



İstanbul Takas ve Saklama Bankası A.Ş.

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UNCONSOLIDATED

INTERIM ANNUAL REPORT

Istanbul Takas ve Saklama Bankası A.Ş. 2024 II. Interim Period Annual Report

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

Rising geopolitical tensions and policy uncertainty keep global inflation risks alive and increase the likelihood that interest rates will remain elevated for longer. In a global economy projected to grow by 3.2% in 2024, the rigidity of services inflation is delaying progress on disinflation and postponing the expectation of lower interest rates.

US economy grew by 1.4% in the first quarter of 2024, the weakest growth performance since the second quarter of 2022. In line with expectations, the FED kept the policy rate unchanged at its January and March meetings, keeping it between 5.25% and 5.50%. While a limited reduction in the interest rate path is expected in the last quarter of 2024, further reductions are expected in 2025.

The Eurozone grew by 0.3% in the first quarter of 2024 compared to the last quarter of last year. The annual increase in GDP was realized as 0.4%. ECB, which kept its policy rate unchanged at 4.50% in its January and March meetings, cut its benchmark interest rates for the first time in almost 5 years to 4.25% in its June meeting as inflation started to pose less of a problem than the weak economic growth outlook.

On the Asian side, Japanese economy contracted by 2% yoy in the first quarter of 2024, deeper than expected. China's economy, on the other hand, grew by 4.7% yoy in the second quarter, below expectations, following 5.3% growth in the first quarter of 2024. The Central Banks of Japan and China kept their policy rates unchanged in the first half of the year.

Turkish economy grew by 5.7% in the first quarter of 2024, in line with expectations, following 4.5% growth in 2023. Looking at the components of growth, construction and machinery and equipment investments continued to support growth in the first quarter of the year due to the lingering effects of the earthquake disaster. The contribution of private consumption expenditures to growth continued to decline in the first quarter of the year, albeit gradually, and realized at its lowest level since the first quarter of 2021. Net exports also made a positive contribution to growth in the first quarter for the first time since the third quarter of 2022. This was driven by the rise in exports as well as the relatively weak outlook in imports. In the first quarter of the year, Turkish exports decreased by 4.1% yoy to 22.6 billion USD, while imports declined by 6.3% yoy to 29.9 billion USD. Thus, foreign trade deficit narrowed by 12.4% yoy to 7.3 billion USD. On the other hand, CBRT, which entered a tightening period as of the second half of 2023 in order to fight inflation and raised the policy rate by 500 basis points to 50% in March 2024, maintained its tight stance with macroprudential policies.

While economic stability and predictability were enhanced by the orthodox policies implemented, Fitch, one of the international rating agencies, raised Turkey's rating from “B” to “B+” in March and changed its rating outlook from “stable” to “positive”. S&P also upgraded Turkey's credit rating in May, raising its rating from “B” to “B+” and keeping its rating outlook as “positive”.

In the period ahead, geopolitical developments and inflation will continue to have an important impact on the global economy.

In the second quarter of 2024, Takasbank continued to effectively provide services to the Turkish money and capital markets and carried out an effective management in line with international examples, especially in the management of risks and collaterals arising from the markets in which it serves as the central counterparty.

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

Our projects and initiatives to develop and diversify the services offered to the markets, particularly 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 in order to manage IT-related operational risks and to continue providing Takasbank services in a fast, effective and uninterrupted manner continued in this period.

Thanks to its strategic perspective and effective management policies, our Bank achieved a pre-tax profit of TL 3.9 billion as of 30 June 2024, while its total assets and shareholders' equity reached TL 177.3 billion and TL 9.3 billion, respectively. 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 Group companies.

On behalf of myself and the Board of Directors, I would like to thank all our stakeholders, 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

In the first six month of 2024, Takasbank continued to contribute to the development of Turkish capital markets and demonstrated a successful performance.

In the first six month of 2023, due to the rise in market trading volumes and the expansion in Takasbank's service profile, our fee and commission revenues increased well above the figures of the same period last year and reached TL 2.5 billion, while our profit before tax was TL 5.4 billion. As of 30 June 2024, Takasbank's total assets reached TL 177.3 billion, shareholders' equity reached TL 9.3 billion and total cash collateral size reached TL 125 billion.

As of 30 June 2024, Borsa Istanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market traded a total of TL 45,654.4 billion worth of securities, of which TL 93.1 billion were corporate bond transactions. As a result of multilateral netting in the Takasbank system, cash settlement of TL 11,780.3 billion and securities settlement with a market value of TL 26,977.09 billion were performed. In the BİAŞ Swap Market, a total of TL 3,144.02 billion worth of bilateral transactions were executed, of which USD 88.3 billion and EUR 9.71 billion were USD and EUR transactions, respectively.

On the BİAŞ Equity Market, transactions totalled TL 18,828.28 billion, with cash settlement of TL 681.53 billion and securities settlement of TL 2,885.03 billion.

As of 30 June 2024, the number of open positions in the Futures and Options Market was 13,475,792 with an open position value of TL 179 billion. The open position value in the OTC Market was TL 25.8 billion.

The trading volume in Takasbank Money Market reached TL 5.039.3 billion in the quarter, while the total number of transactions was 205.657. The average daily trading volume was TL 41.8 billion, while the average transaction size was TL 24.5 million.

The trading volume on the Turkish Electronic Fund Trading Platform (TEFAS) reached TL 2,448.78 billion and the number of funds traded reached 634 in the quarter. The average daily trading volume was TL 20.2 billion, while the number of trading institutions was 109.

The trading volume on the Private Pension Fund Trading Platform (BEFAS) was TL 24.2 billion and the number of funds traded was 289 in the three-month period. The average daily trading volume was TL 201.83 million and the number of trading institutions was 15.

Regarding private pension fund services; as of June 2024, the fund asset value of 382 private pension mutual funds stood at TL 1,029,34 billion. In the same period, the total fund asset value of 1,707 mutual funds was TL 2,700.62 billion, 194 real estate mutual funds had a total fund asset value of TL 94.6 billion, 337 venture capital mutual funds had a total fund asset value of TL 175.6 billion, 22 exchange traded funds had a total fund asset value of TL 69.3 billion and 10 securities investment trusts had a total net asset value of TL 1,568.62 million.

Within the scope of the cash loan service offered by Takasbank to intermediary institutions, an average of 2.3 billion TL cash loans were provided daily.

Evaluation of the CEO for the Period (Continued)

Within the framework of its mission of “contributing to the development of markets with reliable and effective post-transaction services”, Takasbank continued its efforts to strengthen its IT infrastructure with development activities aimed at the efficiency of markets and digital transformation and operational competence targets in the first six months of 2024.

I would like to thank everyone who contributed to the success of our Bank, which has shown a successful financial performance by continuing its services in an effective and uninterrupted manner, especially our employees.

Best regards,

Dr. Yunus ARINCI
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 has a total of 421 employees and does not have any branches. The Bank is operating as Head Office.

Board of Directors, Auditors, CEO and Executive Vice Presidents

Chairman and Members of the Board of Directors	
Name Surname	Area of Responsibility
Dr.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)
Dr.Yunus Arıncı ⁽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
Dr.Yunus Arıncı ⁽¹⁾	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

⁽¹⁾ At the Board of Directors meeting held on June 6, 2024, General Manager and Board Member Avşar R. Sungurlu resigned from his position and Dr. Yunus Arıncı was appointed as General Manager and Board Member.

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	-	-	840,953	17,831,604	-	-
Closing Balance at the end of the Period	-	-	1,020,990	37,313,848	-	-
Received Interest and Commission Income	139,495	-	698,695	60,012	43,456	-

Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	30 June 2024
Financial Assets (net)	167,418,202
<i>Cash and Cash Equivalents</i>	<i>166,489,693</i>
<i>Cash and Balances with Central Bank</i>	<i>17,000,326</i>
<i>Banks</i>	<i>149,595,790</i>
<i>Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	<i>106,423</i>
<i>Financial Assets at Fair Value Through Profit/Loss</i>	<i>919,341</i>
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	<i>9,168</i>
<i>Derivative Financial Assets</i>	-
Financial Assets Measured at Amortised Cost (net)	8,276,513
<i>Loans</i>	<i>2,048,196</i>
<i>Other Financial Assets Measured at Amortised Cost</i>	<i>6,233,447</i>
<i>Expected Credit Losses (-)</i>	<i>5,130</i>
Investments in Associates, Subsidiaries and Joint Ventures	4,825
Tangible Assets (net)	172,918
Intangible Assets and Goodwill (net)	259,051
Investment Properties (net)	244,470
Current Tax Assets	-
Deferred Tax Assets	172,579
Other Assests	704,750
Total Assets	177,253,308
LIABILITIES (Thousand TL)	30 June 2024
Loans Received	10,624,730
Payables to Money Markets	-
Funds	155,796,124
<i>Other</i>	<i>155,796,124</i>
Derivative Financial Liabilities	-
Lease Payables	6
Provisions	414,567
<i>Provision for Employee Benefits</i>	<i>149,419</i>
<i>Other Provisions</i>	<i>265,148</i>
Current Tax Liabilities	1,096,013
Deferred Tax Liability	-
Shareholders` Equity	9,321,868
Total Liabilities	177,253,308

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

Statement of Profit or Loss (Thousand TL)	30 June 2024
Interest Income	4,594,911
Interest Expense (-)	220,939
Net Interest Income/Expense	4,373,972
Net Fees and Commission Income/Expense	2,457,196
Dividend Income	122,866
Net Trading Income/Losses	(392,521)
Other Operating Income	59,966
Total Operating Profit	6,621,479
Expected Credit Losses (-)	103
Other Provisions (-)	250,489
Personnel Expenses (-)	604,608
Other Operating Expenses	359,759
Net Operating Profit/Loss	5,406,520
Provision for Taxes (-)	(1,540,244)
Net Income/(Loss)	3,866,276

Financial Ratios	30 June 2024
Operating Income / Total Assets	3.05
Shareholders Equity / Total Assets	5.26
Operating Income / Shareholders Equity	58.00
Net Interest Income / Operating Income	66.06

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

ASSETS (Thousand TL)	31 December 2023
Financial Assets (Net)	114,427,976
<i>Cash and Cash Equivalents</i>	<i>114,328,884</i>
<i>Cash Values and Central Bank</i>	<i>4,888,043</i>
<i>Banks</i>	<i>109,556,498</i>
<i>Receivables From Money Markets</i>	<i>-</i>
<i>Expected Loss Reserves (-)</i>	<i>115,657</i>
Financial Assets at Fair Value Reflected in Profit or Loss	39,647
Financial Assets at Fair Value Through Other Comprehensive Income	4,332
Derivative Financial Assets	55,113
Financial Assets Measured by Amortized Cost (Net)	5,733,328
<i>Credits</i>	<i>1,795,481</i>
<i>Other Financial Assets Measured by Amortized Cost</i>	<i>3,942,329</i>
<i>Expected Loss Reserves (-)</i>	<i>4,482</i>
Partnership Investments	4,825
Property, Plant and Equipment (Net)	149,948
Intangible Assets (Net)	202,858
Investment Properties (Net)	244,470
Current Tax Asset	-
Deferred Tax Asset	163,165
Other Assets	414,444
Total Assets	121,341,014

LIABILITIES (Thousand TL)	31 December 2023
Loans received	5,651,092
Debts to the Money Market	-
Funds	107,269,763
<i>Other</i>	<i>107,269,763</i>
Derivative Financial liabilities	-
Lease payables	80
Provisions	425,099
<i>Provision for Employee Benefits</i>	<i>93,236</i>
<i>Other provisions</i>	<i>331,863</i>
Current tax liabilities	714,218
Deferred tax liabilities	-
Shareholders' equity	7,280,762
Total Liabilities	121,341,014

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 Income/(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 Revenue / Operating Revenue	58.41

The size of the balance sheet which was 121,341,014 thousand TL at the end of 2023 reached 177,253,308 thousand TL as of end-June 2024. The banks account representing the highest amount in the assets and realized as 149,595,790 thousand TL. The size of credits was 1,795,481 thousand TL at the end of 2023 reached 2,048,196 thousand TL. The credits account increased by % 14.

The funds borrowed item, which occupies the most important place among the Bank's liabilities, while it was TL 107,269,763, it increased by 45% to TL 155,796,124.

The Bank's loans received balance, which was TL 5,651,092 at the end of the previous year, amounted to TL 10,624,730 as of this period.

As of the end of second quarter of 2024, the Bank has a pre-tax profit of 5,406,520 thousand TL and after-tax profit of 3,866,276 thousand TL.

An interest income of 4,594,911 thousand TL is earned as of end-June 2024, where 3,684,446 thousand TL interest is collected from the banks, 317,428 thousand TL interest is collected from the securities and 580,863 thousand TL is collected from the loans and 12,174 thousand TL results from other interest income. Total interest expense for this period was realized as 220,939 thousand TL.

The Bank earned 2,682,129 thousand TL commission income as a result of the services it provides and paid 224,933 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-June 2024, net fee and commission income was realized as 2,457,196 thousand TL.