



İstanbul Takas ve Saklama Bankası A.Ş.

1 JANUARY – 30 SEPTEMBER 2022

UNCONSOLIDATED

INTERIM ANNUAL REPORT

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

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

The slowdown in global economic activity since the beginning of 2022 showed its effect in the third quarter as well. The prominent factors in the slowdown are; The war between Russia and Ukraine, especially the interest rate increase trend of the central banks, continued, and accordingly, there were price increases in energy, commodities and various intermediate goods. The price increases increased the expectations for the rise in inflation on a global scale, especially in European countries, and that it will continue to increase in the upcoming period. On the other hand, the opening of the grain corridor along with the constructive role played by Turkey during the war contributed significantly to the limited increase in commodity prices. The drastic measures taken by China in its fight against the epidemic and the continuation of the related supply problems supported the global slowdown. In its Interim Report, OECD stated that global economic activities lost momentum compared to the second quarter. While the institution kept its global growth forecast at 3% for 2022, it decreased its forecast for 2023 from 2.8% to 2.2%.

Central banks of developed countries accelerated their interest rate hikes in the third quarter. While the FED increased interest rates by 75 basis points each in July and September, the ECB increased interest rates by 50 basis points in July and 75 basis points in September. The statements made by both central banks were that the tight stance in monetary policy would continue and interest rate hikes would continue as part of the fight against inflation. Oil prices, which reached record levels in the second quarter, followed a downward trend in the third quarter due to the weakness in the macroeconomic outlook. Natural gas prices, which reached record highs especially in Europe with the increasing concerns about energy supply security, entered a downward trend due to the above-expected temperatures in the winter months and the effects of the warehouses stocked in the autumn months for precaution.

Despite the major supply shocks in the global economy, the Turkish economy maintained its strong structure and recorded an annual growth of 7.6% in the second quarter of the year, according to the chained volume index. Exports, one of the most important cornerstones of the Turkish Economic Model, contributed 2.7 points to the strong growth data. Turkey ranked first among the G20 countries with its strong growth performance thanks to the economic policies implemented with determination. In the third quarter, the effects of the risks faced by the European economy, which is an important export market for industrial production, started to be felt in the Turkish economy. Manufacturing purchasing managers index, which is one of the most important indicators of this, decreased to 46 levels. Although consumer and producer prices followed a course above historical averages, they started to weaken in the last three months. The positive effects of the investment-oriented approach in the new economic model structure on employment continued in this quarter as well. While the increase in the labor force participation rate continued, the decrease in the number of unemployed continued and unemployment decreased to single digits as of the third quarter. Within the scope of the new economic transformation, exports reached record levels and exceeded 250 billion dollars as of the third quarter.

Takasbank effectively continued its services to the money and capital markets of our country in the third quarter of 2022, 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 has achieved a pre-tax profit of TL 1.4 billion as of September 30, 2022, its asset size has reached TL 69.5 billion and its shareholders' equity has reached TL 3.9 billion. 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 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 nine months of 2022, when 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 nine months 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 and reached 885,727 million TL, and our profit before tax was 1,413,157 million TL. As of 30 September 2022, Takasbank's asset size has reached 69.5 billion TL, its shareholders' equity has reached 3,9 billion TL and its total cash collateral size has reached 55.6 billion TL.

Takasbank continues to operate uninterruptedly and effectively for all markets it serves.

As of 30 September 2022; In Borsa Istanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, a total of 9,613.57 billion TL transactions were realized, of which 91,60 billion TL was private sector bond transactions. Regarding the transactions in the market; As a result of multilateral netting in the Takasbank system, a total of 2,400.05 billion TL cash swap and 5,381.50 billion TL market value securities clearing transaction were realized. In the BİAŞ Swap Market, a total of 1,671.76 billion TL of bilateral transactions were made, of which 103.36 billion USD and 1.41 billion EUR transactions.

9,851.42 billion TL transactions were realized in BİAŞ Equity Market, 320.22 billion TL cash and 1,321.64 billion TL securities swap transactions were realized.

As of 30 September 2022, the number of open positions in the Futures and Options Market was 14,128,496 and the open position value was 87.7 billion TL. Open position value in the OTC Market was 10.4 billion TL.

The transaction volume in Takasbank Money Market, one of the markets operated by Takasbank, reached the level of TL 2.13 trillion in the nine-month period, while the total number of transactions was 246,982. While the average daily transaction volume was 11.4 billion TL, the average transaction size was 8.63 million TL.

In the Equity Lending Market, 57 different securities were traded in a nine-month period, 3.98 billion transactions were realized on a unit basis, and the total transaction volume was 55.94 billion TL. The transaction volume in the Turkish Electronic Fund Trading Platform (TEFAS) was 277.3 billion in the nine-month period TL, the number of funds traded was 448. While the average daily transaction volume was TL 1,4 billion, the number of transacting institutions was 92. The transaction volume in the Private Pension Fund Trading Platform (BEFAS) was 2,1 billion in the nine-month period TL, the number of funds traded was 278. While the average daily transaction volume was TL 11,4 billion, the number of transacting institutions was 15.

Regarding private pension fund services; As of September 30, 2022, the fund asset value of 385 individual pension mutual funds stood at TL 347,8 billion. In the same period, total fund asset value of 1,199 mutual funds is 454,5 billion TL, total fund asset value of 116 real estate investment funds is 21,6 billion TL, total fund asset value of 186 venture capital investment funds is 28.2 billion TL, total fund asset value of 15 exchange traded funds is 10,7 billion TL and the total net asset value of 10 securities investment trusts was 842,6 million TL.

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 924.6 million TL of cash loans was extended.

In the nine-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 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 322 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	-	-	530,928	15,284,700	-	-
Closing Balance at the end of the Period	-	-	2,602,874	21,756,902	-	-
Received Interest and Commission Income	48		474,100	34,164	12,638	-

Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	30 September 2022
Financial Assets (net)	60,029,592
<i>Cash and Cash Equivalents</i>	60,025,260
<i>Cash and Balances with Central Bank</i>	186
<i>Banks</i>	60,090,549
<i>Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	65,475
<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)	9,008,301
<i>Loans</i>	4,370,568
<i>Other Financial Assets Measured at Amortised Cost</i>	4,643,223
<i>Expected Credit Losses (-)</i>	5,490
Investments in Associates, Subsidiaries and Joint Ventures	4,825
Tangible Assets (net)	21,683
Intangible Assets and Goodwill (net)	123,483
Investment Properties (net)	46,250
Current Tax Assets	-
Deferred Tax Assets	36,375
Other Assests	275,279
Total Assets	69,545,788
LIABILITIES (Thousand TL)	30 September 2022
Loans Received	4,345,035
Payables to Money Markets	-
Funds	60,990,243
<i>Other</i>	60,990,243
Derivative Financial Liabilities	-
Lease Payables	1,995
Provisions	170,578
<i>Provision for Employee Benefits</i>	39,846
<i>Other Provisions</i>	130,732
Current Tax Liabilities	179,537
Deferred Tax Liability	-
Shareholders` Equity	3,858,400
Total Liabilities	69,545,788

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

Statement of Profit or Loss(Thousand TL)	30 September 2022
Interest Income	1,103,962
Interest Expense (-)	71,200
Net Interest Income/Expense	1,032,762
Net Fees and Commission Income/Expense	797,740
Dividend Income	29,446
Net Trading Income/Losses	9,774
Other Operating Income	13,480
Total Operating Profit	1,883,202
Expected Credit Losses (-)	36,871
Other Provisions (-)	90,985
Personnel Expenses (-)	154,191
Other Operating Expenses	187,998
Net Operating Profit/Loss	1,413,157
Provision for Taxes (-)	(341,708)
Net profit/loss	1,071,449
Financial Ratios	30 September 2022
Operating Income / Total Assets	2.03
Shareholders Equity / Total Assets	5.55
Operating Income / Shareholders Equity	36.63
Net Interest Income / Operating Income	54.84

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

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

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>	37,955,957
Derivative Financial liabilities	-
Lease payables	2,033
Provisions	87,419
<i>Provision for Employee Benefits</i>	20,409
<i>Other provisions</i>	66,740
Current tax liabilities	106,506
Deferred tax liabilities	-
Shareholders' equity	3,236,902
Total Liabilities	45,024,011

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

Statement of Profit or Loss (Thousand TL)	30 September 2021
Interest Income	605,412
Interest Expense (-)	21,253
Net Interest Income/Expense	584,159
Net Fees and Commission Income/Expense	411,407
Dividend Income	15,213
Net Trading Income/Losses	9,368
Other Operating Income	6,879
Total Operating Profit	1,027,026
Expected Credit Losses (-)	4,040
Other Provisions (-)	35,025
Personnel Expenses (-)	70,535
Other Operating Expenses	52,015
Net Operating Profit/Loss	865,411
Provision for Taxes (-)	(209,412)
Net Income/(Loss)	655,999

Financial Ratios	30 September 2021
Operating Income / Total Assets	2.77
Shareholders Equity / Total Assets	9.60
Operating Income / Shareholders Equity	28.83
Net Interest Revenue / Operating Revenue	56.88

The size of the balance sheet which was 45,024,011 thousand TL at the end of September 2022 reached 69,545,788 thousand TL as of end-September 2022. The banks account representing the highest amount in the assets increased by 55% and realized as 60,090,549 thousand TL. The size of credits was 573,749 thousand TL at the end of September 2022 reached 4,370,568 thousand TL. The credits account increased by %67.

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 61% and reached 60,990,243 thousand TL.

On the other hand, the obtained loans item of the bank loans received from 3,416,560 thousand TL to 4,345,035 thousand TL with an increase of 27%.

As of the end of second quarter of 2022, the Bank has a pre-tax profit of 1,413,157 thousand TL and after-tax profit of 1,071,449 thousand TL.

An interest income of 1,103,962 thousand TL is earned as of end-September 2022, where 823,699 thousand TL interest is collected from the banks, 144,416 thousand TL interest is collected from the securities and 131,933 thousand TL is collected from the loans and 3,914 thousand TL results from other interest income. Total interest expense for this period was realized as 71,200 thousand TL.

The Bank earned 885,727 thousand TL commission income as a result of the services it provides and paid 87,987 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-September 2022, net fee and commission income was realized as 797,740 thousand TL.