



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

**1 JANUARY – 31 MARCH 2019**

**UNCONSOLIDATED**

**INTERIM ANNUAL REPORT**

## **İstanbul Takas ve Saklama Bankası A.Ş. 2019 I. Interim Period Annual Report**

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

Takasbank, which has become an important financial infrastructure company with the services it offers to our country's markets, continues to contribute to the development of our markets in a more stable and sustainable structure.

The US-China trade war and Brexit risks taken from global economic activity in 2018 and the steps taken by the world's leading central banks against these risks are of great importance on the acceleration in global growth. The strengthening of trade-protection tendencies and the increase of uncertainty were effective in the slowdown in global growth outlook. The IMF has revised its growth forecasts for the global economy downward and announced that the global economy will enter a recovery period in the second half of 2019 and expect the growth to be 3.30% at the end of the year. The World Bank also reduced global economic growth forecasts in the face of recent developments and pointed out the decrease in foreign demand along with the slowdown in business activities, increased borrowing costs and ongoing political uncertainties. Concerns about the slowdown in the global economy were also influential in the decisions of the two most important central banks in the world, leading to the normalization of monetary policy. The US Federal Reserve (Fed) kept the policy rate unchanged at 2.25-2.50% in line with the expectations and announced that there was no significant reason to raise or lower interest rates in the near future. The European Central Bank (ECB) has not changed its current policy and kept expectations that interest rates will remain unchanged throughout 2019.

In the first quarter of 2019, domestic markets remained under pressure with concerns about the recent international relations as well as the impact of the local elections and the concerns of the CBRT on foreign exchange reserves. The risk premium of our country started to differentiate from other developing countries as of February with the effect of uncertainties and geopolitical developments. In the last week of March, the disintegration with the fluctuation observed in financial markets became more evident. In line with the expectations, the CBRT left the policy rate unchanged at 24% and stated that the tendency towards stabilization in economic activity continued. Consumer inflation fell by 0.6 points to 19.7% in the first quarter of 2019, and inflation forecasts for 2019 and 2020 were preserved at 14.6% and 8.2%. Inflation is expected to converge gradually to the targets under a tight policy stance and a reinforced policy coordination.

Our bank completed a successful 2019 three months of financial period, our pre-tax profit being realized as TL 159.1 million, total assets as TL 17.9 billion and shareholders' equity as TL 1.9 billion.

In the first quarter of 2019, Takasbank continued to develop its technological infrastructure in order to provide faster, more efficient and continuous delivery of its services. In this period; The first phase of the Process Management Project, which enables IT governance processes to be monitored on a single platform, has been completed and the In-Company Portal page, where internal announcements, suggestions, shortcuts to various applications and frequently used information are shared, have been developed and put into use.

In order to improve our operational activities, improvements have been made regarding the acquisition of Asset Backed Securities and comprehensive revisions have been made for the development of Borsa İstanbul Swap Market. In order to maintain the Takasbank Check Clearing System, which was operated by our Bank since July 2, 2018, through Takasbank Istanbul Stock Exchange Data Center, infrastructure and software studies were completed and taken to the live environment.

I would like to thank all of our stakeholders, especially our employees and managers, who have a share in the successful performance of our Bank during this period, on behalf of myself and the Board of Directors.

Best regards,

Murat ÇETİNKAYA  
Chairman of the Board of Directors

## CEO's Evaluation regarding the Operating Period

Throughout in the three months of 2019, our bank continued its efficient and effective progress for Turkish capital markets, shareholders and customers and showed a successful performance.

Evaluating the 2019 financial results of our bank for the three month period ended, it is observed that a pre-tax profit of TL 159.1 million is obtained. Also, our total assets and shareholder equity are realized as TL 17.9 and 1.9 billion respectively.

Throughout the period, a total TL 2,071.08 billion transactions executed in BİAŞ Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market. Of these transactions, TL 5.68 billion are corporate bond transactions. As a result of multilateral netting process in the Takasbank system, Takasbank executed cash settlement with a value of TL 337.44 billion and securities settlement with a market value of TL 1,344 billion.

Throughout the period, the both-sided total transaction in the BİAŞ Swap Market is amounting TL 422,559. Of these transactions, TL 75,538 billion are USD, TL 2,890 billion are EUR.

In the first quarter period, BİAŞ realized a stock exchange transaction volume of TL 527 billion, a cash transaction of TL 27 billion and a securities exchange transaction of TL 89 billion.

Total number of members in the Futures and Options Market (VIOP) was 67 as of 31 March 2019. In the same period, the number of open positions in VIOP reached 5,413,968 with a market value of TL 27.1 billion.

Throughout the period, Takasbank cash credit volume reached a daily average volume of TL 29.7 million with the active utilization of 12 brokerage houses and settlement credit reached to TL 7.4 million with the active utilization of 6 brokerage houses.

At Takasbank Money Market (TMM), trading volume once in a three month period reached TL 152,5 billion and transaction number was 62,116. Daily average trading volume was realized as TL 2.4 billion and average transaction size was TL 2.5 billion.

Takasbank Securities Lending Market at which CCP service is provided, a total of 1,105 million transactions are executed once in a three month period. In this market, 270 different type of securities were subject to the transactions and the trading volume was realized as TL 5.36 billion.

As of 31 March 2019, 17 private pension companies held 409 private pension funds with Takasbank having a total asset value of 96.5 billion Turkish liras. At the same period, 487 mutual funds had a total asset value of TL 68 billion and 9 mutual trusts had a total asset value of TL 477 million.

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,

Gökhan ELİBOL

Deputy General Manager  
Member of Board

## Bank's Historical Development

The Bank was originally set up as a department of the Borsa Istanbul 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 Istanbul Takas ve Saklama Bankası A.Ş. (Istanbul Settlement and Custody Bank Inc.)

## Shareholding Structure

Takasbank has a paid-in capital of TL 600 million. The bank has 41 shareholders with Borsa Istanbul having 64.14%, 11 banks having 17.04 % and 29 brokerage houses having 18.82% of shares.

Shareholder Name	Paid-in Capital (Thousand TL)	Capital ratio (%)
Borsa Istanbul A.Ş.	384,869	64.14
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)	29,656	4.95
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 Istanbul A.Ş.	384,869	64.14

Share transfers of the shareholders within the reporting period:

## Branch and Personnel Information

The Bank has a total of 292 employees and does not have any branches. The Bank is operating as Head Office.

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

<b>Chairman and Members of the Board of Directors</b>	
<b>Name Surname</b>	<b>Area of Responsibility</b>
Murat Çetinkaya	President
Bekir Bayrakdar <sup>(1)</sup>	Vice President
Gökhan Elibol <sup>(1)</sup>	Deputy General Manager – Member of Board – Credit Committee Member
Seyit Ahmet Işkın	Member (President of Credit Committee– President of Central Counterparty Risk Consultation Committee)
Hüseyin Melih Akosman <sup>(1)</sup>	Member (Credit Committee Member)
Suat Sarıgül <sup>(1)</sup>	Member (Credit Committee Associate Member)
Ekrem Kerem Korur <sup>(2)</sup>	Member (Member of Audit Committee - Corporate Governance Committee Member)
Münevver Çetin	Member (President of Credit Committee)

### CEO and Executive Vice Presidents

<b>Name Surname</b>	<b>Area of Responsibility</b>
Gökhan Elibol	Deputy General Manager – Member of Board - Credit Committee Member

<sup>1)</sup> The General Meeting in 19 April 2019, Metin Kıratlı, Gülsevin Çipli and Kenan Ayvacı, resigned from the membership of the board and Bekir Bayrakdar, Hüseyin Melih Akosman and Suat Sarıgül was appointed as Members of the Board of Directors. Also Mahmut Kayacık, resigned from the general manager and Gökhan Elibol who Assistant General manager was appointed as General Manager)

<sup>2)</sup> On 25 April 2019, Ekrem Arıkan, Assistant General Manager in charge of Information Technology, resigned from his current position

### 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. “Miscellaneous Payables” item is not in the Debt securities guarantee fund since the third quarter of 2018. BİAŞ withdrawn the amount of Share Certificate Guarantee Fund which held by Takasbank.

<b>Bank’s Risk Group</b>	<b>Subsidiaries, associates and entities under common control (Joint Venture) (Thousand TL))</b>		<b>Direct and indirect shareholders of the Bank (Thousands of TL)</b>		<b>Other entities included in the risk group (Thousand TL)</b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
Loans and other receivables						
Opening Balance at the beginning of the period	-	-	14,800	3,964,840	-	-
Closing Balance at the end of the period	-	-	33,387	5,286,613	-	-
Received Interest and Commission Income	1,595	-	1,282	1,316	2,214	452

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

<b>ASSETS (Thousand TL)</b>	<b>31 March 2019</b>
Financial assets (net)	17,065,055
<i>Cash and balances with central bank</i>	387
<i>Banks</i>	17,064,165
<i>Money markets</i>	22,595
<i>Financial assets at fair value through other comprehensive income</i>	25,174
<i>Loans measured at amortised cost</i>	3,082
<i>Expected loss reserves (-)</i>	455,770
Loans (Net)	83,064
<i>Loans measured at amortised cost</i>	374,392
<i>Allowance for expected credit losses (-)</i>	1,686
Investments in associates, subsidiaries and joint ventures	4,825
Tangible assets (net)	11,137
Intangible assets and goodwill (net)	106,245
Investment properties (net)	9,111
Current tax assets	-
Deferred tax assets	10,103
Other assets	244,756
<b>Total Assets</b>	<b>17,907,002</b>

<b>LIABILITIES (Thousand TL)</b>	<b>31 March 2019</b>
Loans received	3,140,494
Funds	12,777,229
Derivative financial assets	22,016
Lease payables	292
Provisions	53,640
Current tax liabilities	44,080
Shareholders' equity	1,869,251
<b>Total Liabilities</b>	<b>17,907,002</b>

<b>Statement of Profit or Loss(Thousand TL)</b>	<b>31 March 2019</b>
Interest income	208,504
Interest expense (-)	53,146
Net interest income/expense	155,358
Net fees and commission income/expense	65,259
Net trading income/losses	(19,226)
Other operating income	11,174
Total operating profit	212,565
Expected credit losses (-)	9,903
Other provisions (-)	9,875
Personnel expenses (-)	18,737
Other operating expenses	14,873
Net operating profit/loss	159,177
Provision for taxes (-)	(34,367)
<b>Net profit/loss</b>	<b>124,810</b>

<b>Financial Ratios (%)</b>	<b>31 March 2019</b>
Operating Income / Total Assets	0.89
Shareholders Equity / Total Assets	10.44
Operating Income / Shareholders Equity	8.52
Net interest revenue / Operating revenue	73.09



<b>ASSETS (Thousand TL)</b>	<b>31 December 2018</b>
Financial assets (net)	11,596,857
<i>Cash and balances with Central Bank</i>	79,037
<i>Banks</i>	10,884,838
<i>Money markets</i>	645,263
<i>Expected loss provision (-)</i>	15,363
<i>Financial assets at fair value through other comprehensive income</i>	3,082
Financial Assets Measured at Amortised Cost	14,780
<i>Loans</i>	16,374
<i>Financial Assets Measured at Amortised Cost</i>	0
<i>Expected loss provision (-)</i>	1,594
Investments in associates, subsidiaries and joint ventures	4,825
Tangible assets (net)	11,847
Intangible assets and goodwill (net)	102,497
Investment properties (net)	9,187
Current tax assets	0
Deferred tax assets	8,662
Other assets	46,528
	11,596,857
<b>Total Assets</b>	<b>11,795,183</b>

<b>LIABILITIES (Thousand TL)</b>	<b>31 December 2018</b>
Loans received	3,425,414
Funds	6,497,578
Derivative financial assets	0
Lease payables	0
Provisions	76,086
Current tax liabilities	50,620
Shareholders` equity	1,745,485
	11,795,183
<b>Total Liabilities</b>	<b>11,795,183</b>

<b>Statement of Profit or Loss (Thousand TL)</b>	<b>31 March 2018</b>
Interest income	124,977
Interest expense (-)	29,032
Net interest income/expense	95,945
Net fees and commission income/expense	44,787
Net trading income/losses	741
Other operating income	3,613
Total operating profit	131,649
Expected credit losses (-)	0
Other provisions (-)	5,749
Personnel expenses (-)	13,437
Other operating expenses	9,726
Net operating profit/loss	116,174
Provision for taxes (-)	(25,290)
<b>Net Income/(Loss)</b>	<b>90,884</b>

<b>Financial Ratios (%)</b>	<b>31 March 2018</b>
Operating Income / Total Assets	0.98
Shareholders Equity / Total Assets	14.80
Operating Income / Shareholders Equity	6.66
Net interest revenue / Operating revenue	72.88

Total asset size being TL 11,795,183 thousand as of 2018 year-end reached to TL 17,907,002 thousand as of the end of March 2019. Banks item being the highest amount among the asset items increased TL 17,064,165 thousand and recorded an increase of 57%.

Funds item taking an important place among the liability items increased from TL 6,497,578 thousand as of the previous year-end to TL 12,777,229 thousand and recorded an increase of 97%. Funds borrowed decreased to TL 3,140,494 thousand from TL 3,425,414 thousand and recorded a decrease of 8%.

The Bank obtained a pre-tax profit of TL 159,177 thousand and a post-tax profit of TL 124,810 thousand as third quarter end of 2018.

Of TL 208,504 thousand interest revenue obtained as of the end of March 2019 TL 167,944 thousand was from banks, TL 383 thousand from securities, TL 2,122 thousand from loans, TL 37,881 thousand from money market transactions, TL 174 thousand from others. Total interest expense regarding this period was realized as TL 53,146 thousand.

The Bank earned TL 72,398 thousand commission revenue as the result of the services provided and paid a commission of TL 7,139 thousand for TL and FX money transfer transactions. Net fee and commission income was realized as TL 65,259 thousand as of the end of March 2019.