables</i>	28,934
<i>Expected loss reserves (-)</i>	33,005
Financial assets at fair value through other comprehensive income	4,332
Derivative financial assets	-
Financial assets measured at amortized cost (Net)	1,246,760
<i>Loans</i>	119,247
<i>Other financial assets measured at amortized cost</i>	1,127,808
<i>Expected credit losses (-)</i>	295
Investments in associates, subsidiaries and joint ventures	4,825
Tangible assets (Net)	9,053
Intangible assets and goodwill (Net)	113,419
Investment properties (Net)	35,730
Current tax assets	-
Deferred tax assets	3,365
Other assets	70,608
Total Assets	29,749,758

Liabilities (Thousand TL)	30 June 2021
Loans received	3,165,959
Funds	23,631,554
<i>Other</i>	23,631,554
Derivative financial liabilities	-
Lease payables	2,058
Provisions	74,579
<i>Provision for Employee Benefits</i>	17,998
<i>Other provisions</i>	56,581
Current tax liabilities	98,767
Deferred tax liabilities	-
Shareholders` equity	2,776,841
Total Liabilities	29,749,758

Statement of Profit or Loss (Thousand TL)	30 June 2021
Interest Income	396,413
Interest Expense (-)	16,320
Net Interest Income/Expense	380,093
Net Fees and Commission Income/Expense	276,373
Dividend Income	14,463
Net Trading Income/Losses	3,520
Other Operating Income	721
Gross Operating Income	675,170
Allowance Expenses for Expected Credit Losses (-)	4,962
Other Allowance Expenses (-)	23,957
Personnel Expenses (-)	44,709
Other Operating Expenses	34,087
Net Operating Profit/Loss	567,455
Tax Provision for Continuing Operations (-)	-136,829
Net Period Profit/Loss	430,626

Financial Ratios (%)	30 June 2021
Operating Income / Total Assets	1.91
Shareholders Equity / Total Assets	9.33
Operating Income / Shareholders Equity	20.44
Net Interest Income / Operating Revenue	56.30

Assets (Thousand TL)	31 December 2021
Financial Assets (Net)	22,484,335
Cash and Cash Equivalents	22,480,003
Cash Assets and Central Bank	290
Banks	22,480,895
Money market receivables	25,827
Expected loss reserves (-)	27,009
Financial assets at fair value through other comprehensive income	4,332
Derivative financial assets	0
Financial assets measured at amortized cost (Net)	2,534,489
Loans	99,886
Other financial assets measured at amortized cost	2,435,054
Expected credit losses (-)	451
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
Other	20,643,166
Derivative Financial liabilities	20,643,166
Lease payables	-
Provisions	2,042
Provision for Employee Benefits	68,894
Other provisions	15,395
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 June 2020
Interest Income	209,815
Interest Expense (-)	21,545
Net Interest Income/Expense	188,270
Net Fees and Commission Income/Expense	168,403
Dividend Income	10,379
Net Trading Income/Losses	16,338
Other Operating Income	4,628
Gross Operating Income	388,378
Allowance Expenses for Expected Credit Losses (-)	4,126
Other Allowance Expenses (-)	16,665
Personnel Expenses (-)	42,429
Other Operating Expenses	30,960
Net Operating Profit/Loss	294,198
Tax Provision for Continuing Operations (-)	-61,117
Net Period Profit/Loss	233,081

Financial Ratios (%)	30 June 2020
Operating Income / Total Assets	1.33
Shareholders Equity / Total Assets	10.21
Operating Income / Shareholders Equity	13.04
Net Interest Income / Operating Revenue	48.48

The size of the balance sheet which was 25,388,236 thousand TL at the end of 2020 reached 29,749,758 thousand TL as of end-June 2021. The banks account representing the highest amount in the assets increased by 26% and realized as 28,265,617 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 14% and reached 23,631,554 thousand TL.

On the other hand, the obtained loans item of the bank loans received from 1,843,473 thousand TL to 3,165,959 thousand TL with an increase of 72%

As of the end of second quarter of 2021, the Bank has a pre-tax profit of 567,455 thousand TL and after-tax profit of 430,626 thousand TL.

An interest income of 396,413 thousand TL is earned as of end-June 2021, where 332,981 thousand TL interest is collected from the banks, 55,428 thousand TL interest is collected from the securities and 7,454 thousand TL is collected from the loans and 550 thousand TL results from other interest income. Total interest expense for this period was realized as 16,320 thousand TL.

The Bank earned 303,693 thousand TL commission income as a result of the services it provides and paid 27,320 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-June 2021, net fee and commission income was realized as 276,373 thousand TL.