



İstanbul Takas ve Saklama Bankası A.Ş.

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UNCONSOLIDATED

INTERIM ANNUAL REPORT

Istanbul Takas ve Saklama Bankası A.Ş. 2022 I. Interim Period Annual Report

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

As of the last quarter of 2021, concerns about Covid-19 and its variants have decreased, the measures taken against the epidemic in the global economy have become more moderate and the recovery in the service sector has increased relatively. However, the continued emergence of variants is an obstacle to the complete disappearance of the epidemic risk. Therefore, due to the fluctuations caused by the variants in the global risk perception, it is expected that the uncertainties related to the epidemic will continue to be effective in the upcoming period, despite vaccinations. While the course of supply-side constraints and inflation developments, along with the epidemic, stood out as the main factors that would shape the economic outlook in 2022, the IMF's World Economic Outlook report made a downward trend in the global growth forecast for 2022, especially with the effect of rising inflationary pressures due to rising energy prices and deterioration in the supply chain. revision was noted. The World Bank also expects the global growth rate to lose momentum, from 5.5% in 2021 to 4.1% in 2022 and 3.2% in 2023.

The geopolitical tension between Russia and Ukraine, which started in the first months of 2022, turned into a hot conflict at the end of February, while the whole world reacted to it with negative reflections on the markets. While the experienced geopolitical developments increase the risks regarding the course of economic activity; The increase in commodity prices, especially oil and natural gas, indicates that the general level of prices will remain high in the short term. While these developments strengthened global inflationary pressures through commodity prices, they increased the deterioration in supply chains, which became fragile due to the epidemic. In the first quarter of 2022, where the increase in global inflation continued, the decisions and statements of the central banks of developed countries were closely followed. Stating that it will take a decision in line with the indicators related to economic activity, the Fed increased the policy rate for the first time since 2018 and announced that it would begin to narrow the balance sheet at its March meeting. The European Central Bank announced that it would end the asset purchase program, which was put into effect during the pandemic period as a tightening, in March, and that it would increase interest rates after the end of net asset purchases. The Bank of England, on the other hand, increased interest rates for the first time consecutively since 2004.

In the last quarter of 2021, the Turkish economy, which was affected by the fluctuations in the financial markets as well as the rapid rise in inflation, displayed a positive growth performance with the contribution of strong domestic and international demand conditions. The Turkish economy, which maintained its strong growth momentum in the last quarter of the year as well, grew by 9.1% on an annual basis in this period, according to the chained volume index. Thus, after the relatively low growth performance in 2020, the Turkish economy reached a growth rate of 11% in 2021 in line with the expectations. It has been observed that private consumption and exports are the items that contributed the most to the high growth performance of 11% in the whole of 2021. Considering the inflation developments in our country, recent exchange rate developments, increases in domestic energy prices, the ongoing negative course in international commodity prices and the reappearance of supply problems have caused producer prices to rise significantly. Inflation is expected to enter a downward trend once these effects caused by accidental factors disappear. The effects of both macroprudential and monetary policy adjustments on credit growth and composition are expected to contribute to the disinflationary process. With the steps taken for sustainable price stability and financial stability, inflation expectations, pricing behaviors and volatility in financial markets will improve; It is considered that the disinflationary process will begin with the disappearance of the base effects in inflation.

Takasbank effectively continued its services to the money and capital markets of our country in the first quarter of 2022, and implemented 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.

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, 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.

Technical infrastructure and legislative studies of the Risk Reducing Netting Function of our project, which offers the opportunity to deposit offset collateral for the purpose of netting in the risk calculation of short position share futures contracts and short position share purchase option contracts, have been completed. The aforementioned function was put into use in the real environment as of 7 March 2022. Our project ranked in the IDC Finance Technologies 2022 Awards, surpassing other prestigious projects in the field of Financial Inclusion.

With its strategic perspective and effective management policies, our Bank has achieved a pre-tax profit of 366 million TL as of March 31, 2022, its asset size has reached 51.4 billion TL and its shareholders' equity has reached 4 billion TL. Thanks to our preparedness for risks and our technical competence, our business continuity will be maintained in the upcoming period, 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 our stakeholders, especially our employees and managers, who have contributed to 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 quarter of 2022, in which an intense struggle was waged with the epidemic disease and the economic difficulties it caused in our country as well as in the rest of the world.

In the first quarter of 2022, 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, reaching 235,946 million TL, and our profit before tax is 366. million TL. As of March 31, 2022, Takasbank's asset size reached 51.4 billion TL, its shareholders' equity reached 3.6 billion TL and its total cash collateral size reached 45.6 billion TL. Takasbank continues to operate uninterruptedly and effectively for all markets it serves.

As of 31 March 2022; A total of 3,848 billion TL transactions were realized in Borsa Istanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, 25.95 billion TL of which was private sector bond transactions. Regarding the transactions in the market; As a result of multilateral netting in the Takasbank system, 830 billion TL cash clearing and 2,114 billion TL market value securities settlement transactions were carried out. In the BİAŞ Swap Market, a total of 514 billion TL of bilateral transactions were made, of which 35.74 billion USD and 0.66 billion EUR transactions.

In the BİAŞ Equity Market, 2,458 billion TL transactions were realized, 86 billion TL cash and 331 billion TL securities clearing transactions were realized.

As of March 31, 2022, the number of open positions in the Futures and Options Market was 15 million and the open position value was 74.2 billion TL. The quarterly open position value in the OTC Market was 5.6 billion TL.

Transaction volume in Takasbank Money Market, one of the markets operated by Takasbank, reached 510 billion TL in the quarter, and the total number of transactions was 77,096. While the average daily transaction volume was 7.97 billion TL, the average transaction size was 6.62 million TL. In the Equity Lending Market, 50 different securities were traded in a three-month period, 840 million transactions were realized on a unit basis, and the total transaction volume was 9.53 billion TL. The transaction volume on the Turkish Electronic Fund Trading Platform (TEFAS) was 75 billion TL in the quarter, and the number of traded funds was 380. While the average daily transaction volume was 1,170 million TL, the number of trading institutions was 90. The transaction volume on the Private Pension Fund Trading Platform (BEFAS) was 414 million TL in the quarter, and the number of traded funds was 264. While the average daily transaction volume was 6.4 million TL, the number of transacting institutions was 13.

Regarding private pension fund services; As of March 31, 2022, the fund asset value of 378 private pension mutual funds stood at TL 276.92 billion. In the same period, the total fund asset value of 983 mutual funds is 311.83 billion TL, the total fund asset value of 98 real estate investment funds is 16.13 billion TL, the total fund asset value of 150 venture capital investment funds is 20.60 billion TL, 15 stock exchanges The total fund asset value of the mutual fund was 8.69 billion TL, and the total net asset value of 10 securities investment trusts was 703.87 million TL.

Within the scope of the cash loan service offered by Takasbank to intermediary institutions, a daily average of 401.7 million TL cash loans were extended.

Evaluation of the CEO for the Period (Continued)

In the three-month period of 2022, 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 the markets with reliable and effective post-transaction services”.

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 296 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	President
Korkmaz Ergun	Vice President
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	Executive Vice President – Markets and Operation
Murat Görgün	Executive Vice President - Central Counterparty and Financial Services
Taşkın Öker	Executive Vice President – Information Technology

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 İstanbul 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	-	-	530,928	15,284,700	-	-
Closing Balance of the Period	-	-	877,702	20,513,416	-	-
Received Interest and Commission Income	44	-	61,158	6,913	1	-

Analysis of the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	31 March 2022
Financial Assets (net)	45,630,381
<i>Cash and Cash Equivalents</i>	45,626,049
<i>Cash and Balances with Central Bank</i>	240
<i>Banks</i>	45,650,445
<i>Money Markets</i>	27,848
<i>Expected Loss Reserves (-)</i>	52,484
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	4,332
<i>Derivative Financial Assets</i>	-
Financial Assets Measured at Amortised Cost (net)	5,405,899
<i>Loans</i>	968,746
<i>Other Financial Assets Measured at Amortised Cost</i>	4,438,900
<i>Expected Credit Losses (-)</i>	1,747
Investments in Associates, Subsidiaries and Joint Ventures	4,825
Tangible Assets (net)	19,390
Intangible Assets and Goodwill (net)	118,544
Investment Properties (net)	46,250
Current Tax Assets	-
Deferred Tax Assets	9,256
Other Assests	143,574
Total Assets	51,378,119
LIABILITIES (Thousand TL)	31 March 2022
Loans Received	6,483,332
Funds	41,184,439
<i>Other</i>	41,184,439
Derivative Financial Liabilities	-
Lease Payables	1,688
Provisions	91,466
<i>Provision for Employee Benefits</i>	29,371
<i>Other Provisions</i>	62,095
Current Tax Liabilities	101,331
Deferred Tax Liability	-
Shareholders` Equity	3,515,863
Total Liabilities	51,378,119

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

Statement of Profit or Loss(Thousand TL)	31 March 2022
Interest Income	266,591
Interest Expense (-)	12,525
Net Interest Income/Expense	254,066
Net Fees and Commission Income/Expense	209,104
Dividend Income	-
Net Trading Income/Losses	2,169
Other Operating Income	635
Total Operating Profit	465,974
Expected Credit Losses (-)	5,225
Other Provisions (-)	27,477
Personnel Expenses (-)	43,833
Other Operating Expenses	23,182
Net Operating Profit/Loss	366,257
Provision for Taxes (-)	(84,003)
Net profit/loss	282,254

Financial Ratios	31 March 2022
Operating Income / Total Assets	0.71
Shareholders Equity / Total Assets	6.84
Operating Income / Shareholders Equity	10.42
Net Interest Income/Operating Income	54.52

ASSETS (Thousand TL)	31 December 2021
Financial Assets (Net)	38,847,283
<i>Cash and Cash Equivalents</i>	38,842,951
<i>Cash Values and Central Bank</i>	67
<i>Banks</i>	38,852,237
<i>Receivables From Money Markets</i>	35,961
<i>Expected Loss Reserves (-)</i>	45,314
Financial Assets at Fair Value Through Other Comprehensive Income	4,332
Derivative Financial Assets	-
Financial Assets Measured by Amortized Cost (Net)	5,408,398
<i>Credits</i>	573,749
<i>Other Financial Assets Measured by Amortized Cost</i>	4,835,980
<i>Expected Loss Reserves (-)</i>	1,331
Partnership Investments	4,825
Property, Plant and Equipment (Net)	7,621
Intangible Assets (Net)	116,214
Investment Properties (Net)	46,250
Current Tax Asset	-
Deferred Tax Asset	9,066
Other Assets	584,354
Total Assets	45,024,011

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

LIABILITIES (Thousand TL)	31 December 2021
Loans received	3,416,560
Debts to the Money Market	218,904
Funds	37,955,957
<i>Other</i>	<i>37,955,957</i>
Derivative Financial liabilities	-
Lease payables	2,033
Provisions	87,419
<i>Provision for Employee Benefits</i>	<i>20,409</i>
<i>Other provisions</i>	<i>66,740</i>
Current tax liabilities	106,506
Deferred tax liabilities	-
Shareholders' equity	3,236,902
Total Liabilities	45,024,011

Statement of Profit or Loss (Thousand TL)	31 March 2021
Interest Income	190,476
Interest Expense (-)	10,318
Net Interest Income/Expense	180,158
Net Fees and Commission Income/Expense	140,817
Dividend Income	40
Net Trading Income/Losses	2,474
Other Operating Income	1,536
Total Operating Profit	325,025
Expected Credit Losses (-)	3,478
Other Provisions (-)	12,199
Personnel Expenses (-)	21,900
Other Operating Expenses	16,465
Net Operating Profit/Loss	270,983
Provision for Taxes (-)	(53,476)
Net Income/(Loss)	217,507

Financial Ratios	31 March 2021
Operating Income / Total Assets	0.90
Shareholders Equity / Total Assets	8.52
Operating Income / Shareholders Equityx"	10.57
Net Interest Revenue / Operating Revenue	55.43

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

The size of the balance sheet which was 45,024,011 thousand TL at the end of 2021 reached 51,378,119 thousand TL as of end-March 2022. The banks account representing the highest amount in the assets increased by 17,5% and realized as 45,650,445 thousand TL.

While the funds item holding the most important place in the liabilities of the Bank was 37,955,957 thousand TL at the end of the previous year, it increased by 9% and reached 41,184,439 thousand TL.

On the other hand, the obtained loans item of the bank loans received from 3,416,560 thousand TL to 6,483,332 thousand TL with an increase of 90%

As of the end of first quarter of 2022, the Bank has a pre-tax profit of 366,257 thousand TL and after-tax profit of 282,254 thousand TL.

An interest income of 266,591 thousand TL is earned as of end-March 2022, where 203,100 thousand TL interest is collected from the banks, 46,011 thousand TL interest is collected from the securities and 17,280 thousand TL is collected from the loans and 200 thousand TL results from other interest income. Total interest expense for this period was realized as 12,525 thousand TL.

The Bank earned 235,946 thousand TL commission income as a result of the services it provides and paid 26,842 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-March 2022, net fee and commission income was realized as 209,104 thousand TL.