



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

**1 JANUARY – 30 SEPTEMBER 2020**

**UNCONSOLIDATED**

**INTERIM ANNUAL REPORT**

**Istanbul Takas ve Saklama Bankası A.Ş. 2020 III. Interim Period Annual Report**

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

The most prominent indicator of the pressure created by the global pandemic, which left its mark on the period we are in and left a deep impression on the lives of millions of people, has been the shrinkage in the gross domestic product of the countries. Especially in the second quarter of 2020, record-breaking contractions were seen in economies and many countries tried to prevent economic contraction with interest rate cuts. On the other hand, support programs especially asset purchases, liquidity supports and loan programs were implemented for the sectors and households, affected by the pandemic.

Although the impact of the pandemic on economies was restrained by the emergency measures packages of the monetary and financial authorities, the disruption of capital flows put the capital markets, especially in developing countries, to a difficult test. Although signs of partial recovery are observed in the third quarter with the measures taken and normalization steps, uncertainties regarding the course of the pandemic remain.

On the other hand, the constraints we are faced with due to the pandemic have enabled us to quickly adopt different ways of working, learning and connecting. Although this crisis brings 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.

With the business continuity plans implemented in the context of the pandemic, our activities continued effectively. The health and safety of our employees is protected by the measures taken at work and work from home alternately.

In this period, Takasbank, which became an important financial infrastructure institution with the services it offers to the money and capital markets of our country, focused on the deepening of the markets and the management of financial risks as in previous periods. Under a strong financial structure, projects have been implemented in line with our strategic goals, in particular increasing the quality of service and contributing to the deepening and development of the markets as an important component of the Borsa Istanbul Group.

Our projects and initiatives aimed at developing and diversifying 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 continued in this period as well, in order to manage operational risks arising from data processing 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 455.8 million TL as of September 30, 2020, its asset size has reached 24.9 billion TL and its equity has reached 2.4 billion TL.

Including this period when our country and the whole world struggle with the pandemic and the negative economic effects it creates, our business continuity will be maintained thanks to our preparedness against risks and our technical competence and new products and services will continue to be developed in harmony with Group companies. On behalf of myself and our Board of Directors, 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, which continues its services effectively and continuously.

**Mehmet Hakan ATILLA**

Chairman of the Board of Directors

## **Evaluation of the CEO for the Period**

In the nine months of 2020 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 nine months of 2020, 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 303.1 million TL and pre-tax profit was realized as 455.8 million TL. As of September 30, 2020, Takasbank's asset size reached 24.9 billion TL, equity reached 2.4 billion TL and total cash collateral size reached 17.4 billion TL.

Takasbank has continued its activities without interruption in all markets to which it provides service. As of the nine months of 2020, transactions at the total amount of 13,624 billion TL have been conducted in Borsa İstanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, where 33.2 billion TL of them constitutes private sector bond transactions. For the transactions conducted in the market; cash settlement at the amount of 1,884 billion TL and securities settlement with a market value of 7,153 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 3,234 billion TL have been conducted of which 415 billion is USD and 66 billion is EUR. In BİAŞ Equities Market, transactions at the total amount of 4,132 billion TL have been conducted and 162 billion TL cash settlement and 556 billion TL securities settlement transactions have been concluded by Takasbank. As of September 30, 2020 the number of open positions in the Futures and Options Market was 13.6 million, and the amount of open positions was 36.1 billion TL.

The trading volume in Takasbank Money Market as one of the markets operated by Takasbank was 453 billion TL and the number of total transactions was 155,036 in the the nine months of 2020. The daily average trading volume was 2.4 billion TL and the average transaction size was occurred as 2.9 million TL. In the Securities Lending Market, 271 different type of securities were traded during the the nine months of 2020, 2.3 billion transactions were conducted in total and the trading volume was realized as 11.9 billion TL. In Turkey Electronic Fund Trading Platform (TEFAS), the trading volume for the first quarter was 125 billion TL and the number of traded funds was realized as 256. The daily average trading volume was 671 million TL, the number of institutions conducting trades was 76.

With regard to the private pension fund services; the fund asset value of 404 private pension investment funds was 159.3 billion TL as of September 30, 2020. At the same period, total fund asset value of 668 investments funds reached TL 133.8 billion and total fund asset value of 12 securities investment trusts reached 613.6 million TL. Daily average of the cash credit service provided by Takasbank to the brokerage houses is 145 million TL in this period.

In the first half of 2020, 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,

**Gökhan ELİBOL**

Deputy 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 18<sup>th</sup> 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 40 shareholders, and BİAŞ has 64.15%, 11 banks have 17.04% and 28 brokerage houses have 18.81% shares in its capital.

Shareholder Name	Paid-in-Capital (Thousand TL)	Percentage Share (%)
Borsa İstanbul A.Ş.	384,887	64.15
Phillip Capital Menkul Değerler A.Ş.	30,000	5.00
Tacirler 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 İş Bankası A.Ş.	26,235	4.37
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37
Diğer (Aracı Kurum)	26,577	4.43
Diğer (Banka)	20,101	3.35
<b>Total</b>	<b>600,000</b>	<b>100</b>

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.	384,887	64.15

Share transfer of our shareholders within the reporting period:

Old Shareholder	New Shareholder	Paid-in-Capital (Thousand TL)	Percentage (%)
Delta Menkul Değerler A.Ş.	PhillipCapital Menkul Değerler A.Ş.	1,577	0.26
Delta Menkul Değerler A.Ş.	Tacirler Yatırım Menkul Değerler A.Ş.	484	0.08
Delta Menkul Değerler A.Ş.	Osmanlı Yatırım Menkul Değerler A.Ş.	675	0.11

## Branch and Personnel Information

The Bank's number of employees is 290 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
Mehmet Hakan Atilla	President
Bekir Bayraktar	Vice President
Gökhan Elibol	Deputy General Manager - Board Member - Credit Committee Permanent Member
Yusuf Karaloğlu (*)	Member (Central Counterparty Risk Advisory Committee Chair- Credit Committee Substitute Member)
Hüseyin Melih Akosman	Member (Audit Committee Member- Corporate Governance Committee Member)
Suat Sarıgül	Member (Credit Committee Permanent Member- Remuneration Committee Chair)
Ekrem Kerem Korur	Member (Audit Committee Chair - Remuneration Committee Member)
Münevver Çetin	Member (Credit Committee Chair)
Gülseren Topuz	Member (Corporate Governance Committee Chair- Credit Committee Substitute Member - Central Counterparty Risk Advisory Committee Member)

### CEO and Executive Vice Presidents

Name Surname	Area of Responsibility
Gökhan Elibol	Deputy General Manager - Board Member - Credit Committee Permanent Member
Serkan Aşkar	Executive Vice President - Central Counterparty and Financial Services

\*Mr. Seyit Ahmet Işkın, Member of the Board of Directors, has resigned his office at the General Assembly held on 21 April 2020, and Mr. Yusuf Karaloğlu was elected as a board member.

### 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	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Opening Balance of the Period	-	-	154,942	1,200,782	-	-
Closing Balance of the Period	-	-	151,894	9,451,711	-	-
Received Interest and Commission Income	9,863		21,872	8,214	3,920	-

## Analysis of the Bank's Financial Indicators and Performance

Assets (Thousand TL)	30 September 2020
<b>Financial Assets (Net)</b>	<b>22,023,510</b>
Cash and Cash Equivalents	22,019,178
<i>Cash Assets and Central Bank Banks</i>	144
<i>Money market receivables</i>	22,015,126
<i>Expected loss reserves (-)</i>	29,764
<b>Financial assets at fair value through other comprehensive income</b>	<b>4,332</b>
<b>Derivative financial assets</b>	<b>-</b>
<b>Financial assets measured at amortized cost (Net)</b>	<b>2,642,021</b>
<i>Loans</i>	170,702
<i>Other financial assets measured at amortized cost</i>	2,471,860
<i>Expected credit losses (-)</i>	541
<b>Investments in associates, subsidiaries and joint ventures</b>	<b>4,825</b>
<b>Tangible assets (Net)</b>	<b>9,086</b>
<b>Intangible assets and goodwill (Net)</b>	<b>105,708</b>
<b>Investment properties (Net)</b>	<b>34,275</b>
<b>Current tax assets</b>	<b>-</b>
<b>Deferred tax assets</b>	<b>2,087</b>
<b>Other assets</b>	<b>65,834</b>
<b>Total Assets</b>	<b>24,887,346</b>

Liabilities (Thousand TL)	30 September 2020
<b>Loans received</b>	<b>2,965,041</b>
<b>Funds</b>	<b>19,423,550</b>
<i>Other</i>	19,423,550
<b>Derivative financial liabilities</b>	<b>-</b>
<b>Lease payables</b>	<b>2,033</b>
<b>Provisions</b>	<b>70,168</b>
<i>Provision for Employee Benefits</i>	14,964
<i>Other provisions</i>	55,204
<b>Current tax liabilities</b>	<b>44,310</b>
<b>Deferred tax liabilities</b>	<b>-</b>
<b>Shareholders` equity</b>	<b>2,382,244</b>
<b>Total Liabilities</b>	<b>24,887,346</b>

<b>Statement of Profit or Loss (Thousand TL)</b>	<b>30 September 2020</b>
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
<b>Net Period Profit/Loss</b>	<b>359,119</b>

<b>Financial Ratios (%)</b>	<b>30 September 2020</b>
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



Assets (Thousand TL)	31 December 2019
<b>Financial Assets (Net)</b>	<b>15,692,028</b>
Cash and Cash Equivalents	<b>15,648,931</b>
<i>Cash Assets and Central Bank</i>	840
<i>Banks</i>	15,639,364
<i>Money market receivables</i>	29,338
<i>Expected loss reserves (-)</i>	20,611
<b>Financial assets at fair value through other comprehensive income</b>	<b>3,082</b>
<b>Derivative financial assets</b>	<b>40,015</b>
<b>Financial assets measured at amortized cost (Net)</b>	<b>851,485</b>
<i>Loans</i>	157,493
<i>Other financial assets measured at amortized cost</i>	694,289
<i>Expected credit losses (-)</i>	297
<b>Investments in associates, subsidiaries and joint ventures</b>	<b>4,825</b>
<b>Tangible assets (Net)</b>	<b>11,267</b>
<b>Intangible assets and goodwill (Net)</b>	<b>103,793</b>
<b>Investment properties (Net)</b>	<b>34,275</b>
<b>Current tax assets</b>	-
<b>Deferred tax assets</b>	-
<b>Other assets</b>	<b>36,887</b>
<b>Total Assets</b>	<b>16,734,560</b>

Liabilities (Thousand TL)	31 December 2019
<b>Loans received</b>	<b>4,105,859</b>
<b>Funds</b>	<b>10,205,426</b>
<i>Other</i>	10,205,426
<b>Derivative Financial liabilities</b>	-
<b>Lease payables</b>	<b>2,347</b>
<b>Provisions</b>	<b>61,088</b>
<i>Provision for Employee Benefits</i>	15,952
<i>Other provisions</i>	45,136
<b>Current tax liabilities</b>	<b>43,570</b>
<b>Deferred tax liabilities</b>	<b>8,175</b>
<b>Shareholders` equity</b>	<b>2,308,095</b>
<b>Total Liabilities</b>	<b>16,734,560</b>

<b>Statement of Profit or Loss (Thousand TL)</b>	<b>30 September 2019</b>
Interest Income	603,786
Interest Expense (-)	156,701
Net Interest Income/Expense	447,085
Net Fees and Commission Income/Expense	208,139
Dividend Income	37,918
Net Trading Income/Losses	49,518
Other Operating Income	21,621
Gross Operating Income	764,281
Allowance Expenses for Expected Credit Losses (-)	3,110
Other Allowance Expenses (-)	23,658
Personnel Expenses (-)	56,928
Other Operating Expenses	43,714
Net Operating Profit/Loss	636,871
Tax Provision for Continuing Operations (-)	130,268
<b>Net Period Profit/Loss</b>	<b>506,603</b>

<b>Financial Ratios (%)</b>	<b>30 September 2019</b>
Operating Income / Total Assets	4.27
Shareholders Equity / Total Assets	15.48
Operating Income / Shareholders Equity	28.91
Net Interest Income / Operating Revenue	58.50

The size of the balance sheet which was 16,734,560 thousand TL at the end of 2019 reached 24,887,346 thousand TL as of end-September 2020. The banks account representing the highest amount in the assets increased by 41% and realized as 22,015,126 thousand TL.

While the funds item holding the most important place in the liabilities of the Bank was 10,205,426 thousand TL at the end of the previous year, it increased by 90% and reached 19,423,550 thousand TL. Loans received item decreased by 28% to 2,965,041 thousand TL.

As of the end of the third quarter of 2020, the Bank has a pre-tax profit of 455,817 thousand TL and after-tax profit of 359,199 thousand TL.

An interest income of 339,500 thousand TL is earned as of end-September 2020, where 248,418 thousand TL interest is collected from the banks, 75,584 thousand TL interest is collected from the securities and 11,894 thousand TL is collected from the loans and 604 thousand TL results from other interest income. Total interest expense for this period was realized as 38,992 thousand TL.

The Bank earned 303,076 thousand TL commission income as a result of the services it provides and paid 30,573 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-September 2020, net fee and commission income was realized as 272,503 thousand TL.