



İstanbul Takas ve Saklama Bankası A.Ş.

1 JANUARY – 30 SEPTEMBER 2023

UNCONSOLIDATED

INTERIM ANNUAL REPORT

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

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

In 2023, inflation continued to hover above target levels globally and the adverse effects of climate change on economies continued to pose risks to global activity. In the shadow of these risks, central banks implemented their policy decisions by trying to maintain a balance between preventing inflationary rigidity and the possibility of recession.

Despite the pressures on global growth, the US economy grew by 4.9% year-over-year in the third quarter, above expectations, thanks to the rise in consumer spending. Although inflation in the US, which rose to 3.7% in September, remained below the levels seen last year, it remained above the US Federal Reserve's 2% target. In this context, the FED continued to raise interest rates to prevent the rise in inflation and raised the benchmark interest rate to 5.25-5.50% range by a total of 100 basis points as of the third quarter of 2023. On the other hand, debt ceiling risks were also on the agenda in the third quarter. In August, Fitch downgraded the long-term credit rating of the US from AAA to AA+, one notch lower, due to the expected deterioration in the public finance outlook over the next three years and growing concerns about the high debt burden.

In the Euro Zone, where recession concerns continue, the economy increased by 0.5% in the second quarter compared to the same period last year. While the European Central Bank (ECB) has increased interest rates in the last 10 meetings, it left the policy rate constant at 4.50% in October. On the other hand, price pressures continued to remain strong in the regional economy. The course of oil prices against the inflationary effects of the tension in the Middle East will be important in the coming period.

In the third quarter of the year, the Chinese economy grew by 4.9% compared to the same period in 2022, despite the problems in the real estate sector. The People's Bank of China continues to take supportive steps to contribute to economic recovery.

The Turkish economy grew by 3.8% in the second quarter of the year, eliminating the contractionary effect of the earthquake disaster in February on the economy. In this period, the biggest contribution to growth came from private consumption expenditures. The IMF increased its growth forecast for the Turkish economy from 3% to 4% this year, and the World Bank increased it from 3.2% to 4.2%. Annual inflation rose to 61.53% in September. With the interest rate increase cycle that started in June to combat inflation, the policy rate rose to 35% as of October. CBRT, which has taken simplification steps as well as interest rate increases, has made arrangements to increase the share of Turkish lira deposits. With the influence of the CBRT's steps, international credit rating agencies Fitch and S&P confirmed Turkey's credit rating at "B" level and revised the rating outlook from negative to stable. In an environment where uncertainties are increasing on a global scale, the effects of conflicts on domestic and international demand, energy and food prices will be important in the coming period. On the other hand, the effects of the decisions that will ensure sustainable financial stability through investment, production and employment increases on the economy will be monitored by the economic management.

Takasbank effectively continued its services to our country's money and capital markets in the third 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 in which 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 in order to manage operational risks arising from IT and to continue to provide Takasbank services in a fast, effective and uninterrupted manner continued during this period.

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 3.1 billion TL as of September 30, 2023, its asset size reached 121.1 billion TL and its equity capital reached 5.9 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 occurred in our country on February 6, 2023 and caused great destruction, our Bank is making its contribution to healing the wounds of our citizens affected by the earthquake, and will support the studies to be carried out in this context in the following period.

On behalf of myself and our 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

Takasbank continued to contribute to the development of Turkish capital markets and displayed a successful performance in the first nine months of 2023, 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 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 1,7 billion TL, and our profit before tax was 3.,1 billion TL. As of 30 September 2023, Takasbank's asset size has reached 121,1 billion TL, its shareholders' equity has reached 5,9 billion TL and its total cash collateral size has reached 91,8 billion TL.

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

As of 30 September 2023; In Borsa Istanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, a total of 21.087.8 billion TL transactions were realized, of which 235.3 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 6,972.9 billion TL cash swap and 12,870.4 billion TL market value securities clearing transaction were realized. In the BİAŞ Swap Market, a total of 2,063.6 billion TL of bilateral transactions were made, of which 78.2 billion USD and 13.82 billion EUR transactions.

24,187.9 billion TL transactions were realized in BİAŞ Equity Market, 681.8 billion TL cash and 2,906.3 billion TL securities swap transactions were realized.

As of 30 September 2023, the number of open positions in the Futures and Options Market was 15,210,360 and the open position value was 139,7 billion TL. Open position value in the OTC Market was 10.2 billion TL.

The transaction volume in Takasbank Money Market, one of the markets operated by Takasbank, reached the level of TL 8,089.5 trillion in the nine-month period, while the total number of transactions was 376.677. While the average daily transaction volume was 43.2 billion TL, the average transaction size was 21.5 million TL.

In the Equity Lending Market, 46 different securities were traded in a nine-month period, 349.7 billion transactions were realized on a unit basis, and the total transaction volume was 12.1 billion TL. The transaction volume in the Turkish Electronic Fund Trading Platform (TEFAS) was 1,244.9 billion in the nine-month period TL, the number of funds traded was 538. While the average daily transaction volume was TL 6.6 billion, the number of transacting institutions was 101. The transaction volume in the Private Pension Fund Trading Platform (BEFAS) was 10.8 billion in the nine-month period TL, the number of funds traded was 283. While the average daily transaction volume was TL 57.7 billion, the number of transacting institutions was 15.

Regarding private pension fund services; As of 30 September 2023, the fund asset value of 377 individual pension mutual funds stood at TL 670 billion. In the same period, total fund asset value of 1,454 mutual funds is 1,298.9 billion TL, total fund asset value of 149 real estate investment funds is 48.2 billion TL, total fund asset value of 258 venture capital investment funds is 86.3 billion TL, total fund asset value of 21 exchange traded funds is 60.4 billion TL and the total net asset value of 10 securities investment trusts was 1,265.7 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 4,913.5 million TL of cash loans was extended.

In the nine-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”.

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 379 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)
Bilal Şentürk*	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

* At the General Assembly held on August 3, 2023, Board Member Gülseren Topuz resigned from her position and Bilal Şentürk was appointed as a member of the board of directors.

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	-	-	1,580,259	28,105,438	-	-
Received Interest and Commission Income	121,534	-	975,076	30,568	23,632	-

Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	30 September 2023
Financial Assets (net)	111,097,101
<i>Cash and Cash Equivalents</i>	110,882,456
<i>Cash and Balances with Central Bank</i>	194
<i>Banks</i>	111,000,220
<i>Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	117,958
Financial Assets at Fair Value Through Profit/Loss	42,273
Financial Assets at Fair Value Through Other Comprehensive Income	4,332
Derivative Financial Assets	168,040
Financial Assets Measured at Amortised Cost (net)	9,006,753
<i>Loans</i>	3,591,072
<i>Other Financial Assets Measured at Amortised Cost</i>	5,422,912
<i>Expected Credit Losses (-)</i>	7,231
Investments in Associates, Subsidiaries and Joint Ventures	4,825
Tangible Assets (net)	124,621
Intangible Assets and Goodwill (net)	172,369
Investment Properties (net)	141,630
Current Tax Assets	-
Deferred Tax Assets	106,028
Other Assests	489,272
Total Assets	121,142,599
LIABILITIES (Thousand TL)	30 September 2023
Loans Received	5,421,592
Payables to Money Markets	-
Funds	108,841,289
<i>Other</i>	108,841,289
Derivative Financial Liabilities	1,131
Lease Payables	1,250
Provisions	294,685
<i>Provision for Employee Benefits</i>	92,210
<i>Other Provisions</i>	202,475
Current Tax Liabilities	682,178
Deferred Tax Liability	-
Shareholders` Equity	5,900,474
Total Liabilities	121,142,599

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

Statement of Profit or Loss(Thousand TL)	30 September 2023
Interest Income	3,151,867
Interest Expense (-)	211,385
Net Interest Income/Expense	2,940,482
Net Fees and Commission Income/Expense	1,749,197
Dividend Income	41,000
Net Trading Income/Losses	63,256
Other Operating Income	95,576
Total Operating Profit	4,889,511
Expected Credit Losses (-)	31,937
Other Provisions (-)	183,544
Personnel Expenses (-)	482,137
Other Operating Expenses	1,077,225
Net Operating Profit/Loss	3,114,668
Provision for Taxes (-)	(854,054)
Net profit/loss	1,035,347
Financial Ratios	30 September 2023
Operating Income / Total Assets	2.57
Shareholders Equity / Total Assets	4.87
Operating Income / Shareholders Equity	52.79
Net Interest Income / Operating Income	60.14

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 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 Income/(Loss)	658,669

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 Revenue / Operating Revenue	54.84

The size of the balance sheet which was 85,804,572 thousand TL at the end of September 2022 reached 121,142,599 thousand TL as of end-September 2023. The banks account representing the highest amount in the assets and realized as 111,000,220 thousand TL. The size of credits was 2,681,206 thousand TL at the end of September 2022 reached 3,591,072 thousand TL. The credits account increased by %34.

The Bank's loans received balance, which was TL 6,821,660 at the end of the previous year, amounted to TL 5,421,592 as of this period.

On the other hand, the obtained loans item of the bank loans received from 73,800,449 thousand TL to 108,841,289 thousand TL with an increase of 48%.

As of the end of second quarter of 2023, the Bank has a pre-tax profit of 3,114,668 thousand TL and after-tax profit of 2,260,614 thousand TL.

An interest income of 3,151,867 thousand TL is earned as of end-September 2023, where 2,207,540 thousand TL interest is collected from the banks, 237,253 thousand TL interest is collected from the securities and 700,460 thousand TL is collected from the loans, 6 TL interest is collected from money markets and 6,608 thousand TL results from other interest income. Total interest expense for this period was realized as 211,385 thousand TL.

The Bank earned 1,954,228- thousand TL commission income as a result of the services it provides and paid 205,031 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-September 2023, net fee and commission income was realized as 1,749,197 thousand TL.