



İstanbul Takas ve Saklama Bankası A.Ş.

1 JANUARY – 30 JUNE 2023

UNCONSOLIDATED

INTERIM ANNUAL REPORT

Istanbul Takas ve Saklama Bankası A.Ş. 2023 II. Interim Period Annual Report

TABLE OF CONTENTS

Title.....	Page
Evaluation of the Chairman of the Board of Directors for the Period	3-4
Evaluation of the CEO for the Period	5-6
Bank's Historical Development	7
Shareholding Structure.....	7
Branch and Personnel Information	7
Board of Directors, Auditors, CEO and Executive Vice Presidents	8
Information about the transactions conducted by the Bank with its Risk Group.....	8
Analysis of the Bank's Financial Indicators and Performance	9-12

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

The global economy started 2023 with financial fragilities due to recession concerns and bank bankruptcies. While inflation reached record levels last year due to the effects of the Russia-Ukraine war, which started in February 2022, inflation continued to be the focal point in the first half of the year. On the other hand, while economic activity, which slowed down during the pandemic period, gradually improved, the World Bank increased its global growth forecast for 2023 from 1.7% to 2.1%. The OECD also increased its global economic growth forecast for this year from 2.6% to 2.7%.

In the first half of the year, the Fed continued to implement its tight monetary policy in the shadow of the turmoil caused by bank bankruptcies and debt ceiling problems. The Fed increased interest rates by a total of 75 basis points in the first half of 2023, increasing the interest rate to the range of 5-5.25%. On the other hand, inflation data before the Fed's June meeting pointed to a relaxation in price dynamics. Although the policy rate was kept constant in June due to the positive data and recession concerns, moves towards tightening are expected in the coming days.

Inflation pressure continued to remain stronger in Europe than in the USA. In the Eurozone, which shrank in the last quarter of 2022 and escaped recession by recording 0.1% growth in the first quarter of this year, the European Central Bank (ECB) continued to increase interest rates to suppress inflation. The ECB has increased the interest rate by 150 basis points since the beginning of the year, raising the interest rate to 4%. Although inflation in the Eurozone fell to 5.5% in June, the lowest level since January 2022, core inflation, which excludes variable items such as food and energy, rose above expectations.

On the other hand, unlike the USA and Europe, China and Japan continue to take easing steps to stimulate economic activity. The Chinese economy, which grew by 4.5% in the first quarter, grew below expectations by 6.3% in the second quarter. The People's Bank of China has taken various liquidity measures this year to support economic recovery, while reducing benchmark interest rates and required reserve ratios for local banks. Japan also continued to implement expansionary monetary policy to support the post-pandemic recovery of the economy.

Despite the devastating effects of the earthquake on February 6, the Turkish economy grew by 4% on an annual basis in the first quarter, with the high contribution of private consumption expenditures. With the influence of the steps taken to support growth, 2023 growth expectations for the Turkish economy were revised upwards. While the OECD increased its previously announced growth forecast of 2.8% to 3.6%, the World Bank also increased it from 2.7% to 3.2%. On the other hand, during this period, there was a slowdown in exports due to the weak course of the global economy and the developments in our foreign markets, especially the European Union. While the new economic management gave gradual normalization messages in the second half of the year, the CBRT increased the policy rate by 900 basis points to 17.50% in the last two meetings. In the coming period, the effects of the monetary and fiscal policies implemented by the economic management and the contributions of the decisions that will ensure financial stability to the economy will be monitored.

Takasbank effectively continued its services to the money and capital markets of our country in the second quarter of 2023, and carried out an effective management in line with international examples, especially in the management of risks and guarantees arising from the markets it serves as a central counterparty.

Our projects and initiatives to develop and diversify the services offered to 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 originating from IT and to continue to provide Takasbank services in a fast, effective and uninterrupted manner.

Evaluation of the Chairman of the Board of Directors for the Period (Continued)

With its strategic perspective and effective management policies, our Bank achieved a pre-tax profit of 1,336 million TL as of June 30, 2023, its asset size reached 93.5 billion TL and its equity capital reached 5.5 billion TL. Thanks to our preparedness against risks and technical competence, our business continuity will be maintained in the coming period, and new products and services will continue to be developed in harmony with the Group companies.

On the other hand, as a result of the earthquake disaster that took place in our country on February 6, 2023 and caused a great destruction, our Bank is making its contribution to heal the wounds of our citizens affected by the earthquake and will support the works to be carried out in this context in the coming period.

On behalf of myself and our Board of Directors, I would like to thank all our shareholders, especially our employees and managers, who have a share in the successful performance of our bank.

Best regards,

Mahmut KAYACIK
Chairman of the Board of Directors

Evaluation of the CEO for the Period

Takasbank continued to contribute to the development of Turkish capital markets and displayed a successful performance in the first six months of 2023.

In the first six months of 2023, due to the increase in market transaction volumes and the widening in Takasbank's service profile, our fee and commission revenues increased significantly above the budget projections and the realizations in the same period last year and reached TL 975 million, and our profit before tax was TL 1,3 billion. As of 30 June 2023, Takasbank's asset size has reached TL 93,5 billion, its shareholders' equity has reached TL 5,5 billion and its total cash collateral size has reached TL 75,4 billion.

As of 30 June 2023; In Borsa Istanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, a total of TL 159,93 billion transactions were realized, of which TL 13,256.65 billion was private sector bond transactions. Regarding the transactions in the market; As a result of multilateral netting in the Takasbank system, a total of 1,225.29 billion TL cash swap and TL 3,766.45 billion market value securities clearing transaction were realized. In the BİAŞ Swap Market, a total of TL 1,193.50 billion of bilateral transactions were made, of which USD 54,06 billion and EUR 5,67 billion transactions.

TL 11,493.42 billion transactions were realized in BİAŞ Equity Market, TL 360,47 billion cash and TL 1,451.91 billion securities swap transactions were realized.

As of 30 June 2023, the number of open positions in the Futures and Options Market was 10,344,551 and the open position value was TL 96,62 billion. Open position value in the OTC Market was TL 11,57 billion.

The transaction volume in Takasbank Money Market, one of the markets operated by Takasbank, reached the level of TL 4,6 billion in the six-month period, while the total number of transactions was 246.870. While the average daily transaction volume was TL 37 billion, the average transaction size was TL 18,5 million.

In the Equity Lending Market, 46 different securities were traded in a three-month period 349.71 million transactions were realized on a unit basis, and the total transaction volume was TL 12.08 billion. The transaction volume in the Turkish Electronic Fund Trading Platform (TEFAS) was 662,92 billion in the six-month period TL, the number of funds traded was 523. While the average daily transaction volume was TL 5,34 billion, the number of transacting institutions was 99. The transaction volume in the Private Pension Fund Trading Platform (BEFAS) was 4,85 billion in the nine-month period TL, the number of funds traded was 281. While the average daily transaction volume was TL 39,11 million, the number of transacting institutions was 15.

Regarding private pension fund services; As of 30 June 2023 the fund asset value of 377 individual pension mutual funds stood at TL 566,1 billion. In the same period, total fund asset value of 1427 mutual funds is TL 980,2 billion, total fund asset value of 146 real estate investment funds is TL 42,1 billion, total fund asset value of 252 venture capital investment funds is TL 64.9 billion, total fund asset value of 16 exchange traded funds is TL 57,9 billion and the total net asset value of 10 securities investment trusts was TL 1,044 million.

Evaluation of the CEO for the Period (Continued)

Within the scope of the cash loan service offered by Takasbank to intermediary institutions, a daily average of 3,416.5 million TL of cash loans was extended.

In the six month period of 2023, Takasbank continued its efforts to deepen the markets and strengthen its information technology infrastructure with its 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”.

On the other hand, after the earthquake disaster that took place in our country on February 6, 2023 and was effective in a very large geography, our Bank started to contribute its social responsibility awareness in order to meet the needs of our citizens who were affected by the earthquake, to rebuild the region and to heal the wounds caused by the earthquake. We will continue to support our citizens affected by the earthquake in the next period.

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 (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 372 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	Chairman
Korkmaz Ergun	Deputy Chairman of the Board
Murat Tacir	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	Member (Credit Committee Permanent Member - Corporate Governance Committee Member)
Avşar R. Sungurlu	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	General Manager and Board Member - Credit Committee Chair
Gökhan Elibol	Vice President – Markets and Operation
Murat Görgün	Vice President - Central Counterparty and Financial Services
Taşkın Öker	Vice President – Information Technology

Information Related to Transactions the Bank Performs Conducts 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) (Thousand TL)		Direct and indirect shareholders of the Bank (Thousands of TL)		Other real persons and legal entities included in the risk group (Thousand TL)	
	Cash	Non-Cash	Cash	Non-Cash	Non-Cash	Cash
Loans and Other Receivables						
Opening Balance at the Beginning of the Period	-	-	2,107,175	34,398,499	-	-
Closing Balance at the end of the Period	-	-	1,902,217	20,659,565	-	-
Received Interest and Commission Income	71,222	-	655,503	30,568	20,823	-

Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	30 June 2023
Financial Assets (net)	80,401,835
<i>Cash and Cash Equivalents</i>	79,196,952
<i>Cash and Balances with Central Bank</i>	4,012,449
<i>Banks</i>	75,263,816
<i>Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	79,313
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	7,799
<i>Derivative Financial Assets</i>	4,332
Financial Assets Measured at Amortised Cost (net)	1,192,752
<i>Loans</i>	11,868,625
<i>Other Financial Assets Measured at Amortised Cost</i>	6,876,574
<i>Expected Credit Losses (-)</i>	5,003,029
Investments in Associates, Subsidiaries and Joint Ventures	10,978
Tangible Assets (net)	4,825
Intangible Assets and Goodwill (net)	90,794
Investment Properties (net)	150,224
Current Tax Assets	141,630
Deferred Tax Assets	
Other Assests	66,912
Total Assets	93,492,229
LIABILITIES (Thousand TL)	30 June 2023
Loans Received	979,902
Payables to Money Markets	-
Funds	86,370,178
<i>Other</i>	86,370,178
Derivative Financial Liabilities	-
Lease Payables	2,393
Provisions	222,590
<i>Provision for Employee Benefits</i>	85,231
<i>Other Provisions</i>	137,359
Current Tax Liabilities	376,194
Deferred Tax Liability	-
Shareholders` Equity	5,540,972
Total Liabilities	93,492,229

Evaluation on the Bank's Financial Indicators and Performance (Continued)

Statement of Profit or Loss(Thousand TL)	30 June 2023
Interest Income	1,671,121
Interest Expense (-)	145,111
Net Interest Income/Expense	1,526,010
Net Fees and Commission Income/Expense	975,428
Dividend Income	-
Net Trading Income/Losses	20,663
Other Operating Income	90,404
Total Operating Profit	2,612,505
Expected Credit Losses (-)	1,884
Other Provisions (-)	105,263
Personnel Expenses (-)	252,586
Other Operating Expenses	917,078
Net Operating Profit/Loss	1,335,694
Provision for Taxes (-)	(300,347)
Net profit/loss	1,035,347
Financial Ratios	30 June 2023
Operating Income / Total Assets	1.43
Shareholders Equity / Total Assets	5.93
Operating Income / Shareholders Equity	24.11
Net Interest Income / Operating Income	58.41

Evaluation on the Bank's Financial Indicators and Performance (Continued)

ASSETS (Thousand TL)	31 December 2022
Financial Assets (Net)	79,444,360
<i>Cash and Cash Equivalents</i>	79,375,320
<i>Cash Values and Central Bank</i>	1,029,858
<i>Banks</i>	78,433,306
<i>Receivables From Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	87,844
Financial Assets at Fair Value Through Other Comprehensive Income	64,708
Derivative Financial Assets	4,332
Financial Assets Measured by Amortized Cost (Net)	5,578,599
<i>Credits</i>	2,681,206
<i>Other Financial Assets Measured by Amortized Cost</i>	2,901,106
<i>Expected Loss Reserves (-)</i>	3,713
Partnership Investments	4,825
Property, Plant and Equipment (Net)	32,355
Intangible Assets (Net)	125,517
Investment Properties (Net)	141,630
Current Tax Asset	-
Deferred Tax Asset	43,267
Other Assets	434,019
Total Assets	85,804,572

LIABILITIES (Thousand TL)	31 December 2022
Loans received	6,821,660
Debts to the Money Market	206,603
Funds	73,800,449
<i>Other</i>	73,800,449
Derivative Financial liabilities	-
Lease payables	4,675
Provisions	221,393
<i>Provision for Employee Benefits</i>	44,709
<i>Other provisions</i>	176,684
Current tax liabilities	232,854
Deferred tax liabilities	-
Shareholders' equity	4,516,938
Total Liabilities	85,804,572

Evaluation on the Bank's Financial Indicators and Performance (Continued)

Statement of Profit or Loss (Thousand TL)	30 June 2022
Interest Income	605,736
Interest Expense (-)	36,746
Net Interest Income/Expense	568,990
Net Fees and Commission Income/Expense	473,012
Dividend Income	29,446
Net Trading Income/Losses	6,736
Other Operating Income	718
Total Operating Profit	1,078,902
Expected Credit Losses (-)	22,840
Other Provisions (-)	49,175
Personnel Expenses (-)	87,674
Other Operating Expenses	54,658
Net Operating Profit/Loss	864,555
Provision for Taxes (-)	(205,886)
Net Income/(Loss)	658,669

Financial Ratios	30 June 2022
Operating Income / Total Assets	1.43
Shareholders Equity / Total Assets	5.71
Operating Income / Shareholders Equity	25.09
Net Interest Revenue / Operating Revenue	52.74

The balance sheet size, which was TL 85,804,572 Thousand as of the end of 2022, reached TL 93,492,229 as of the end of June 2023. The banks account, which is seen as the highest amount in assets, was realized as TL 75,263,816 TL. While the loan account item was TL 2,681,206 at the end of the previous year, it increased by 157% and reached TL 6,876,574.

While the funds item holding the most important place in the liabilities of the Bank was TL 73,800,449 at the end of the previous year, it increased by 17% and reached TL 86,370,178.

On the other hand, the obtained loans item of the bank loans received from TL 6,821,660 thousand TL 979,902

As of the end of second quarter of 2023, the Bank has a pre-tax profit of TL 1,335,694 and after-tax profit of TL 1,035,347.

An interest income of TL 1,671,121 is earned as of end June 2023, where TL 1,148,772 interest is collected from the banks, TL 123,004 interest is collected from the securities and TL 397,536 is collected from the loans and TL 1,803 results from other interest income. Total interest expense for this period was realized as TL 145,111.

The Bank earned TL 1,096,785 commission income as a result of the services it provides and paid TL 121,357 commission for its Turkish Lira and foreign currency denominated transactions. As of end-June 2023, net fee and commission income was realized as TL 975,428.