

2021
ANNUAL REPORT



TAKAS
İSTANBUL

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Introduction

The Reporting Period, the Trade-Name and the Business Name of the Bank, and the Contact Details including the Address of the General Directorate, Telephone and Fax Numbers, Website and Electronic Mail Addresses:

Period of the Report: Annual Report for 2021

Trade-Name of the Bank: İstanbul Takas ve Saklama Bankası Anonim Şirketi

Business Name of the Bank: "TAKASBANK" or "TAKAS İSTANBUL".

General Directorate Address: Reşitpaşa Mahallesi, Borsa İstanbul Caddesi, No: 4 Sarıyer 34467 İstanbul

Telephone: 0 212 315 25 25 (pbx)

Fax: 0 212 315 25 26 (pbx)

Trade Registration No.: 276870

Mersis No: 0481002693100015

Electronic Mail Addresses:

For General Information bilgi@takasbank.com.tr

For Member Information uye@takasbank.com.tr

KEP (Registered E-Mail) Address takasbank.haberlesme@hs03.kep.tr

KEP Address 2 takasbank@hs01.kep.tr

About Takas Istanbul

Conducting its activities as an investment bank and central clearing and settlement institution, Takasbank provides clearing, custody, settlement, central counterparty and banking services to its members in Turkish capital markets.

Takas Istanbul is the central clearing institution authorized to conclude clearing and settlement of cash and securities in relation to the transactions related with:

- equities,
- debt securities/instruments,
- foreign capital market instruments,
- derivatives,
- precious metals

executed in the markets under the structure of Borsa Istanbul. The commitments to deliver and receive securities arising from trading transactions of Borsa Istanbul members and the payment commitments in return for the traded securities are concluded and settled on account via Takas Istanbul. Serving as a bridge between the money and capital markets by providing reliable, fast and cost-effective cash transfer service, Takas Istanbul offers clearing and settlement services for the markets operating under the structure of Borsa Istanbul within the framework of the capital market and Borsa Istanbul legislation through online connection with the organized markets in a fully-automated environment.

In addition; it provides cash settlement, and collateral management services as the Central Settlement Institution at the Electricity Market, Electricity Futures Market, Renewable Energy Guarantees of Origin (YEK-G) Market, Organized Wholesale Natural Gas Market and Natural Gas Futures Market under the structure of Enerji Piyasaları İşletme A.Ş.; as well as the services such as creation and entry of warehouse receipts for a spot platform through which electronic warehouse receipts (EWR) will be traded with the approval of the Ministry of Commerce, ISIN code generation, and clearing and settlement of EWRs over the bilateral (conditional transfer system, clearing and settlement service for electronic warehouse receipts under Turkish Mercantile Exchange, and the transfer of licensed warehouse fees; and risk and collateral management services related with interest-backed TL IRS (interest rate swap) and TL OIS (overnight index swap) contracts.

Takasbank Cheque Clearing System allows for payment of cheques on account between bank branches, and intermediation in the clearing and settlement transactions and collateral management. The Gold Transfer System allows for person-to-person transfer of gold to the system-member banks and customers, thus further increasing the mobility of gold in the economy, bringing under-the-mattress gold back to the economy, and transforming gold from a saving instrument into a payment instrument. BiGA Digital Assets Transfer Platform is a transfer system that facilitates the transfer of digital assets by Takasbank using blockchain technology, is backed by a physical underlying asset, and can be executed in line with current regulations.

Under the Equity-Based Crowdfunding Communiqué issued by the Capital Markets Board, Takasbank provides services to crowdfunding platforms as “escrow agent” where the funds collected through the crowdfunding platforms will be held and blocked until they are transferred to the venture capital company or returned to the investors, and also for the Domestic Clearing and Settlement (DCS) System and its members within the scope of the collateral management mechanism established for the DCS currently operated by the Interbank Card Center (ICC).

Takasbank also provides services related with “TapuTakas System” (Title Deed Transfer System) that allows for simultaneous exchange of the ownership right and the sales price of the real estate in question; and with “TaşıtTakas System” preventing the problems faced by buyers and sellers at the time of exchange of the ownership right of the vehicle and the related purchase-sale cost.

In addition, Takasbank provides services as a custodian to Private Pension Companies, and monitors the fund units/shares within the scope of voluntary and auto-enrolment systems on a dematerialized basis on behalf of participants and in a manner accessible by participants over the e-government system. It also provides international numbering service for the securities and legal persons and entities established and resident in our country.

The processes regarding the acceptance, custody registration as revenue, return and extension of the validity of temporary electronic letters of guarantee issued by Banks and temporary surety bonds issued by insurance companies on behalf of administrations for further submission to the tenders held within the scope of the Public Procurement Law no. 4734 are managed by Takasbank through Takasbank Public Collateral Management Service.

Summary of the Operations in 2021

BORSA İSTANBUL A.Ş. EQUITY MARKET CLEARING & SETTLEMENT SERVICE

+ 30,69% – 11,72% GROWTH

Compared to the previous year, the Equity Market securities settlement volume has grown by 30,69% to 1.140,31 billion TL, and the cash settlement volume has grown by 11,72% to 310,10 billion TL.

BORSA İSTANBUL A.Ş. DEBT SECURITIES MARKET CLEARING & SETTLEMENT SERVICE

— 12,52% – 17,51% DECLINE

Compared to the previous year, the Debt Securities Market securities settlement volume has declined by 12,52% to 9.508,49 billion TL and the cash settlement volume has declined by 17,51% to 2.323,32 billion TL.

PRIVATE PENSION SYSTEM

+ 42% GROWTH

The total fund size in the private pension system has grown by 42%, reaching 242 billion TL.

Within the scope of custody of fund units for private pension system, custody service has been provided for fund units with a market value of 242 billion TL over nearly 17 million accounts.

BORSA İSTANBUL A.Ş. FUTURES AND OPTIONS MARKET CLEARING, SETTLEMENT AND COLLATERAL MANAGEMENT SERVICE

+ 127% - 108% GROWTH

The Futures and Options Market profit/loss settlement amount has increased by 127% reaching 107 billion TL; and the market value of collaterals has increased by 108% reaching 27,4 billion TL.

The number of open accounts in the Futures and Options Market has increased by 38% reaching 548,412; and the number of accounts with collateral balance has increased by 14% reaching 94,607.

LEVERAGED TRADING TRANSACTIONS COLLATERAL MANAGEMENT AND REPORTING TO THE CMB

The services including client-based collateral custody and safekeeping and the related reporting to the CMB are provided within the scope of the "Communiqué on Principles of Leveraged Trading Transactions (LTT) and Institutions allowed to perform such Transactions" published on 31 August 2011. By the end of 2021, the balance of collaterals kept in custody has increased by 38%, reaching 2 billion TL; and the annual total transaction volume has decreased by 3% to the amount of 6,1 trillion TL.

OVER-THE-COUNTER DERIVATIVE TRANSACTIONS

The market has 21 members, 6,172 million TL of open positions, 601 million TL of total collateral, and 47 million TL of total guarantee fund contribution by 31 December 2021.

BORSA İSTANBUL A.Ş. - SWAP MARKET CLEARING & SETTLEMENT SERVICE

1.274 BILLION TL

A total of 1.273,94 billion TL of cash settlements have taken place in the SWAP market.

GLOBAL CUSTODY SERVICE

+ 12% GROWTH

With the 12% growth in the average custody balance, the market value of the securities under custody has exceeded 10,5 billion EUR; and the number of transactions has increased by 30%, exceeding 113 thousand. The number of members increased by 70%, reaching 864.

NUMBERING SERVICE

20.335 UNITS OF ISIN

20.335 ISINs were allocated for capital market instruments; and LEI codes were allocated for 1.850 legal entities.

TAKASBANK SECURITIES LENDING MARKET

Pursuant to the Capital Market Board's decision dated 02 March 2020 on measures regarding short selling transactions in Borsa Istanbul Equity Market and the revised decisions taken subsequently within the scope of the relevant decision on measures; the securities that may be subject to lending in SLM were applied as the shares in BIST-30 Index as of 01 July 2020 and as the shares in BIST-50 Index as of 12 February 2021. In order to increase the efficiency of the Securities Lending Market and to ensure harmonization with Borsa Istanbul Equity Market, the transactions executed in two sessions in the SLM between the hours of 09.30-12.00 and 13.30-16.45 were started to be executed in a single session between the hours of 09.30-16.45 as of 10 May 2021. To increase the service efficiency and quality, the passwords used by member representatives for transmission of orders were started to be sent via short messaging service (SMS). The trading volume has increased by 186,52% compared to the previous year, reaching 60,4 billion TL; and the number of shares traded has increased by 98,34%, reaching 7,7 billion units. The daily trading volume has been recorded as 571,6 million TL and the total open transactions have been recorded as 596,7 million TL; thus, reaching the highest levels of all time.

TAKASBANK MONEY MARKET

In 2021, the total trading volume has been 925 billion TL, the daily average trading volume has been 3,7 billion TL, and the total number of transactions has been 253,032; thus, reaching the highest values of the market since its establishment. On 17 December, the record-breaking daily trading volume of 8,3 billion TL was recorded.

TÜRKİYE ELECTRONIC FUND TRADING PLATFORM (TEFAS)

TEFAS has continued to grow, recording a total trading volume of 233 billion TL with a 40% growth in 2021. In December, the highest daily trading volume of all time has been reached with 3,8 billion.

PENSION FUND TRADING PLATFORM (BEFAS)

In 2021, BEFAS has recorded the total trading volume of 127,8 million TL, and the daily average trading volume of 1 million TL.

FUND VALUATION AND REPORTING TO THE CMB SERVICE

+ 74% GROWTH

Within the scope of the fund valuation and reporting to the Capital Markets Board (CMB) service, the total fund size of collective investment schemes (mutual funds, private pension investment funds and investment trusts) served has grown by 74%, reaching 555 billion TL. The size of mutual funds has grown by 108%, reaching 267 billion TL; and the size of private pension mutual funds has grown by 43%, reaching 244 billion TL.

PORTFOLIO CUSTODY SERVICE

+ 96% GROWTH

The total fund size of collective investment schemes served within the scope of portfolio custody service has grown by 96%, reaching 16,4 billion TL.

GOLD TRANSFER SYSTEM

There have been 25,907 transactions and 10,473,025 grams of transfer volume recorded in 2021.

TAKASBANK CHEQUE CLEARING SYSTEM

A total of 11,806,798 cheques were submitted to Takasbank Cheque Clearing System within 2021; and 11,169,422 cheques were settled after the cheques returned following the pre-authorization inspections of the banks.

ACCOUNT CONTRACT

568 UNITS

568 units of account contracts have been signed; and services have been provided for 2.174 institutions and 9.037 active users.

ENERJİ PİYASALARI İŞLETME A.Ş. (EPIAŞ) ELECTRICITY MARKET

+ 68% GROWTH

The Electricity Market trading volume has grown by 68% compared to the previous year.

ELECTRONIC WAREHOUSE RECEIPTS (EWR)

The trading volume in Electronic Warehouse Receipts has increased by 62% compared to the previous year.

ENERJİ PİYASALARI İŞLETME A.Ş. (EPIAŞ) NATURAL GAS MARKET

The trading volume in the Natural Gas Market has increased by 46% compared to the previous year.

CROWDFUNDING ESCROW AGENT

Out of 21 published campaigns, 17 campaigns were closed successfully by 31 December 2021; and from the total amount of TL 23,122,000 collected; a total of TL 7,871,254 was transferred to 11 entrepreneur companies that have completed their processes.

PRESENTATION

Accounting Period Assessments and Future Projections by the Chairman of the Board of Directors and the Chief Executive Officer:

Message from the Chairman of the Board



Dear Stakeholders,

The persistence of COVID-19 pandemic with new variants in 2021 has continued to affect the development of the world economies and to cause the prolonged stagnation of growth rates. Although the deteriorations in investment, production and confidence indicators in 2020 have displayed a course of improvement, the slowdown in the acceleration of global economic activities and the increase in commodity prices still continue to significantly affect global economies. In 2021 experienced with global recession and low growth rates, our country has grown by 11 percent by displaying a positive differentiation.

Having continued to make its contributions in the strong and stable growth of our country as with every year and considered as an important financial infrastructure institution in terms of development of Turkish capital markets, Our Bank has completed the year 2021 successfully in terms of growth and profitability. Our Bank's total assets have increased by 77% from 25,3 billion TL to 45 billion TL; and its shareholders'

equity has increased by 26% from 2 billion TL to 3,2 billion TL; and its operating profit has grown by 71%, reaching 1,1 billion TL.

During 2021, our Bank has continued to successfully provide its clearing & settlement, collateral, and risk management services; and has realized an efficient management in line with its international examples, particularly in the management of risks and collaterals arising from the markets that it serves as a central counterparty.

The year 2021 has been a productive year for our Bank that managed to implement many successful projects with its strong technological infrastructure.

Our Bank has deployed the "Takasbank Public Collateral Management Service Platform" providing a digital environment for fully-automated execution of the processes regarding the acceptance, custody, registration as revenue, return and extension of the validity period of temporary electronic letters of guarantee and surety bonds issued by Banks on behalf of administrations for further submission to the tenders held under the Public Procurement Law no. 4734. Within the scope of our duty as the "escrow agent" for the Crowdfunding Platforms allowing the entrepreneurs in need of funds and the individual investors searching for new investment areas to come together in a common area; the first projects have been realized and the funds collected by 11 entrepreneurs have been transferred to entrepreneur companies in 2021.

Offering technological solutions to our country's capital and finance markets as an on-site R&D center, Takasbank won the third prizes with its TaşıTAKAS project in the "FSI-Merchant Partnership" category and its Equity-Based Crowdfunding System in the "Financial Inclusion" category at the IDC Türkiye Financial Services Summit organized by IDC Türkiye.

Takasbank will continue its activities with its approach focused on sustainable profitability and more importantly, adding value to the national economy and without compromising its service quality and financial performance.

Personally, and on behalf of our Board of Directors, I would like to extend my gratitude, firstly to our shareholders that provide us with full support for the projects and services that we will implement in the upcoming periods as with the previous year thanks to our experience and knowledge that we have gained from past to present and our constantly developing technological infrastructure; to our members trusting us and sharing our innovative mission; and to all our employees that have already contributed and will continue to contribute in our Bank's success and achievements in future.

Mahmut KAYACIK

Chairman of the Board of Directors



PRESENTATION

Accounting Period Assessments and Future Projections by the Chairman of the Board of Directors and the Chief Executive Officer:

Message from the CEO



Dear Stakeholders of Takasbank,

Constantly remaining on the global agenda with its new variant types, COVID-19 continues to adversely affect the conjuncture in all countries across the world. The shrinkage in growth in developing countries and the increasing commodity prices continue to significantly affect the world economies. Despite the negative developments, our country has grown by 11 percent in 2021.

Considering the 2021 year-end financial data of our Bank that makes important contributions in the development plans and capital markets of our country and puts many developments at the disposal of our country to that effect; its total assets have increased by 77,34% from 25 billion 388 million 236 thousand TL to 45 billion 024 million 011 thousand TL; its equity has increased by 26,32% from 2 billion 562 million 447 thousand TL to 3 billion 236 million 902 thousand TL; its operating profit has increased by 71,61% from 686 million

446 thousand TL to 1 billion 178 million 025 thousand TL; and its interest and portfolio income increased by 59,13% from 515 million 931 thousand TL to 821 million 002 thousand TL.

The Securities Lending Market (SLM), Takasbank Money Market (TMM) and Türkiye Electronic Fund Trading Platform (TEFAS), which were founded and operated by our Bank, have broken records by reaching their highest trading volumes of all time since their establishment; and their total trading volumes have increased by 187%, 38%, and 40%, respectively, compared to the previous year.

There has been a 70% growth in the number of members for which we provide global custody services; and while 633 LEI codes were allocated in 2020, this number of allocations increased to 1.850 in 2021.

Compared with the data for 2020, the size of pension fund within the scope of the voluntary participation system has grown by 65,4%, reaching 226 billion TL. The size of funds within the scope of auto-enrolment system has grown by 37%, reaching 16,2 billion TL; and nearly 4,6 million private pension fund accounts were opened in the system and the number of accounts with current balances has reached 8,5 million within 2021. Our Bank continues to contribute to our country's economy, through pension funds, the household savings at the amount of 242,5 billion TL, including 23 billion TL of state contribution funds, held in a total of 17 million participant accounts.

The necessary works were completed for establishment of the infrastructure for Pension Fund Trading Platform (BEFAS) allowing for trading of participation shares of Pension Fund on a digital platform; and it was deployed on real environment in July 2021 and a trading volume of 127,8 million TL has been recorded by the end of the year. Thanks to BEFAS allowing for trading of pension mutual funds on the platform, an impact increasing the competition has been created in terms of return performance of the funds.

In addition, the number of funds included in our portfolio custody service has increased by 18%, reaching 106 by the end of 2021; and this number has reached a record-breaking level with 113 units with the addition of investment trusts. The total size of all funds for which services are provided has reached 16,4 billion TL. Within the scope of the said service, the data published on the "Institutional Investors Portfolio Statistics" page on our Bank's website have been elaborated in detail and made available for use by capital market investors.

As a result of multilateral netting performed by 46 banks and 45 brokerage houses in the Debt Securities Market, cash settlements at the amount of 2 trillion 323,32 billion TL and securities settlement with a market value of 9 trillion 508,49 billion TL have been executed; and debt securities that were worth a total of 842,57 billion TL/Nominal were transferred to our members, comprising the portions of 830,32 billion TL/

Nominal and 12,25 billion TL/Nominal, which were transferred on free and bilateral basis, respectively.

In the Equity Market, and settlement volume with a total amount of 1 Trillion 450,41 billion TL has been executed by 56 brokerage houses; and as a result of netting, cash settlements of 199,42 billion TL and securities settlements with a market value of 1 Trillion 29,63 billion TL have been executed; and in the Bilateral/Conditional Transfer System, transactions in the amount of 1 Trillion 17,13 billion TL have been executed.

In the Swap Market, cash settlements of 1 trillion 273,94 billion TL have been executed; and in the Futures and Options Market, the market value of open/short positions has reached 41,5 billion TL.

Within the scope of the cash settlement and collateral management service provided by our Bank to the Electricity Market and Organized Wholesale Natural Gas Market operated under the structure of Enerji Piyasaları İşletme A.Ş.; the trading volume in the Electricity Market has increased by 68% while the trading volume in the Organized Wholesale Natural Gas Market has increased by 46% compared to the previous year. In addition, our Bank has also started to provide cash and collateral management services as the "Central Settlement Bank" to the Natural Gas Futures Market, Renewable Energy Guarantees of Origin (YEK-G) Market, and Electricity Futures Market established under the structure of EPİAŞ within 2021.

The amount of collaterals in the markets for which we provide central counterparty services has reached 58 billion 265 million TL and the total amount of collaterals has reached 107 billion 591 million TL by the end of 2021.

As with every period, our Bank has continued with its infrastructure development projects in line with its strategy to ensure the operation of markets in a faster and uninterrupted manner and to strengthen our Bank's technological infrastructure and to closely follow up the state-of-the-art technologies by experiencing the new technologies in 2021 as well.

Throughout the year 2021, new efforts were carried out to use the infrastructure allowing for the transfer of digital assets, which we have established within our structure, in more innovative and proactive business ideas in addition to the technical developments; and particularly the business development activities conducted with respect to the use of BiGA product in international trade and Borsa Istanbul have been brought to an advanced level. In addition, the system transitions to BiGA Digital Assets Transfer Platform have been continued for the banks completing their tests and a total of 8 banks, including our Bank, have been included in the system. The efforts conducted with banks for the purpose of integration of new members into the system and wide deployment of the currently established infrastructure have been accelerated in 2021.

In the Public Collateral Management Service Platform deployed by our Bank in cooperation with the Public Procurement Authority, our Bank has started to provide services related with the processes of acceptance, custody, registration as revenue, return, extension of the validity and reporting of the temporary electronic letters of guarantee submitted as tender security and surety bonds accepted for tenders held through the Public Procurement Authority.

Assigned as the 'escrow agent' in the Crowdfunding System bringing together the entrepreneurs that are in need of resources to implement their projects in the technological product development and innovative production fields and the individual investors searching for alternative investment opportunities, our Bank has become the first and only escrow agent in the newest organized investment system of Türkiye by serving a total of 12 crowdfunding platforms, 5 of which were included in the list by the CMB in 2021.

In the Gold Transfer System (ATS) commissioned in July 2018 and allowing the customers of system-member banks to transfer their gold account balances between the banks electronically and with the speed of EFT; the efforts started at the end of 2021 upon the requests received from member banks for the possibility of transferring silver and other precious metals as well in addition to gold and aimed at the addition of silver to the Gold Transfer System, changing the name of the system as Precious Metals Transfer System (PMTS) and ensuring its expansion are still continued rapidly.

As for our TaşıTAKAS application, the use of which has been further increased through our corporate collaborations, and our TapuTAKAS application, which we will make available for use by citizens with a wider range upon completion of e-Government integration within the first quarter of 2022; we aim to reach a larger target group of users by ensuring trust-based exchange of ownership rights and eliminating the risks of carrying cash and counterfeit money risks.

Determined to continue to provide added value for capital and financial markets thanks to the strength from our past experiences, our customer-focused perspective and our robust technological infrastructure, our Bank will also continue to have a share in the development of our country in the upcoming years. I would like to express my gratitude to our Board of Directors, in particular, and to our shareholders, and stakeholders that have always supported our Bank, as well as all our colleagues further bringing our Bank a step forward day by day with their intense and devoted efforts.

Avşar R. SUNGURLU

Chief Executive Officer and Board Member

Milestones

1992

- İMKB Takas ve Saklama A.Ş. was established.

1995

- The CMB (Capital Markets Board) authorized Takasbank as the National Numbering Agency.

1996

- The trade-name of the Company was changed as İMKB Takas ve Saklama Bankası A.Ş. upon obtaining an investment bank license.
- Takasbank Money Market (TMM) was established.

1997

- Takasbank Electronic Transfer System (TETS) was established

2001

- MKK (Merkezi Kayıt Kuruluşu) A.Ş. (CRA = Central Registry Agency) was established under the leadership of İMKB (Borsa İstanbul) and Takasbank.

2003

- Takasbank started to provide custody services for PPS (Private Pension System).

2005

- The Securities Lending Market (SLM) service launched.

2006

- Clearing & settlement service launched for Private Sector Bonds.
- Takasbank became a member of the European Central Securities Depositories Association (ESFDA).

2008

- Takasbank became a member of the Organization of the Islamic Cooperation (OIC) Member States' Stock Exchanges Forum.

2011

- Takasbank was authorized by the CMB as FOREX (KASİ) Trade Repository.
- Agreement signed with TEİAŞ (newly EPIAŞ) for execution of the Cash Settlement and Collateral Management operations in the Electricity Market by Takasbank as the Central Settlement Institution.
- Türkiye Electronic Fund Trading Platform (TEFAS) established by Takasbank became operational.
- The service of Fund Valuation and reporting to the Capital Markets Board (CMB) launched.

2012

- The Takasbank logo and corporate identity were changed to better reflect the Bank's fundamental values of trust and future goals.
- Takasbank was commissioned as a clearing & settlement service provider by Istanbul Gold Exchange within the scope of the project to consolidate all stock exchanges under one roof to provide services over a common electronic clearing and settlement platform.

2013

- Its tradename was changed as "İstanbul Takas ve Saklama Bankası A.Ş."
- Takasbank was appointed by the Capital Markets Board as the "Central Counterparty (CCP)" and started to provide services as a central counterparty firstly in Takasbank Securities Lending Market.
- Takasbank was authorized as the local operating unit (LOU) for allocation of Legal Entity Identifier (LEI) codes under the sponsorship of the CMB.
- Takasbank started to provide clearing & settlement services for electronic warehouse receipts (EWR) trading transactions executed in the commodity exchanges with the approval of the Ministry of Customs and Trade.

2014

- "Central Counterparty" application launched at Borsa Istanbul Futures and Options Market (VIOP).
- ISO 27001 ISMS (Information Security Management System) certificate obtained.
- ISO 22301 BCMS (Business Continuity Management System) certificate obtained.
- Portfolio Custody Services launched.

2015

- Clearing & settlement and transfer services provided in Borsa Istanbul Equity Market were moved to BISTECH system upon completion of the Equity Market infrastructure development efforts
- TapuTakas (Payment of Real Estate Purchase and Sale Prices via Takasbank) project commissioned.
- The Fund Information Platform became operational.
- Financial leasing, factoring, insurance and pension companies started to trade on Takasbank Money Market via internet access.
- TEFAS started trading with new implementation principles.

Milestones

2016

- Relocated to the new campus in İstinye.
- Clearing & settlement of transactions started to be concluded as CCP in the Borsa İstanbul Money Market.
- Application made to the European Securities and Markets Authority (ESMA) for recognition of Takasbank as a third country counterparty institution.
- Declared by the CMB as a "Qualified Central Counterparty".

2017

- Takasbank became an On-site R&D Center.
- Clearing & settlement transactions were settled as CCP in the Borsa İstanbul Equity Market
- Clearing & settlement, collateral, and risk management services provided for Borsa İstanbul Futures and Options Market started to be provided over BISTECH system.
- Customer- and fund-based custody services started to be provided as a part of PPS Auto-Enrolment System.
- Takasbank started to provide services as a Central Clearing & Settlement Institution in Borsa İstanbul Precious Metals Market without using a correspondent bank.

2018

- Takasbank started to provide Central Counterparty (CCP) service for Borsa İstanbul FX SWAP Market and Borsa İstanbul Debt Securities Market.
- Takasbank started to provide cash settlement and collateral management services for EPIAŞ Natural Gas Market.

- The Gold Transfer System was commissioned.
- Takasbank Cheque Clearing System service was made available.
- The Debt Securities Market and Precious Metals Market were integrated into BISTECH system under BISTECH Phase 2+ and the entire process related to such integrations was completed.

2019

- Clearing & settlement and central counterparty services were launched for the transactions executed in the over-the-counter derivatives markets.
- Takasbank started to accept electronic letters of guarantee.
- Takasbank Blockchain-Based Transfer Platform "BiGA-Digital Gold" was launched.

2020

- Collateral custody services were launched for the Domestic Clearing and Settlement (DCS) System operated by Interbank Card Center (ICC).
- Takasbank TaşıtTakas System was launched as the first escrow agent in the Secure Payment System, the resulting product of the joint efforts conducted by the Republic of Türkiye Ministry of Commerce and the Notaries Union of Türkiye.
- Takasbank started to provide services as the 'Equity-Based Crowdfunding Escrow Agent'.

2021

- Borsa İstanbul Futures and Options Market started to cover the trading of Silver Futures Contracts as of 15 January 2021, 13 equity futures contracts as of 22 April 2021 in addition to existing equity futures, Platinum and Palladium Futures Contracts as of 17 September 2021, and USD/TL Futures and Options Contracts with Physical Delivery as of 22 October 2021; all of which have started to be subject to our Bank's central counterparty activities.
- Cash settlement and collateral management service started to be provided as the "Central Clearing & Settlement Institution" for EPIAS Electricity Futures (VEP) Market as of 1 June 2021.
- Cash settlement and collateral management service started to be provided as the "Central Clearing & Settlement Institution" for EPIAS Renewable Energy Guarantees of Origin (YEK-G) Market as of 1 June 2021.
- Pension Fund Trading Platform (BEFAS) launched as of 1 July 2021.
- Cash settlement and collateral management service started to be provided as the "Central Clearing & Settlement Institution" for EPIAS Natural Gas Futures (VGP) Market as of 1 October 2021.
- Custody and safekeeping services started to be provided for investor accounts transferred by investment institutions to the Investor Compensation Center due to lapse of time.
- Takasbank started to accept temporary electronic letters of guarantee submitted for tenders held under the Public Procurement Law no. 4734 as of 1 September 2021; and the efforts for acceptance of electronic bail/surety bonds as of 3 January 2022 were completed on 31/12/2021.

Summary Financial Information regarding the Operating Results for the Fiscal Period

Takasbank posted 1,178,025 thousand TL of period profit before tax and 890,757 thousand TL of net profit for the period; 790,352 thousand TL of net interest income as a result of 821,002 thousand TL of interest income and 30,650 thousand TL of interest expenses, and 387,673 thousand TL of net non-interest income during the fiscal period of 1 January-31 December 2021.

Historical Development of the Bank and Amendments to its Articles of Association made within the Fiscal Period, if any, and the Reasons of such Amendments

Takasbank was founded in 1992 as a joint-stock company subject to the provisions of the Turkish Commercial Code, under the leadership of Istanbul Stock Exchange (ISE) and with the trade-name of "İMKB Takas ve Saklama A.Ş." to provide clearing, settlement and custody services in the capital markets. After obtaining an "investment banking license" in 1995 in order to provide banking services associated with clearing, settlement and custody services, the Company acquired the status as a 'bank' and changed its trade-name as "İMKB Takas ve Saklama Bankası A.Ş." Pursuant to Provisional Article 8 of the new Capital Markets Law no. 6362 that entered into force on 30 December 2012, Takasbank maintained its status as a 'central clearing and settlement institution' and changed its trade-name as "İstanbul Takas ve Saklama Bankası A.Ş."

Based on the legal grounds provided under the new Capital Markets Law no. 6362 that entered into force on 30 December 2012, Takasbank started and has been providing central counterparty (CCP) services for the transactions executed in the following markets and as of the following dates:

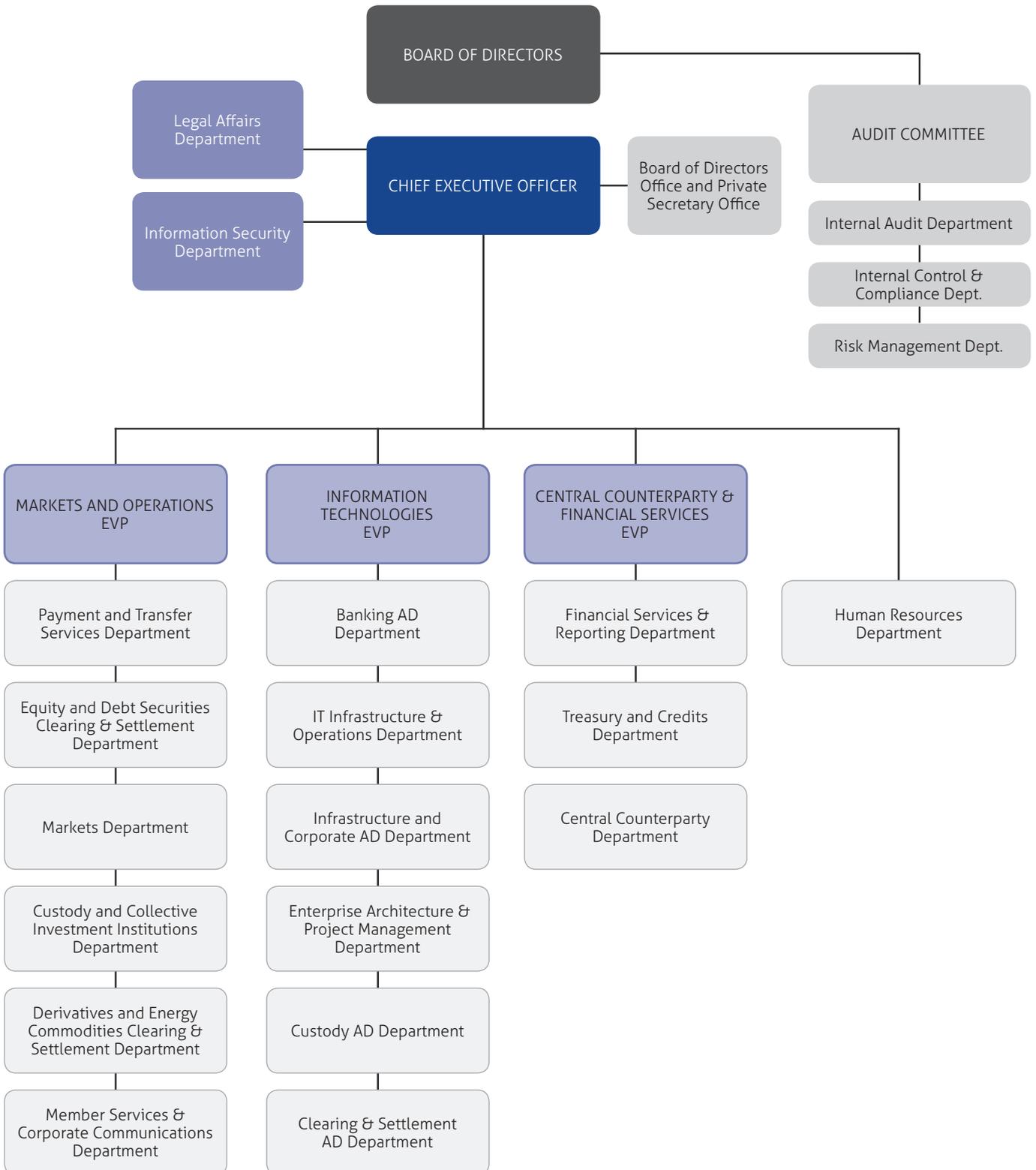
- in the Securities Lending Market operated under its roof as of September 2013;
- in the Futures and Options Market at Borsa İstanbul A.Ş. (BİAŞ) as of March 2014;
- in Borsa İstanbul Money Market as of October 2016;
- in Borsa İstanbul Equity Market as of June 2017;
- in Borsa İstanbul Debt Securities Market as of July 2018;
- in Borsa İstanbul Swap Market as of September 2018; and
- in over the counter derivatives markets as of December 2019.

The amendments made in the articles of association of Takasbank, i.e., in articles 9, 10, 11, 12, 17, 20, 23, 24, and 25 with respect to the meetings of the Board of Directors of Takasbank and determination and distribution of profit were accepted and adopted in the Bank's General Assembly meeting dated 29 March 2021.

PRESENTATION

The Bank's Organizational, Capital and Shareholding Structures and the Changes made in such Structures within the Fiscal Period; Information on the Names, Titles and Shares of Natural or Legal Persons Holding Qualified Shares

Organization Chart of the Bank



PRESENTATION

The Bank's Organizational, Capital and Shareholding Structures and the Changes made in such Structures within the Fiscal Period; Information on the Names, Titles and Shares of Natural or Legal Persons Holding Qualified Shares

Capital And Shareholding Structure of the Bank

64,18% of Takasbank shares is held by Borsa İstanbul A.Ş. While Borsa İstanbul A.Ş. was a public legal entity operating under the trade-name of İstanbul Menkul Kıymetler Borsası (İstanbul Stock Exchange), it became a joint-stock company with a private legal entity in accordance with the Capital Markets Law no. 6362. Established to conduct exchange activities pursuant to article 138 of the Law, Borsa İstanbul A.Ş. gathered all exchanges in our capital markets under a single roof and obtained its operating license through the direct registration and promulgation of its articles of association on 3 April 2013.

The primary operational purpose and business line of Borsa İstanbul A.Ş. are to ensure that capital market instruments, foreign currencies, precious metals and stones and other contracts, documents and assets deemed eligible by the Capital Markets Board are traded in an easy and secure manner under free competition conditions in a transparent, efficiently competitive, fair and stable environment in accordance with the provisions of the law and applicable legislation; to match or facilitate the matching of buy and sell orders in relation thereof in a manner to conclude and settle them; to establish, operate and develop markets, marketplaces, platforms, systems and other organized marketplaces in order to determine and announce the prices formed in relation thereof; to manage and/or operate them as well as other exchanges or the markets of such exchanges; and to conduct the other activities specified in its articles of association.

The principal shareholders and capital structure of Takasbank as of 31 December 2021 and 31 December 2020 are as follows:

Shareholder's Name	Current Period			Previous Period		
	Paid-in Capital	%	No	Paid-in Capital	%	No
Borsa İstanbul A.Ş.	385,067	64.18	1	385,067	64.18	1
Tacirler Yatırım Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
Phillip Capital Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
Türkiye Garanti Bankası A.Ş.	29,685	4.95	1	29,685	4.95	1
Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38	1	26,280	4.38	1
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37	1	26,235	4.37	1
Türkiye İş Bankası A.Ş.	26,235	4.37	1	26,235	4.37	1
Other (Brokerage house)	26,397	4.40	24	26,397	4.40	24
Other (Bank)	20,101	3.35	8	20,101	3.35	8
Total	600,000	100.00	39	600,000	100.00	39

Changes in the Bank's Capital and Shareholding Structure in the Fiscal Period

None.

Information on the Names, Titles and Shares of Natural or Legal Persons holding Qualified Shares

Pursuant to the Bank's Articles of Association, the share of the shareholders other than BİAŞ may not exceed 5%. The share of BİAŞ is 64,18%. The Bank did not have any privileged shares by 31 December 2021. (31 December 2020: None.)

Name & Surname/Trade-Name	Share Amounts (Thousand TL)	Share Ratios	Paid-in Shares (Thousand TL)	Unpaid Shares (Thousand TL)
Borsa İstanbul A.Ş. (BİAŞ)	385.067	64,18%	385.067	-

Names or Titles of Natural or Legal Persons Holding more than 10% of the Capital

Takasbank has 39 shareholders in total as of 31 December 2021. Borsa İstanbul A.Ş. is the only shareholder with a stake over 10% in the capital; and holds 64,18 percent of the total capital with a nominal share value of TL 385.066.806,96.

Activities of the Controlling Company and Its Affiliates

Pursuant to article 199 of the Turkish Commercial Code no. 6102; it is required that a report should be issued by the Bank's Board of Directors in respect of the Bank's relationships with its controlling shareholder Borsa İstanbul A.Ş. and the other affiliate Merkezi Kayıt Kuruluşu A.Ş. (CRA – Central Registry Agency) within the first quarter of the fiscal year; and that the conclusion part of the said report should be included in the annual report.

The conclusion part of the Report issued by the Bank's Board of Directors reads as follows:

"The transactions executed with the controlling company Borsa İstanbul A.Ş. and the other affiliate, the CRA are conducted within the framework of the capital markets and banking legislation. The said transactions are ordinary business activities as set forth in the Bank's articles of association and the banking legislation.

Our Bank assessed all legal transactions executed with the controlling company Borsa İstanbul A.Ş. and the other affiliate, the CRA, within the fiscal year of 2021 as well as all measures taken or avoided in favour of these companies.

Regarding the fiscal year of 2021, it has been concluded to the best of our knowledge that our Bank did not suffer any loss due to any transactions made with the controlling company or the affiliate under the known conditions and circumstances; that a suitable counteraction was taken in each transaction; that no measures were taken or avoided with any possible consequence of loss for the Bank; and that there were no transactions or measures that would require any benefit and loss reconciliation in this context".

Subsidiaries

Company Name	Share Ratio (%)
Merkezi Kayıt Kuruluşu A.Ş.	64,90
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	10,50
SASE-Sarajevo Menkul Kıymetler Borsası (EUR)	5,00
Türkiye Ürün İhtisas Borsası A.Ş. (TÜRİB)	5,00
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	4,12
Borsa İstanbul A.Ş.	0,15
S.W.I.F.T.SCRL (EUR)	0,02

Explanations about the Shares, if any, held by the Chairman and Members of the Board of Directors, the CEO and Executive Vice Presidents of the Bank

The Chairman and Members of the Board of Directors, the CEO and Executive Vice Presidents of the Bank do not have any shares in the Bank.

PRESENTATION

Explanations about the Number of Employees and Branches, Service Types and Activity Areas of the Bank and the Assessment of the Bank's Position in the Sector based on Such Data

Explanations about the Bank's Service Types and Fields of Operation

Services provided by Takas Istanbul

SETTLEMENT & CLEARING

- Borsa İstanbul A.Ş. Equity Market Settlement & Clearing
- Borsa İstanbul A.Ş. Futures and Options Market Settlement & Clearing
- Borsa İstanbul A.Ş. Precious Metals Market Settlement & Clearing
- Borsa İstanbul A.Ş. Debt Securities Market Settlement & Clearing
- Borsa İstanbul A.Ş. Money Market Settlement & Clearing
- Takasbank Cheque Settlement & Clearing System
- EPIAŞ Electricity Market Settlement & Clearing
- EPIAŞ Natural Gas Market Settlement & Clearing
- EPIAŞ Electricity Futures Market Settlement & Clearing
- EPIAŞ Renewable Energy Guarantees of Origin (YEK-G) Market Settlement & Clearing
- EPIAŞ Natural Gas Futures Market Settlement & Clearing
- Turkish Mercantile Exchange (TÜRİB) Electronic Warehouse Receipts (EWR) Transactions Settlement & Clearing
- Borsa İstanbul A.Ş. SWAP Market Settlement & Clearing
- Over-the-Counter (OTC) Derivative Transactions Settlement & Clearing

CUSTODY

- Precious Metals Custody
- Debt Securities Custody
- Exercise of Debt Securities Corporate Action Rights
- Private Pension Fund Shares Management
- Portfolio Custody
- Private Pension Fund Shares Information Service
- Physical Custody
- Local Custody
- Global Custody
- Exercise of Share Certificates Corporate Action Rights
- Book-Entry Custody
- Interbank Card Center (ICC) Collateral Custody

COLLATERAL MANAGEMENT

- Borsa İstanbul A.Ş. Equity Market Settlement and Collateral Management
- Borsa İstanbul A.Ş. Equity Market, Borsa İstanbul A.Ş. Debt Securities Market, Borsa İstanbul A.Ş. Money Market and Borsa İstanbul A.Ş. - SWAP Market Collateral Management Service (under CCP)
- Borsa İstanbul A.Ş. VIOP Guarantee Fund Collateral Management
- Borsa İstanbul A.Ş. VIOP Trading Margin Management Service
- Borsa İstanbul A.Ş. Precious Metals Market Collateral Management
- EPIAŞ Electricity Market Collateral Management
- EPIAŞ Electricity Futures Market Collateral Management
- EPIAŞ Renewable Energy Guarantees of Origin (YEK-G) Market Collateral Management
- EPIAŞ Natural Gas Market Collateral Management
- EPIAŞ Natural Gas Futures Market Collateral Management
- Over-the-Counter (OTC) Derivative Transactions Collateral Management
- Leveraged Trading Transactions Collateral Management and Reporting to the CMB
- Takasbank Public Collateral Management Service

CENTRAL COUNTERPARTY

- Securities Lending Market (SLM)
- Borsa İstanbul A.Ş. Futures and Options Market (VIOP)
- Borsa İstanbul A.Ş. Money Market
- Borsa İstanbul A.Ş. Equity Market
- Borsa İstanbul A.Ş. Debt Securities Market
- Borsa İstanbul A.Ş. - SWAP Market
- Over-the-Counter (OTC) Derivative Transactions

MARKET OPERATION

- Takasbank Money Market (TMM)
- Türkiye Electronic Fund Trading Platform (TEFAS)
- Securities Lending Market (SLM)
- Pension Fund Trading Platform (BEFAS)

FUND MANAGEMENT

- Cash Credit
- Brokerage Houses

ASSET TRANSFER SERVICES

- Debt Securities Transfer
- Equity Transfer
- Local Currency Payment and Transfer
- Foreign Currency Payment and Transfer
- Exchange-Traded Funds
- Gold Transfer System
- BiGA Platform

DATA VENDORING

- Periodic Data Transfer to Data Vendors
- Real-Time Data Transfer to Data Vendors

NUMBERING

- International Securities Identification Numbering (ISIN)
- Legal Entity Identification Numbering (LEI)

OTHER SERVICES

- TapuTakas
- TaşıtTakas
- Crowdfunding Escrow Agent
- CRA TRY/FX Cash Correspondent
- Fund Valuation and Reporting to the CMB
- Suspended Brokerage House Transactions
- Fund Information Platform
- Repo-Reverse Repo Transactions and the Monitoring and Reporting of Such Transactions
- Brokerage House Blockage
- Investor Compensation Center Lapse of Time Transactions

INTERNATIONAL MEMBERSHIPS

- European Association of Central Counterparty Clearing Houses (EACH)
- Association of National Numbering Agencies (ANNA)
- Organization of Islamic Cooperation (OIC) Member States' Stock Exchanges Forum
- ISO TC68/SC4 Committee
- SWIFT–Society for Worldwide Interbank Financial Telecommunications
- CCP12 – Global Association of Central Counterparties

Number of Employees and Branches:

The Bank has 297 employees. It does not have any branches.

Vision

"To become an internationally preferred, reliable, efficient and innovative organization, offering clearing, settlement, banking and central risk management services at international quality standards"

Mission

"To contribute to markets development by offering reliable and effective after-sales services"

Values

Trust

Takasbank strives to conduct its relations with customers, shareholders, stakeholders, and employees with strict adherence to the principle of integrity and within the framework of mutual trust to timely and completely provide its services based on clear, straightforward and accurate information.

Stability

As an important infrastructure institution of the capital market, Takasbank contributes to the financial stability in Türkiye by providing effective clearing, settlement and custody services to both organized and over-the-counter markets.

Customer Focus

Takasbank produces solutions reinforcing the efficiency of financial systems and contributing in the development of markets through its clearing & settlement, custody and related banking services and practices; develops projects meeting the current and future needs and demands of customers comprising intermediary institutions, stock exchanges and other capital market institutions; and operates in an environment of constant collaboration and solidarity with customers and relevant institutions.

Efficiency

Takasbank adopts an investigative and inquiring approach towards the development of applications related with clearing & settlement, custody and banking services and produces the most appropriate and accurate solutions in line with the needs of the sector and markets by capitalizing on professional experience and corporate memory at the highest level throughout this process.

Strong Financial Structure

Takasbank maintains its financial assets at the level necessary to cover its risks assumed and to fulfil its commitments given to markets and clearing & settlement members within the framework of the objective to launch central counterparty mechanism in the capital markets through its effective clearing, settlement and custody services provided in financial markets.

Transparency

Takasbank makes the disclosures and announcements about any issues required to be disclosed to the public and related parties in a timely and accurate manner; takes responsibility and assumes its accountability obligations; and is always ready, available and open to public oversight.

Sustainability

Takasbank mitigates risks with a continuous improvement approach, and adopts innovative and creative solutions by observing the efficiency of the markets served.

PRESENTATION

Explanations about the Number of Employees and Branches, Service Types and Activity Areas of the Bank and the Assessment of the Bank's Position in the Sector based on Such Data

Assessment of the Bank's Position in the Sector

Macroeconomic Outlook, Capital Markets and Takasbank

As with 2020, the impacts of Covid-19 and its variants on economy have also been on the agenda of the global economy in 2021. The acceleration of vaccination despite regional differences has supported the process of recovery in the global economy, creating positive reflections on economic expectations. The low levels in the developing countries despite the high vaccination rates in developed countries have led to the emergence and spread of new variants.

In 2021, there has been a strong recovery in the global economy and significant changes have been observed in asset prices with the reopening of countries following the vaccination process, the strong global demand created in 2021 for the economic activities that harshly stopped in 2020, and the continuation of the global financial supports received during the pandemic period.

The high inflation rates caused by the increasing energy, food, agricultural product and commodity prices, the problems in supply chains that have remained unresolved, the increased transportation costs, the difficulties in the supply of raw materials, and the expansionary policies followed across the world have significantly influenced the entire world in 2021. The transition from the expressions that the inflation was of temporary nature to the concerns of permanent high inflation has caused the Central Banks to impose tightening measures. In this context, the European Central Bank announced that it would discontinue its pandemic emergency purchase program in the first quarter of 2022; FED announced in the last meeting of 2021 that it would accelerate the reduction of asset purchases and make three interest rate hikes in 2022; and in the last meeting of 2021, the Central Bank of England increased interest rates for the first time after 3 years in order to fight against increasing inflation.

Following the strong recovery in 2021, the new threats caused by Covid-19 variants combined with the increases in inflation, debt and income inequality may cause the global economy to enter a process of significant slowdown by jeopardizing the recovery in developed and developing economies.

The policy options prioritizing inflation in developed countries, including the USA in particular, create the expectation that the slowdown in the global economic growth will persist until the end of 2023. In this context, the World Bank noted that the global growth rate is expected to lose momentum and fall down from 5,5% in 2021 to 4,1% in 2022 and to 3,2% in 2023.

Global monetary policy developments and the volatilities in the risk appetite for emerging market assets take the center stage among the risk factors for 2022. In the upcoming period, the risks related with Covid-19 and its variants, decreasing financial and monetary incentives, persistent supply issues, inflationist expectations and financial stress that cannot be eliminated, climate change and the increasing commodity prices, high indebtedness rates and the deteriorating income distribution are considered as the key risk sources in the global economy.

Turkish economy has gained a quite strong acceleration of growth in line with the strong internal and external demand, the revival of tourism and the measures taken during the pandemic period, as with the other countries that have exceeded a certain level of vaccination in 2021; and has displayed a 7,4% growth in the third quarter of the year. The budget deficit that has increased with the incentives provided for the economy during the pandemic period has been covered to a significant extent with the tax incomes that have increased in line with the increasing economic activities in 2021. There has been a significant improvement recorded in the foreign trade balance in line with the exports that have increased with the contribution of foreign demand. The increased volatility in exchange rates, the increased commodity prices due to the deteriorating supply chain and the increase in the food inflation caused by drought have created adverse outcomes in terms of inflation by the last quarter of the year.

In the Global Economic Prospects Report published by the World Bank, Türkiye's growth forecasts were explained as 9,5% for 2021, 2% for 2022, and 3% for 2023.

The CPI inflation that was recorded as 20,30% in 2018 fell down to 11,84% in 2019. Having started to increase again in 2020, the CPI inflation was recorded as 14,60%; and it has reached the highest level of the last 19 years with the rate of 36,08% as recorded in 2021. In the CBRT's Monthly Price Developments Report for December, it was emphasized that the exchange rate pass-through created an upward pressure on inflation. In the MTP (Medium-Term Programme), the CPI inflation is estimated to fall down to 9,8% by the end of 2022. The World Economic Outlook (WEO) Report for October 2021 published by the International Monetary Fund (IMF) projects a 14,5% inflation forecast for Türkiye by the end of 2022. In the MTP, the CPI inflation has been estimated as 8,5% on average for the 2022-2024 period.

22 principles

In this context, Takasbank continues its operations in “full compliance” with the 22 principles developed by CPMI-IOSCO for financial market infrastructures.

Takasbank in International Markets

Relations with International Capital Markets

Globalization is a process allowing a country’s financial markets to get more closer to the markets in other countries or in the world. This process also means the elimination of barriers preventing international financial institutions from operating in all or some of the countries or making it difficult for them to provide cross-border financial services. This eventually causes the banking, capital markets and other financial markets to become closely connected with each other.

A series of standards and regulations on clearing, settlement and custody services have been introduced to encourage the participating countries of the global economy to develop their capital markets, particularly clearing, settlement and custody systems and to achieve harmony and compliance with international capital markets.

The “European Market Infrastructure Regulation” (EMIR) as well as the “CPMI-IOSCO Principles for Financial Market Infrastructures” are the best known and most commonly utilized of such regulations developed to that end.

The globalization and the dependency occurring among financial markets as a result of globalization necessitate the improvement of the productivity, efficiency and reliability of the clearing, settlement and custody systems, which are among the most crucial elements of a country’s capital market infrastructure, not only in local capital markets of the countries in question, but also in international markets.

Within the framework of harmonization of the Turkish capital markets with international capital markets, Takasbank strictly complies with all international standards regarding securities clearing, settlement and custody systems, particularly in terms of legal framework, operational reliability, operational efficiency and transparency, clearing & settlement principles, settlement hours, protection of customer assets and regulatory and supervisory issues.

In this context, Takasbank continues its operations in “full compliance” with the 22 principles developed by CPMI-IOSCO for financial market infrastructures.

In addition, Takasbank was also recognized by the CMB as a qualified central counterparty complying with CPMI-IOSCO Core Principles for Financial Market Infrastructures on 23 March 2016. Takasbank subsequently applied to the EU regulatory authority ESMA for recognition as a third-country CCP in August 2016; and our efforts towards conclusion of the said application have also been continued in 2021.

Takasbank also continued its efforts to gain its deserved place among the international capital market institutions in 2021. In this context, acting together with BİAŞ and the CRA, it collaborated closely with international and regional clearing, settlement, and custody institutions. In addition, Takasbank organized various trainings and workshops for the development of the regional capital markets in line with its goal of becoming a regional finance center.

Apart from these activities, Takasbank began to offer CCP services in the Securities Lending Market operated under its roof as of September 2013; in Borsa Istanbul Futures and Options Market as of March 2014; in Borsa Istanbul Money Market as of September 2016; in Borsa Istanbul Equity Market as of June 2017; in Borsa Istanbul Debt Securities Market as of July 2018; in Borsa Istanbul SWAP Market as of October 2018; and finally in Over-the-Counter Derivatives Markets as of December 2019.

In addition to the capital markets of our country, Takasbank provides a clearing, settlement and custody infrastructure for Turkish financial institutions’ investments in international markets through its overseas custody networks that it has established. This infrastructure is also used for the clearing & settlement of Islamic products of Eurobond nature as well as the International Bond Market in Borsa Istanbul, and provides a clearing, settlement and custody infrastructure for intermarket collaborations at regional and global level.

PRESENTATION

Explanations about the Number of Employees and Branches, Service Types and Activity Areas of the Bank and the Assessment of the Bank's Position in the Sector based on Such Data

Assessment of the Bank's Position in the Sector

CCP12

CCP12 is an association comprising 37 out of over 60 CCP institutions operating across 5 continents worldwide.

International Memberships

European Association of Central Counterparty Clearing Houses (EACH)

EACH was founded in 1992 to represent the common interests of Central Counterparty clearing house organizations operating in European countries. It has 19 CCP service provider members from 15 different European countries. Takasbank became a member of the European Association of Central Counterparty Clearing Houses at EACH General Assembly meeting held on 7 October 2014. With EACH membership, Takasbank has become able to be informed of the studies and efforts conducted within the EU in relation to CCP practices and to express its opinions on these issues, and to foster the relationships and cooperation with the CCP institutions that are members of the association.

Association of National Numbering Agencies (ANNA) Membership

ANNA is an international organization with 118 members worldwide. National numbering agencies authorized to assign ISIN codes to securities are eligible to become a member of ANNA.

Having been an active member of ANNA since 1995 as the national numbering agency, Takasbank is a member of the Committee of ANNA Service Bureau (ASB) that aims to collect ISIN codes and basic securities information worldwide via internet and to offer them as products to financial institutions. As the world's largest ISIN and CFI database, the ASB database constitutes a valuable resource for international financial markets.

Organization of the Islamic Conference (OIC) Activities

Founded in 2005, Organization of the Islamic Conference (OIC) Member States' Stock Exchanges Forum aims to promote cooperation among stock exchanges operating in the OIC countries. In addition to stock exchanges, clearing, settlement and custody institutions providing services in the capital markets actively participate in the Forum's activities. The Forum has a total of 57 members, including 42 stock exchanges, 7 clearing, settlement, and custody institutions, and 8 other institutions and associations.

Society for Worldwide Interbank Financial Telecommunications (SWIFT) Membership

SWIFT is a cooperative organization in which the transactions of the financial world are executed quickly, precisely and reliably, and the members of which are also the shareholders of the organization. Over 11.000 financial institutions in more than 200 countries can reciprocally exchange standard financial messages via SWIFT. Having joined SWIFT after obtaining its investment banking license, Takasbank has been a SWIFT member since 1996. Takasbank complies with international standards related with communication protocols thanks to its SWIFT membership.

CCP12

CCP12 is an association comprising 37 out of over 60 CCP institutions operating across 5 continents worldwide. The association aims to introduce, promote, and support effective risk management standards for CCPs while managing systemic risks in global financial markets; follows up the legislative regulations and initiatives regarding CCP practices, and organizes consultation meetings and forums. In addition, the CCP12 regularly publishes articles and reports on CCP practices.

In this context, Takasbank has become one of the 37 CCP members of the CCP12. This membership will contribute to the goal of ensuring convergence of our Bank's CCP and central clearing and settlement practices with the best international practices.

ISO TC68/SC8

technical committee

Takasbank is an active member of ISO TC68/SC8 technical committee defining the reference data formats for financial services.

Activities for Implementation of International Standards in our Country

The standards currently implemented in Turkish financial markets;

- ISIN (ISO 6166), FISN (ISO 18774), and CFI (ISO 10962) codes used for numbering securities;
- MIC code (ISO 10383) used for identification of markets;
- ISO 17442- LEI- Legal Entity Identifier code used for identification of legal entities that are a party to financial transactions;
- BIC code (ISO 9362) used for identification of banks;
- IBAN code (ISO 13616) that refers to the international customer bank account number.

SWIFT messaging formats (ISO 15022) are used in international cash, securities, and commodity transfer transactions.

Takasbank has been providing National Numbering Agency services since 1995. As the National Numbering Agency, Takasbank allocates ISIN – ISO 6166, FISN- ISO 18774, CFI - ISO 10962, and LEI-ISO 17442 codes.

Representation Practices for International Standards

ISO TC68/SC8 Committee Membership

Takasbank represents Türkiye for and on behalf of the Turkish Standards Institute (TSE) in the ISO TC68/SC4 Committee of the International Standards Organization (ISO) developing international standards for securities and related financial instruments.

In this context, Takasbank serves as the chairman of the National Market Working Group of Türkiye (MTC43 Mirror Committee – Türkiye) established to monitor the standardization activities conducted by the ISO TC68/SC4 Committee for securities and other financial instruments, to contribute to the development of such standards, and to ensure the implementation of these standards in our country. The Working Group covers the entire capital market, through the participation of the Central Bank of Republic of Türkiye, the Banks Association of Türkiye (TBB), the Turkish Capital Markets Association, custodian banks, commercial banks, investment banks, and intermediary institutions.

Takasbank is an active member of the ISO TC68/SC8 technical committee defining the reference data formats for financial services.

Representation and Promotion

As has been on the agenda across the globe in 2020, the effects of the COVID-19 pandemic that broke out in China and spread all over the world in a short time are also intensely felt in our country. Strong social measures taken against the pandemic are continued to be implemented effectively at our Bank.

As with every year, the details about our Bank's institutional developments were disclosed to and shared with the public through our website, social media, press releases and online events in 2021.

Subject to the limits of the strict measures taken due to the virus pandemic and its devastating impacts, Takasbank continued to provide support within the scope of sponsorships and participation in the events organized for the sector that it operates in, and utmost attention was paid to the introduction of the institution within the scope of the promotion of our Bank's services which have been gradually diversified further for different target groups.

PRESENTATION

Explanations about the Number of Employees and Branches, Service Types and Activity Areas of the Bank and the Assessment of the Bank's Position in the Sector based on Such Data

Assessment of the Bank's Position in the Sector

Strong Women
of Strong Türkiye
Summit

Our Bank supported, as a sponsor, the "Strong Women of Strong Türkiye Summit" held on 4 March 2021.

Central counterparty (CCP) General Evaluation meetings were held with our Bank members at regular intervals, starting from 27 May 2021. Our Bank supported, as a sponsor, the "Strong Women of Strong Türkiye Summit" event held on 4 March 2021.

Our Bank won the third prize with its "TaşıtTakas" project in the "FSI-merchant Partnership" category within the scope of the IDC Finance Technology Awards Event held on 3 June 2021.

In addition, our Bank also won the third price with its "Equity-Based Crowdfunding System" deployed through cooperation between our Bank and the Central Registry Agency in the "Financial Inclusion" category at the IDC Finance Technology Awards Event. Azerbaijan Central Securities Depository MDM Meeting was attended under the structure of Borsa Istanbul Group on 17 August 2021.

Our Bank supported, as the main sponsor, the "Turkish Capital Markets Congress" event organized for the Fifth time on 16-17 November 2021; and in the said Congress, participation was provided as panellists through the panels entitled "The Present and Future of Borsa Istanbul Group's Digital Transformation", "Next-Generation Entrepreneurship Financing: Crowdfunding", "BEFAS, the New Player in Our Capital Markets and the Future of Private Pensions", and "Where is the Blockchain Taking the Finance Ecosystem?".

Events and trainings for individual investors and the companies in the sector were organized with the participation of the leading experts of Türkiye within the scope of the World Investor Week Events held between 4-10 October 2021; and as Takasbank, we made contributions to the relevant event.

Grocery shopping certificates and white goods were distributed to those in need due to the flood disaster that occurred in the Western Black Sea region of our country.

Within the scope of the Turkish Capital Markets event, we participated, as a speaker, in the panel "Ask the Experts about the Investment in Agricultural Commodities with Electronic Warehouse Receipts".

On 16 December 2021, the Capital Markets Board Assistant Specialists Training Program was prepared within the structure of Borsa Istanbul Group; and our Bank provided training under the same program.

Acting under the roof of Borsa Istanbul Group, Takasbank provided support for Istanbul Modern "Your Thursday" and "Young Tuesday" projects in order to boost the accessibility to art, one of the important building blocks of society.

In line with its vision, our Bank aims to actively operate in the international arena and actively continues its activities to that end. It has maintained its communications with many domestic and foreign institutions and held online meetings throughout the year.

Due to the COVID-19 pandemic, Takasbank conducted nearly all of the communications, trainings, surveys and information exchanges via internet, telephone, and e-mails.

Information Technologies, Project Development and Related Activities

Project Status Summary

Project Portfolio	Number of Completed Projects in 2021	Number of Ongoing Projects by the end of 2021	Number of Completed R&D Projects in 2021	Number of Ongoing R&D Projects by the end of 2021
Business Development	19	19	10	9
Corporate Development	4	2	0	0
IT Infrastructure Development	10	11	1	0
Total	33	32	11	9

Our Awards

Within the scope of the IDC Finance Technology Awards granted at IDC Türkiye Finance Summit organized by IDC Türkiye in 2021, 88 projects from 27 institutions were evaluated by the votes of a 17-person jury comprising senior level executives from the finance sector and the academicians, our projects were deemed worthy to be awarded as Takasbank.

Our Bank received the third prize with its "**TaşıtTakas**" project in the **IDC Financial Services FSI-Merchant Partnership** category in 2021. In addition, it won the third prize with the **Equity-Based Crowdfunding System**, a joint project implemented with the Central Registry Agency, in the **IDC Financial Services Financial Inclusion** category in 2021.

Business Development Projects

BISTECH Project – (R&D Project)

As a result of the efforts conducted under the strategic cooperation agreement signed between Borsa İstanbul A.Ş. and NASDAQ on 20 January 2014, the project was phased and commissioned; and the Equity Market, Futures and Options Market (VIOP), Debt Securities Market, and Precious Metals Market have been successfully operated over a common trading platform as of 12 November 2018.

Project development efforts were continued with various development and improvement activities on BISTECH system in 2021; and the developments were successfully deployed in real environment with the master versions 2.13, 2.14, and 2.15. All developments are made by the IT staff under the roof of Takasbank and Borsa İstanbul.

The projects developed on BISTECH system within 2021;

Movement of FX and Precious Metals Swap Market to BISTECH: It is the project regarding the movement of FX and Precious Metals Swap Market trading platform to BISTECH system.

Movement of BIAS Money Market to BISTECH: It is the project regarding the movement of BIAS Money Market trading platform to BISTECH system.

Opening of Physically-Delivered Dollar/TL VIOP Contracts for Clearing: It is the project regarding provision of clearing and settlement for Physically-Delivered Dollar/TL Contracts made available for trading in the Derivatives Market.

Takasbank Public Collateral Management Platform

As of 01 September 2021, Takasbank has started to provide "Public Collateral Management Service" covering the processes of acceptance, custody, registration as revenue, return, extension of validity and reporting of temporary electronic letters of guarantee on behalf of administrations issued for submission to tenders held within the scope of the Public Procurement Law no. 4734. As of 3 January 2022, temporary electronic surety bonds have been included in the process.

Temporary electronic letters of guarantee and surety bonds, submitted by tenderers within the scope of the offers for tenders, are issued by Banks and Insurance Companies and forwarded to Takasbank via the Credit Bureau Electronic Letters of Guarantee Platform and SBM (IIC = Insurance Information Center) Insurance Information and Monitoring Center Platform and their acceptance processes are conducted by Takasbank and the information about the electronic letters of guarantee submitted as tender security and surety bonds are transferred to EKAP (EPPP_ Electronic Public Procurement Platform).

All processes related with the electronic letters of guarantee and surety bonds submitted as tender security accepted via Takasbank, are carried out over "Takasbank Public Collateral Management Platform" in a digital environment and on a fully automated basis.

PRESENTATION

Explanations about the Number of Employees and Branches, Service Types and Activity Areas of the Bank and the Assessment of the Bank's Position in the Sector based on Such Data

Information Technologies, Project Development and Related Activities

BEFAS

A new trading platform has been developed for pension mutual funds.

In the 2nd Phase of the Project, following the amendment to be made in the Public Procurement Law, it will be possible to execute the processes such as acceptance, custody, registration as revenue, return, and extension of the validity of other assets (GDDS, cash, equities, gold, etc.) that will be accepted as tender securities and final performance securities over Takasbank Public Collateral Management Platform.

This project will lead in the inclusion of other public institutions in the system; and DMO Collateral Management Project currently conducted with State Supply Office (DMO) and initiated in 2021 is targeted to be commissioned in the first quarter of 2022 with a similar purpose.

Project on Trading of Pension Mutual Funds on BEFAS Platform

A new trading platform has been developed for pension mutual funds. Called with its abbreviated name as BEFAS, the platform has been commissioned as of 1 July 2021. While the platform serves through its trading and reporting screens; all transactions and reports are also offered to our members as a web service.

Futures and Options Market Settlement and Collateral Management

TRV-OTC Account Opening Transactions Web service was commissioned on 5 July 2021 in order to allow for completion of VIOP and OTC account opening procedures through a web service in a faster and fully-automated manner.

On 22 October 2021, physically-delivered Dollar/TL futures and options contracts enabling institutional investors to manage their foreign exchange risks without counterparty risk in the Borsa Istanbul Futures and Options Market have been deployed in live environment and started to be traded under central counterparty assurance.

Leveraged Trading Transactions Collateral Management and Reporting to the CMB

On 1 October 2021, the processes regarding the daily, weekly, and monthly reporting made to the Capital Markets Board have been completely transferred to electronic environment; thus, eliminating manual processes and operational risks.

Distribution System Usage Invoice and Collateral Management System Settlement and Collateral Management Project

With the Distribution System Usage Invoice and Collateral Management System planned to be commissioned in 2022, the Bank will start to provide cash settlement and collateral management service for the distribution system usage invoices as the Central Clearing and Settlement Institution.

Turkish Mercantile Exchange Technological Transformation Project

Our Bank plans to provide settlement and collateral management service for the EWR Market that will be established within the scope of TÜRİB Technological Transformation Project.

Crowdfunding Escrow Agent

With the CMB's "Crowdfunding Communiqué-III-35/A.2 (Communiqué)", our Bank has been appointed as the "escrow agent" that will block the funds collected through platforms under its capacity as the escrow agent until they are transferred to the funded company or returned to the investors.

Pursuant to the provisions of the Communiqué, funds collected in the account of the venture/venture capital company are blocked under the account opened on behalf of the platforms during the campaign; and the funds are transferred to the funded company after successful completion of the campaign and registration of the shares / debt instruments on dematerialised basis issued by the venture/venture capital company in the investor accounts. In case of failure of the campaign, raised funds will be returned to the relevant investors at the end of the campaign period.

There are 12 members in Takasbank Crowdfunding System. The Capital Markets Board has approved the applications of 5 members for inclusion in the list in order to be engaged in equity-based crowdfunding activities.

Out of 21 campaigns published as of 31 December 2021, 18 campaigns were successfully completed; and out of the raised amount of TL 23,122,000; a total amount of TL 7,871,254 was transferred to 11 venture capital companies that completed their processes.

BRSA

Independent penetration tests for 2021 were performed and successfully completed within the scope of the BRSA legislation.

Information Security Management Activities

This year, our Bank has undergone an external audit conducted by the independent audit company BSI in September 2021 to certify the validity of ISO 27001-Information Security Management System Certificate within the scope of the efficiency of the Information Security Management System (ISMS) activities and their compliance with international standards. As a result of the audit, it was reported that the ISMS (Information Security Management System) was effectively maintained in our Bank; and our ISO 27001 recertification audit was successfully completed, demonstrating that the Information Security Management System is smoothly implemented and maintained throughout the organization.

The year 2021 ISO 27001 internal audit and various activities were completed. To raise information security awareness, Takasbank staff and supplier company employees engaged in the activities related with information systems were provided online training on ISMS awareness. In addition, as required by social engineering, phishing attacks were simulated to sustain and further improve our employees' awareness of information security. Newly employed staff of our Bank were provided with information security awareness training. Monthly information security bulletins have been started to be published across the bank.

Independent penetration tests for 2021 were performed and successfully completed within the scope of the BRSA legislation. Action plans were prepared in relation to the results of such tests.

Periodic information security tests were performed and the relevant reports were issued. Controls were performed in relation to the findings identified in such tests.

Efforts for establishment of a cyber security operation center have been started within Borsa Istanbul Group in order to improve the Information Technologies Security infrastructure.

The Information Security Committee convened twice; i.e., in January and July; and information security activities were evaluated and the information security decisions to be taken were submitted to the approval of the committee. Then, the information security activities report was prepared and submitted to the board of directors of our bank.

IT Risk Management and Compliance Activities

Independent information systems audits within the scope of BRSA regulations and audits related with the Information Systems Management Communiqué published by the CMB have been started; and the audits will be continued in the following month of January. Within the scope of the audit, efforts to ensure compliance with the Regulation on Information Systems of Banks and Electronic Banking Services published by the BRSA will be completed, while various improvements will be continued within the scope of continuous improvement.

Operational Risk Database efforts were completed for 2021. In addition, necessary analyses and reporting required for preparation of our Bank's Risk Management Reports for 2021 were completed.

The efforts for compliance with ISO 20000-1 Information Technologies Service Management conducted to offer our Bank's information systems services to our members at international standards have been completed and our bank has been awarded the certificate as a result of the audits performed.

In 2021, our Bank also continued its efforts intensively conducted in the previous years in order to implement our Bank's Business Continuity Management System (BCMS) with increased efficiency.

In 2021, a Disaster Recovery Drill specific to BISTECH systems and services was conducted on 4 September; and our main Disaster Recovery Drill covering all stakeholders of Borsa Istanbul Group and all our critical services was also conducted on 11 September under the conditions of the COVID-19 pandemic with prevailing impacts both in our country and the entire world and the related curfew restrictions, i.e., under real extraordinary circumstances. In addition, a system-specific disaster recovery drill was conducted on 10 July in order to test our systems now equipped with a new infrastructure.

With regard to the drills requiring our members, stakeholders and Bank employees to act in coordination with each other, especially where ensuring timely and efficient communication with all parties is of critical importance, the current conditions of this year have provided an environment allowing us to

PRESENTATION

Explanations about the Number of Employees and Branches, Service Types and Activity Areas of the Bank and the Assessment of the Bank's Position in the Sector based on Such Data

Information Technologies, Project Development and Related Activities

Gold-Backed Digital Asset Platform (BiGA)

The PCT Patent report was published to ensure International recognition with the Gold-Backed Digital Asset Platform (BiGA) Project.

measure our communication and coordination capabilities and our skills to quickly respond to unexpected contingencies. During these drills, the period elapsing from the onset of failures until the restoration of services by switching from primary to secondary systems has remained within the minimum recovery time targeted for all our critical services tested.

In addition, individual tests for restoration from back-up systems, failover tests, and tests for implementing other business continuity recovery plans such as operation from the secondary servers of the PDC were also conducted within the year.

Online BCMS awareness training was provided for all Takasbank employees within the scope of Business Continuity Management in September. In addition, Occupational Health and Safety trainings were provided online for the newly employed staff or the employees scheduled to receive refresher trainings within the year. Business continuity internal audit was conducted on 1-2 July.

In November, our Bank underwent the recertification audit conducted by the independent audit company BSI to certify the validity of ISO 22301-Business Continuity Certificate, which was awarded in 2014, within the scope of the efficiency of our Bank's BCMS activities and their compliance with international standards. As a result of the audit, it was reported that the BCMS was effectively maintained at our Bank; and the certificate was renewed.

The year 2021 during which activities were carried out under the pandemic conditions has been a year in which service accessibility levels have even exceeded the targets, proving the importance attached by Takasbank to business continuity.

R&D Center Management

Having started its operations on and as of 20 April 2017, our On-site R&D Center completed a total of 11 R&D projects in 2021; i.e., "General Authorization Infrastructure Project", "VIOP Equity Collateral Risk-Mitigating Netting Project", "FX Gold Swap BISTECH Integration Project", "Electricity Futures Market Settlement and Collateral Management Project", "Renewable Energy Guarantees of Origin (YEK-G) Market Settlement and Collateral Management Project", "Golden Egg University My Fund Basket Project", "Project on Movement of BIAS Money Market to BISTECH", "Trading Pension Mutual Funds on TEFAS", "Natural Gas Futures Market Settlement and Collateral Management Project", "Conversion of Cash Settlement to Gross Settlement in Committed Transactions Market", and "Precious Metals Transfer System". There are 9 ongoing R&D projects which were in progress by the end of the year; i.e., "ITU

Derivatives Market Options Volatility Calculation Phase-2 Project", "Public Collateral Management DMO Project", TÜRİB Technological Transformation Settlement Transactions, Risk and Collateral Management", Distribution System Usage Invoice and Collateral Management System Settlement and Collateral Management Project, "Blockchain-Based Payment System Project", "Single Collateral Pool Project", "TVS CRA Bilateral/Conditional Transfer Offline Project", "Coupon Interest Rate Calculation for TL/REF-Based Bonds and Bills", and "Public Collateral Management". The process regarding the support received under TEYDEB 1501 Grant Program for the Blockchain-Based Payment System Project was successfully completed within 2021.

The PCT Patent report was published to ensure International recognition with the Gold-Backed Digital Asset Platform (BiGA) Project. Patent applications were made and the related evaluation process is still ongoing.

Within the scope of blockchain activities, acquaintance meetings were held with Sabancı University, Kadir Has University, Özyeğin University, and Istanbul Sebahattin Zaim University. The meetings with Kadir Has University and Sabancı University were still continued by the end of the year.

Our employees have benefited from the grants announced for starting/completing a master's program, starting a Ph.D. program, passing the Ph.D. qualification exam, receiving a Ph.D. degree, publishing research books, and publishing papers, within the scope of R&D Incentive Procedure.

THEORETICAL

PRICING MODELS

The activities for the development of theoretical pricing models used in the field of risk and collateral management have been continued without slowing down in 2021.

Central Counterparty

Takasbank designed its Central Counterparty (CCP) service based on the legal grounds provided by the new Capital Markets Law no. 6362 and by taking international best practices and regulations into consideration. Takasbank has been providing the CCP service to the Securities Lending Market (SLM) managed under its own structure, Borsa Istanbul A.Ş. Futures and Options Market (BIAS VIOP), Borsa Istanbul A.Ş. Money Market (BIAS PP), Borsa Istanbul Equity Market, (BIAS Equity), Borsa Istanbul Debt Securities Market (BIAS DSM), Borsa Istanbul SWAP Market (BIAS Swap), and for over-the-counter derivatives subject to central clearing and settlement.

The transactions executed by Takasbank declared as a qualified CCP by the Capital Markets Board in 2016 with the Banks established in Türkiye are considered as "qualified transactions" pursuant to the legislation of the Banking Regulation and Supervision Agency; and the risks that Banks are exposed to in this context are assessed with lower risk weights announced pursuant to Annex No. 4 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Takasbank applied to the European Union Securities Authority ESMA (European Securities and Markets Authority) for recognition as a third-country central counterparty in order to ensure that its members operating as subsidiaries of the banks resident in the European Union (EU) may also benefit from this advantage and continued its efforts conducted in relation to this process both at home and abroad in 2021. On the other hand, negotiations with the Central Bank of England have also been started to ensure the CCP service provided by Takasbank to be recognized by the British authorities to an extent comparable to ESMA following the Brexit process resulting in the UK's exit from the EU.

In 2021, Takasbank has also continued its efforts towards increasing collateral management efficiency in the markets for which it provides CCP services. In this context, within the scope

of risk calculations of futures and short-call option contracts with short positions opened on the basis of the underlying asset of shares in BIAS VIOP, the risk-mitigating netting project developments regarding the consideration of the relevant equity collateral values were substantially completed in 2021. The project is planned to be deployed by March 2022. In addition to the risk-mitigating netting project, it is aimed to ensure integration of the historical simulation value-at-risk method with the system in order to increase the diversity of risk calculation methodologies in the markets for which CCP service is provided. The new method that is intended to be applicable in BIAS Equity Market in the first stage is planned to be applied also in BIAS Debt Securities Market and OTC market in the following periods.

The activities for the development of theoretical pricing models used in the field of risk and collateral management have been continued without slowing down in 2021. In this context, the new application that will allow the volatility surface used for estimating the implied volatility values, one of the most important elements in the theoretical pricing of option contracts, to more closely follow up the market conditions has been completed and is planned to be commissioned in the first half of 2022.

In this period, the CCP Risk Committee, one of the crucial elements of the CCP service, held its routine meetings in March and September. In addition, default management tests designed by taking account of international best practices and regulations were successfully performed within December.

Financial Analysis

The risks that Takasbank is exposed to in terms of the financial institutions with which it has membership relations due to its banking, central counterparty and other capital market activities are managed with credit and placement limits, market risk limits, and guarantee and collateral limits and custody limits allocated by our Board of Directors based on the internal or independent credit ratings and assessment scores of the counterparties.

Internal credit rating and assessment system measures the creditworthiness of the financial institutions subject to such assessment and their ability to fulfil their present or future commitments towards Takasbank in a standard way, and expresses it with scores from A to E ranging from the highest to the lowest levels. These scores representing the degree of financial strength are used for determining the total upper limit of the limits that may be allocated by Takasbank in favour of each institution for various markets and transactions.

Developments in 2021

As for the credit rating and assessment models used by Takasbank; the validations for measurement of accuracy and performance are regularly conducted and the general principles of the credit rating and assessment system methodology are announced in our Bank's website.

Our Bank has assigned credit rating and assessment scores to the banks, brokerage houses, factoring, financial leasing, and financing companies, and insurance and asset management companies operating in Türkiye; and these scores were used as the basis for the limits that may be allocated within the framework of banking, central counterparty or other capital market activities.

The risks of the institutions worked with under a loan and the credit and position risks assumed due to its central counterparty position are monitored and periodically reported to the Senior Management.

Securities Lending Market (SLM)

The Securities Lending Market is the organized market established and operated by Takasbank, where the transactions for borrowing and lending of stocks and exchange-traded funds subject to such borrowing are executed. As Takasbank is the central counterparty in SLM transactions with the open-offer method; it acts as the borrower against the lender and as the lender against the borrower; therefore, it is not a participant in the SLM.

In 2021, the highest levels of all time were reached with the daily trading volume of 571,6 million TL, and the total open transactions of 596,7 million TL. In addition, new records were broken in the number of orders, number of contracts, number of traded shares, special order trading volume and automatic bid order trading volume.

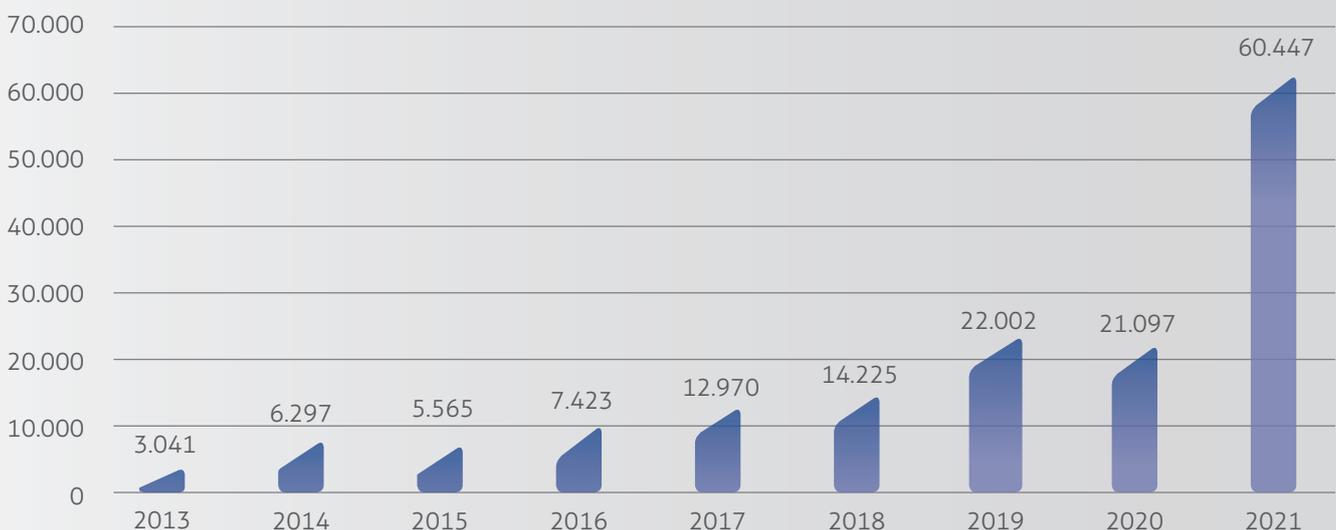
As it can be seen in the chart below, the trading volume displays an upward trend; and as of 2021, the annual trading volume has increased 20 times when compared with that of 2013.

Pursuant to the Capital Market Board's decision dated 02 March 2020 on measures regarding short selling transactions in Borsa Istanbul Equity Market and the revised decisions taken subsequently within the scope of the relevant decision on measures; the assets that may be subject to lending in SLM were applied as the shares in BIST-30 Index as of 01 July 2020, and as the shares in BIST-50 Index as of 12 February 2021.

In order to increase the efficiency of the Securities Lending Market and to ensure harmonization with Borsa Istanbul Equity Market, the transactions executed in two sessions in the SLM between the hours of 09.30-12.00 and 13.30-16.45 were started to be executed in a single session between the hours of 09.30-16.45 as of 10 May 2021.

To increase the service efficiency and quality, the passwords used by member representatives for transmission of orders were started to be sent via short messaging service (SMS).

Securities Lending Market Trading Volume (2013-2021) (Million TL)



Provided below are the summary data regarding 2021 figures for the Securities Lending Market:

There are 52 brokerage houses with trading authorization. 48 brokerage houses executed transactions from 4,058 customer accounts, 46 mutual fund and partnership accounts, and 55 brokerage house portfolio accounts.

The trading volume grew by 186,52% compared to the previous year, reaching 60,4 billion TL; and the number of traded shares increased by 98,34% to 7,7 billion.

In lending transactions, mutual funds and investment trusts account for 54,45%; the loans given by brokerage houses from customer accounts account for 26,64%; and the loans given from their portfolios account for 18,91% of the transactions.

In borrowing transactions, mutual funds and investment trusts account for 16,29%; the loans lent by brokerage houses from customer accounts account for 41,53%, and the loans that they received from their own portfolios account for 42,18%.

The daily average number of contracts was 804; and the daily average number of orders received in the market was 3,755.

Of the total trading volume, 97% were related with the shares in BIST-30 Index; and 3% were related with the shares in BIST-100 (Non-30) Index.

Securities Lending Market Data for 2020 and 2021		
	2020	2021
Number of Orders	465.709	935.092
Number of Contracts	93.183	200.217
Number of Transactions	3.901.975.329	7.739.052.446
Trading Volume (TL)	21.097.075.656	60.447.245.054

No. of Securities Traded in SLM and Monthly No. of Contracts		
2021/Months	No. of Securities Traded in SLM	Monthly No. of Contracts
January	30	17.181
February	49	15.060
March	50	12.832
April	49	13.638
May	50	15.235
June	50	14.905
July	50	12.110
August	49	20.072
September	50	24.270
October	49	21.795
November	50	18.127
December	48	14.992

Securities Lending Market Members and Sub-Members			
2021	Number of Borrowers	Number of Lenders	SLM Member Distribution
Brokerage House	48	31	48
2021	Number of Borrowing-Sub-Members	Number of Lending-Sub-Members	Number of Sub-Members
Portfolio	50	19	55
Customer	3.271	846	4.058
Mutual Fund/Investment Trust	16	33	46
Total	3.337	898	4.159

Breakdown of the Securities Lending Market Total Trading Volumes by Indexes (2021) TL			
BIST 30	BIST 100 (Non-30)	Non-BIST 100	Exchange-Traded Funds
58.632.421.172	1.814.823.882	-	-

Developments in 2021

Takasbank Money Market (TMM)

Takasbank Money Market (TMM) is an organized market established in 1996 and operated by Takasbank since then, enabling the matching of the bids and offers of members having a surplus or in need of cash TL funds. Takasbank is not a participant in TMM; and the institutions that may become a member of the market include brokerage houses, banks, factoring, financial leasing and financing companies, insurance and pension companies, institutions within the scope of the Regulation on Public Treasurership, pension funds with their own special laws and asset management companies.

In 2021, TMM fees tariff was changed to ensure harmonization with the other markets served by our Bank.

With the widespread deployment of digitalization in corporate business processes, the acceptance of letters of guarantee issued on paper as TMM trading collateral was terminated on 01 July 2021; and as of this date, only the electronic letters of guarantee issued over KKB Findeks have been started to be accepted.

To increase the service efficiency and quality, the passwords used by member representatives for transmission of orders were started to be sent via short messaging service (SMS) and the withholding reports periodically requested by members were started to be created with electronic signatures.

To reduce the operational risk level in collateral management, the control of the assets pertaining to the companies that the member is a shareholder or subsidiary of has been turned into a systematic control for the transfers of shares and mutual funds deposited as collateral by TMM members.

Within the scope of the automation of TMM business processes, the data control made over the Identity Sharing System (KPS) in the member representative identification process has been started to be performed through the internet network (web) service integration.

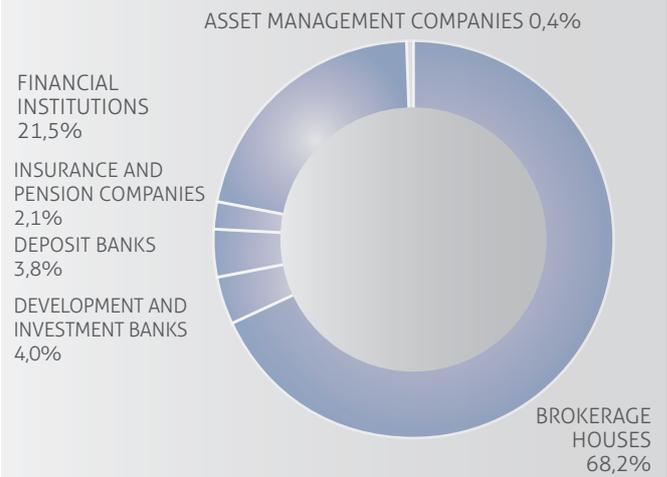
Developments and improvements have been made on the reports and screens in the TMM menu according to the requests received from the members.

Provided below are the summary data regarding 2021 figures of Takasbank Money Market:

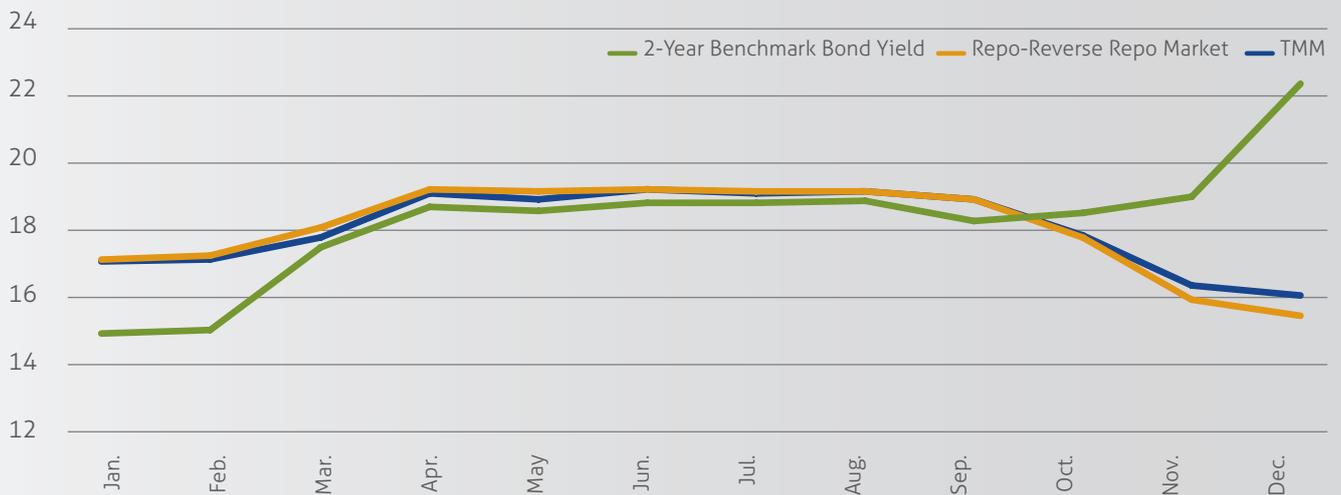
- In 2021, a total of 143 institutions including 50 brokerage houses, 17 deposit banks, 9 development and investment banks, 53 financial institutions, 7 asset management companies, 1 pension fund, and 6 insurance and pension companies executed transactions on TMM.
- In 2021, the highest values of all-time since the establishment of the market were achieved with the total trading volume of 925 billion TL, daily average trading volume of 3,7 billion TL, and total number of transactions of 253.032 units. The daily trading volume record was broken with the amount of 8,3 billion TL on 17 December.
- The number of mutual funds and investment trusts trading on the TMM has increased compared to the previous year and reached 818. In addition, the trading volume of private pension funds, mutual funds and investment trusts trading on the market was recorded at the amount of 420 billion TL; as a result, their ratio in the total trading volume has increased to 45%.
- On the selling side of the trading volume recorded in 2021; the transactions were comprised of brokerage houses and banks accounting for 92% (45% on behalf of funds and trusts, 25% on behalf of portfolio, and 22% on behalf of customers), the institutions defined within the scope of the Regulation on Public Treasurership accounting for 4%, and financial institutions, pension and insurance companies, and asset management companies accounting for 4%. On the buying side, the transactions were comprised of those executed by brokerage houses and banks on behalf of their portfolios accounting for 55%, portfolio transactions by financial institutions accounting for 43%, and the transactions executed by the other institutions accounting for the remaining 2%.

Takasbank Money Market Daily Transaction Averages		
Months	Average Trading Volume (TL)	Average No. of Transactions
January	3.447.025.650	1.036
February	3.552.531.350	977
March	3.651.340.043	1.043
April	3.273.212.000	1.003
May	3.103.043.371	1.005
June	3.144.025.773	1.013
July	2.886.663.515	974
August	2.963.406.190	944
September	3.058.556.182	942
October	3.832.560.615	1.030
November	5.285.990.955	1.136
December	6.103.965.913	1.136

Breakdown of TMM Trading Volume by Member Types (%)



Daily O/N Weighted Average Interest Rates and Benchmark Bond (%)



Developments in 2021

Türkiye Electronic Fund Trading Platform (TEFAS)

It is the electronic platform that enables mutual fund participation certificates to be sold and repurchased by the founders of the fund through distribution agencies on an electronic central platform, and the relevant clearing, settlement and custody services to be provided in manner integrated with Takasbank and CRA system and on a fully-automated basis.

Established by our Bank in 2015, TEFAS makes significant contributions to the rapidly growing and developing capital markets by providing the sector with a structure that may be a solution in the elimination of imperfect competition preventing the development of our fund sector. Thanks to TEFAS, investors are able to buy/sell through brokerage houses, banks and portfolio management companies by choosing among many alternative mutual funds based on fund performances without incurring any additional costs.

Period	TEFAS Total Trading Volume (Billion TL)
2015	13,6
2016	21,6
2017	25,5
2018	27,4
2019	52,2
2020	166,1
2021	233,0

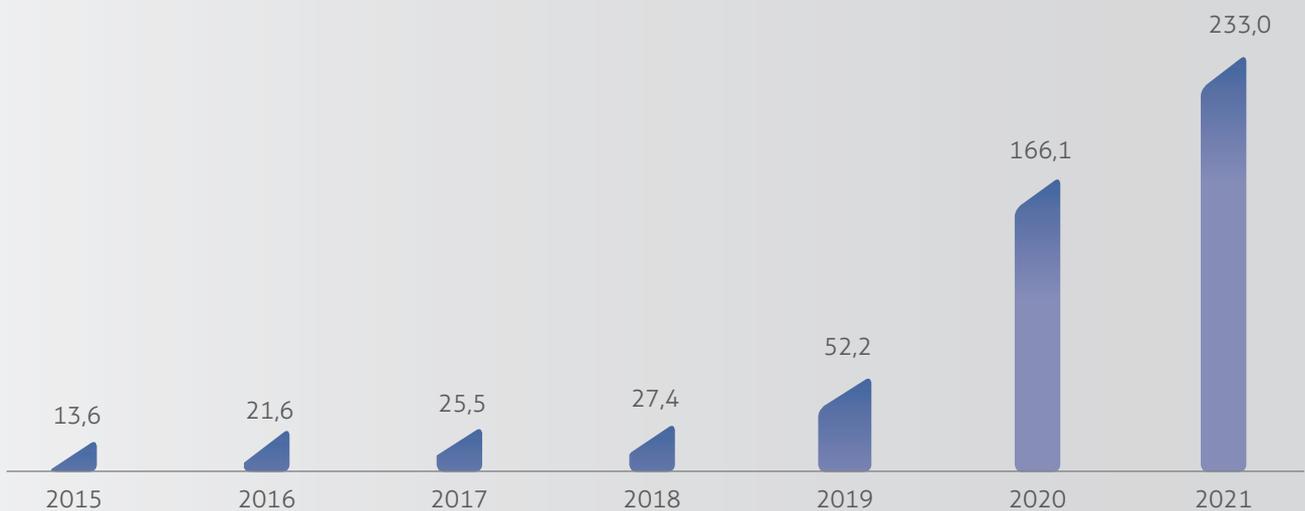
In 2021, TEFAS continued to grow, recording a total trading volume of 233 billion TL with a 40% growth. In addition, 2021 has been a year of new records for TEFAS. As a result of the transactions that displayed a rapid acceleration in the last quarter of the year, the highest daily trading volume of all time has been reached with the amount of 3,8 billion TL in December. In addition, the records of the highest number of orders and the highest number of traded funds were recorded in the same periods of the year.

As of 2021, the annual trading volume has grown 17 times when compared with 2015.

In 2021, system developments were continued within the scope of the ongoing efforts conducted both upon the members' requests and in order to further increase the efficiency of TEFAS system.

The "Golden Egg University My Fund Basket" virtual fund competition organized through the cooperation of Takasbank, Turkish Capital Markets Association (TSPB) and Turkish Institutional Investment Managers Association (TKYD) and intended for participation of university students, where mutual funds traded in TEFAS could be bought and sold, was held for the second time. Takasbank contributed to this competition prepared for university students and supporting financial literacy by making available for use the technical infrastructure of Türkiye Electronic Fund Trading Platform.

The Development of TEFAS Trading Volume by Years (Billion TL)



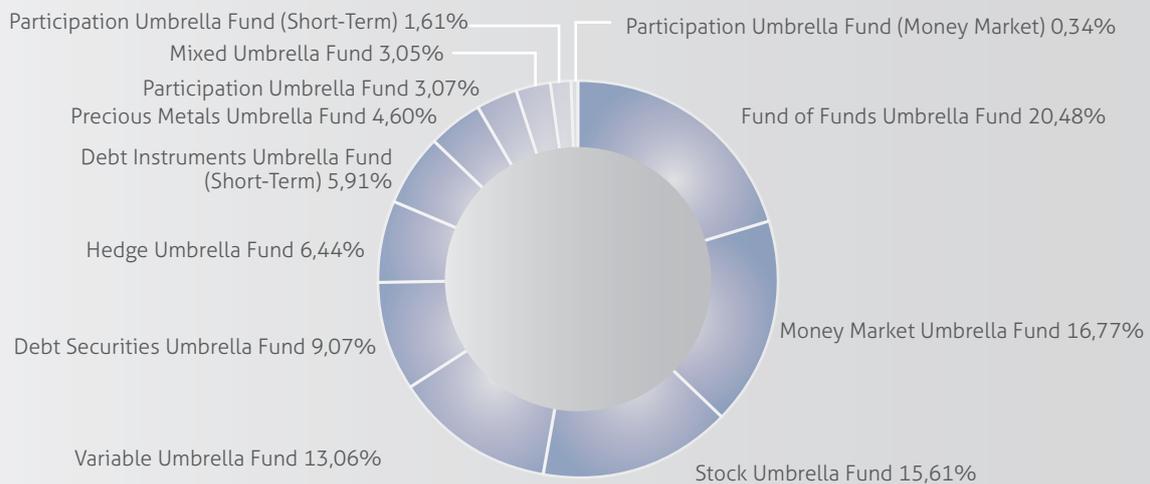
The efforts for development of TEFAS Fund Information Platform (www.tefas.gov.tr and mobile application) were continued in line with the suggestions received from investors and for the purpose of ensuring its more effective utilisation.

In 2021, a total of 88 institutions comprising 41 brokerage houses, 25 banks and 22 portfolio management companies executed transactions; and 357 funds were traded on TEFAS.

In TEFAS, the total trading volume was recorded as TL 233.004.192.566; and the average trading volume was recorded as TL 935.759.810 TL. The annual average trading volume has grown by 41,97%. The total trading volume of 2021 is comprised of transactions by banks accounting for 82,45%, by brokerage houses for 10,96%, and portfolio management companies for 6,59%.

Breakdown of TEFAS Trading Volume by Member Types									
2021	TRADING VOLUME (TL)				NUMBER OF TRADING INSTITUTIONS				
	Brokerage House	Bank	Portfolio Management Company	Total	Average	Brokerage House	Bank	Portfolio Management Company	Total
January	1.587.092.043,91	15.642.057.039,46	877.892.007,32	18.107.041.090,70	905.352.054,54	34	25	12	71
February	1.447.269.084,86	12.417.861.452,04	1.767.780.548,17	15.632.911.085,07	781.645.554,25	35	24	11	70
March	2.073.932.057,49	15.422.634.394,79	1.481.073.671,90	18.977.640.124,18	825.114.788,01	36	25	16	77
April	1.300.405.216,37	9.512.774.858,09	664.930.566,15	11.478.110.640,61	546.576.697,17	36	25	12	73
May	1.262.037.149,17	8.081.928.191,88	805.603.778,95	10.149.569.120,00	563.864.951,11	35	24	14	73
June	1.440.491.266,69	10.698.038.948,86	993.347.277,06	13.131.877.492,60	596.903.522,39	36	25	14	75
July	1.198.084.746,45	7.319.977.661,75	824.937.969,30	9.343.000.377,51	549.588.257,50	33	25	15	73
August	1.533.246.592,30	8.058.399.382,92	1.084.795.319,04	10.676.441.294,25	508.401.966,39	35	25	15	75
September	2.039.435.179,23	10.826.290.034,84	1.287.431.901,80	14.153.157.115,88	643.325.323,45	38	24	15	77
October	2.259.304.748,59	13.405.427.245,32	846.676.429,21	16.511.408.423,11	825.570.421,16	38	24	16	78
November	3.875.814.060,63	32.256.995.740,97	1.818.980.317,30	37.951.790.118,90	1.725.081.369,04	38	24	18	80
December	5.523.696.708,65	48.457.979.723,56	2.909.569.251,02	56.891.245.683,22	2.473.532.421,01	39	25	18	82
Total	25.540.808.854,33	192.100.364.674,49	15.363.019.037,21	233.004.192.566,03	935.759.809,50	41	25	22	88

TEFAS Trading Volume Breakdown (by Fund Types- 2021)



Developments in 2021

Pension Fund Trading Platform (BEFAS)

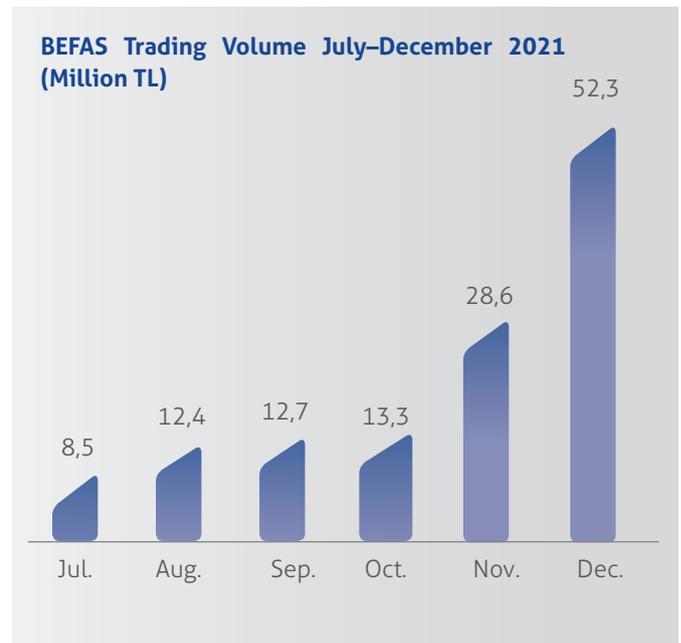
Within the scope of the measure specified in the Presidential Annual Program for 2019; it was decided by the Capital Markets Board "to establish a new platform with its members comprising pension companies, which will allow for trading of pension mutual funds participation certificates, or to start the infrastructure works for making the existing TEFAS infrastructure suitable for execution of these transactions and to schedule the relevant works".

To this effect, efforts were conducted in coordination with the Capital Markets Board, the Insurance and Private Pension Regulation and Supervision Agency, the Association of Insurance and Reinsurance Companies of Türkiye, the Pension Monitoring Center and Pension Companies. The necessary infrastructure works were completed by Takasbank on 1 July 2021; and BEFAS was commissioned as a new platform allowing the sale and repurchase of pension mutual funds participation certificates by the fund-founder pension company to and from other pension company participants, and for which the clearing and custody services are provided by Takasbank.

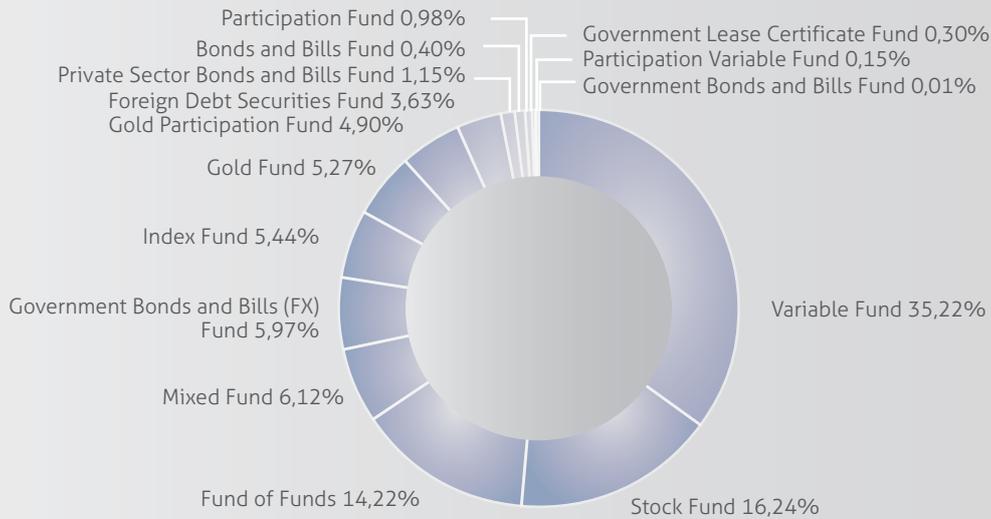
With BEFAS, it is aimed to make important contributions to the rapidly growing and developing capital markets of our Country. The start of trading of pension mutual funds on BEFAS is expected to provide efficient distribution capability, to reduce trading costs, and to increase competition and cooperation in terms of the return performance of funds.

Data on pension mutual funds as well as data on mutual funds are published on TEFAS Fund Information Platform (www.tefas.gov.tr); and the information and detailed analyses of the funds are easily accessible over a central system.

Within the six-month period from 1 July 2021, i.e., the commissioning date of BEFAS to the end of the year, 136 funds founded by 15 pension companies were traded; and acting as the Fund Distributor Institution, 12 pension companies executed trading transactions for their participations from the funds founded by other companies. In BEFAS, the total trading volume was TL 127,770,651; and the average trading volume was TL 1,038,786. BEFAS attracted great interest from BES participants; and the trading volume has been increasing day by day.



BEFAS Trading Volume Breakdown (by Fund Types – July – Dec. 2021)



Equity Instruments Settlement and Collateral Management Service

For the trades executed on Borsa Istanbul Equity Market where the services of clearing and settlement, risk management and collateral management are provided by Our Bank, as of 19.06.2017, CCP service began to be provided as well.

Clearing and settlement of the trades executed on the Market; on the second business day following the transaction day, as book-entry, is carried out within the frame of the principles of multilateral netting and Delivery vs. Payment (DvP).

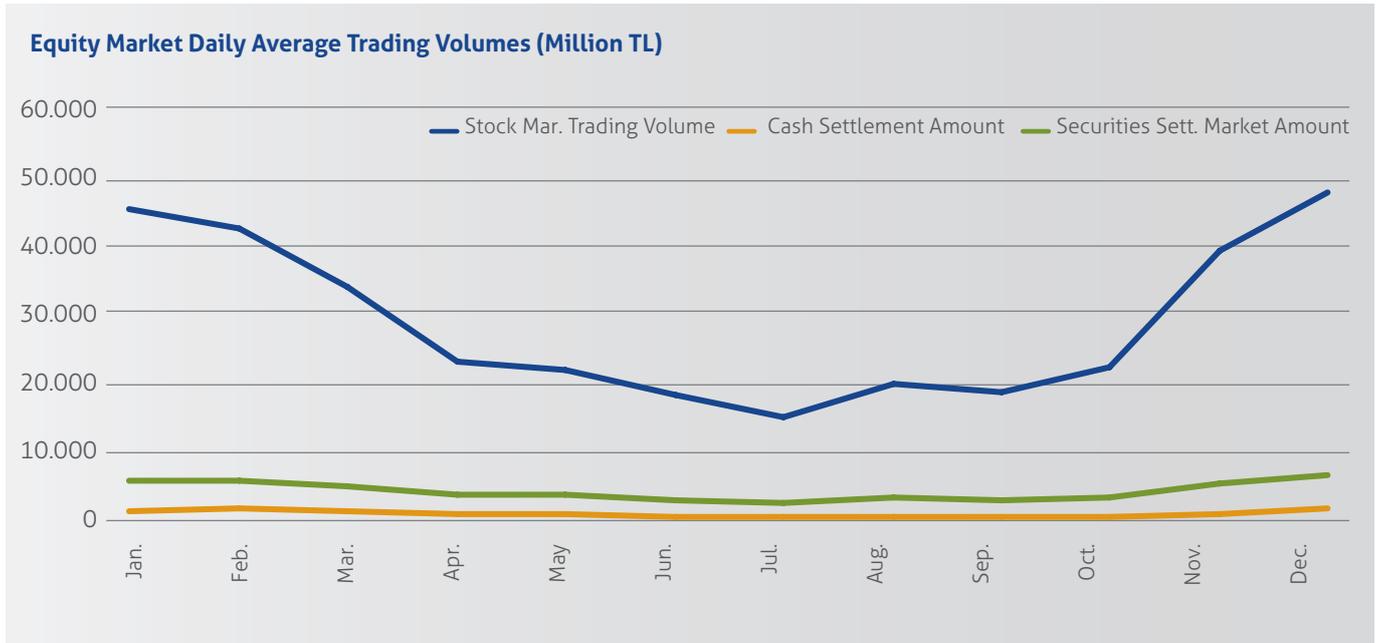
In 2021, a total trading volume of 7.540,17 billion TL was realized by 55 brokerage houses and 1 investment bank; and as a result of the netting, cash settlements in the amount of 310,10 billion TL (4,11%) and securities settlement with a market value of 1.140,31 billion TL (15,12%) were exchanged.

Equity Market Daily Average Trading Volumes (Million TL)

Months	Stock Market Trading Volume	Cash Settlement Amount	Securities Settlement Market Amount	BIST 100 Index Value (*)
January	46.668,80	1.685,69	5.949,66	1.473
February	43.675,51	1.878,05	6.009,28	1.471
March	35.171,38	1.642,44	5.224,42	1.392
April	23.897,40	1.322,35	4.009,89	1.398
May	22.532,82	1.067,15	3.928,32	1.420
June	19.020,39	812,62	3.216,09	1.356
July	15.433,35	709,97	2.871,76	1.393
August	20.772,25	801,57	3.505,13	1.472
September	19.433,19	813,53	3.376,79	1.406
October	22.960,32	850,34	3.835,68	1.522
November	40.426,27	1.376,56	5.865,23	1.810
December	48.859,06	1.944,87	7.107,37	1.858

(*) Month-end Index closing values taken.

Developments in 2021

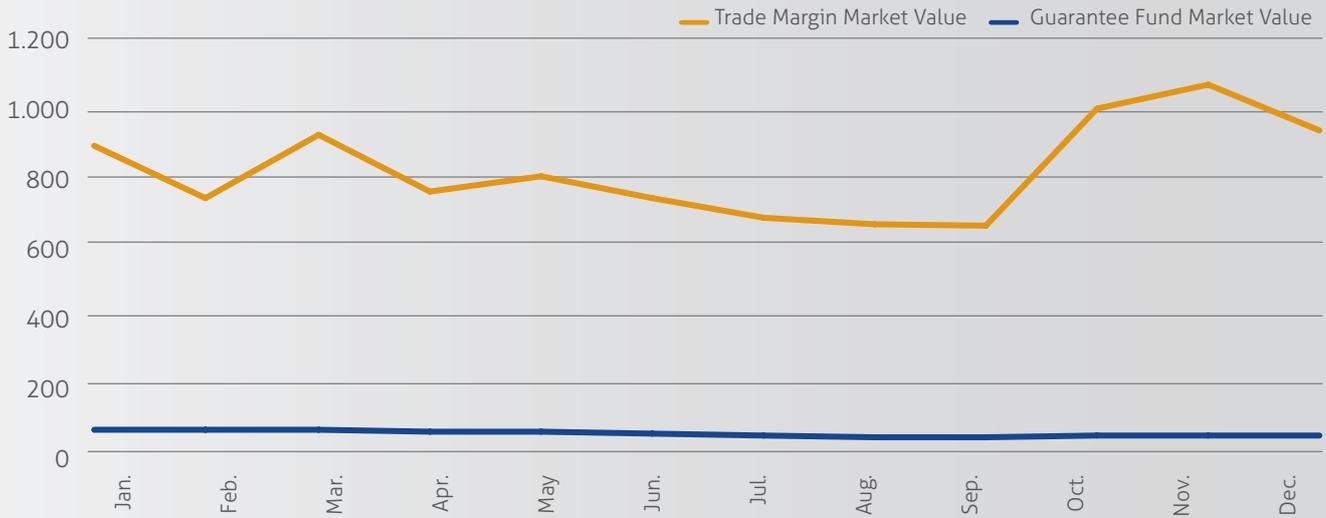


As of the end of 2021, the market value of Equity Market trade margin managed by Takasbank was 906,35 million TL and the market value of guarantee fund contributions was 51,21 million TL.

Equity Market Trading and Guarantee Fund Collaterals (Million TL)*		
Months	Trade Margin Market Value	Guarantee Fund Market Value
January	843,52	71,35
February	682,43	71,96
March	868,14	73,41
April	711,74	65,63
May	754,48	64,27
June	697,65	57,57
July	644,51	51,72
August	631,15	45,32
September	627,94	44,95
October	970,76	49,52
November	1.040,54	50,81
December	906,35	51,21

* Month-end values used.

Equity Market Trading and Guarantee Fund Collaterals (Million TL)



Futures and Options Market Settlement and Collateral Management

Our Bank provided clearing & settlement, risk management and collateral management services in the Futures and Options Market (VIOP) opened under the roof of Borsa Istanbul on 21 December 2012; and started to provide CCP services for the services executed on VIOP as of 03 March 2014. In this context, our Bank acts as a seller against the buyer, and as a buyer against the seller; and in the event of a default in profit & loss distribution and physical deliveries, our Bank's capital may also be used in addition to the trading collaterals and guarantee fund contributions of our members in the fulfilment of obligations. The scope of the service covers opening of accounts for trading on VIOP, management of trading and guarantee fund collaterals, interest accrual for cash collaterals, real-time and post-trade risk management via BISTECH Margin Management, pre-order risk management for risky accounts, creation of positions, profit/loss calculations, exercise of options, executing margin calls, physical delivery for the contracts with settlement methods specified as physical delivery, default and accrual procedures for physical delivery, and collateral default and accrual services; and the transactions executed on VIOP are reported to the trade repository.

By the end of 2021, the number of members in VIOP was 68. As of 31 December 2021, the number of open positions has reached 12.042.392 and the market value has reached 41.5 billion TL in VIOP. By the same date, the trading volume was recorded as 22,9 billion TL, and total number of open accounts was recorded as 548.412.

Within the scope of the "Trading Collateral Management" provided for Derivatives Markets, the real-time risk management in Borsa Istanbul Futures and Options Market (VIOP) is conducted using BISTECH Margin Method that is an internationally-accepted and widely recognized portfolio-based risk calculation algorithm. By the end of 2021, the market value of VIOP trading collaterals managed by Takasbank was 27.419 million TL; and of these collaterals, the portion at the amount of 24.349 million TL is Turkish Liras.

With the start of trading of physically-delivered GDDS futures contracts in Borsa Istanbul Futures and Options Market, it is planned to provide clearing & settlement, collateral and risk management services. The developments related thereto have been substantially completed; and it is expected to be opened for trading by Borsa Istanbul within 2022.

With the Risk-Mitigating Netting (RAN) function, the collateral management efficiency will be increased and members will be offered the possibility to benefit from international practices in Borsa Istanbul Futures and Options Market. The relevant development is planned to be deployed in March 2022.

Developments in 2021

Annual Figures for Borsa İstanbul Futures and Options Market Service

	2016	2017	2018	2019	2020	2021
Trading Collateral Value (Million TL)*	2.641	3.237	3.890	5.832	13.157	27.419
Guarantee Fund Collateral Value (Million TL)*	204	201	277	200	250	345
Trading Volume Amount (Million TL)**	580.611	829.925	1.259.762	1.435.864	2.868.663	4.458.454
Profit/Loss Amount (Million TL)	8.899	12.507	23.774	31.361	47.236	107.062

(*) by the last business day of the year

(**) Position closing values at maturity were included in trading volume calculations. Premiums volume was used for option trading volumes.

Futures and Options Market Guarantee Fund Collateral Management

Within the scope of the "Guarantee Fund Collateral Management" service provided for Derivatives Markets, Takasbank provides management service for the guarantee fund created due to VIOP transactions; and by the end of 2021, total guarantee fund contributions of VIOP settlement members were at the amount of 344 million TL. Out of this fund size, the portion of 280 million TL is comprised of cash (TL) contributions in Turkish Liras.

Over-the-Counter Derivatives Transactions Settlement and Collateral Management

Our Bank provides Central Counterparty Service for over-the-counter derivatives transactions put into service with interest rate-based Turkish Lira Interest Rate Swap (IRS) and Overnight Index Swap (OIS) contracts based on the assurance that OIS contracts established in compliance with IOSCO standards based on Turkish Lira Overnight Reference Interest Rate (TLREF) will form the infrastructure of interest rate swap agreements with both legs in Turkish Lira, thereby enabling our banks to manage medium- and long-term TL interest rate risks without using their foreign currency liquidity.

By the date of 31 December 2021, there are 21 central counterparty members; the amount of open positions is 6,172 million TL; the total collateral value is 601 million TL; and the total value of guarantee fund contributions is 47 million TL.

The integration efforts for automatic transmission of transactions to Takasbank over foreign platforms are continued in order to further increase over-the-counter derivatives trading transactions; and they are planned to be deployed within 2022.

Annual Figures for Over-the-Counter Derivatives Trading Service

	2019	2020	2021
Trading Collateral Value (Million TL)*	185	589	601
Guarantee Fund Collateral Value (Million TL)*	37	41	47
Trading Volume Amount (Million TL)	485	23.262	6.104
Profit/Loss Amount (Million TL)	-	944	649
Periodic Payment (Million TL)	-	1.339	234

(*) By the last business day of the year

Debt Securities Market Clearing & Settlement Service

Since July 2, 2018, Takasbank has begun providing CCP services for transactions executed on the Borsa İstanbul Debt Securities Market, at which our Bank provides clearing, settlement, risk management, and collateral management services.

In 2021, a total of 14.630,12 billion TL transactions were traded in the BİAŞ Debt Securities Market Outright Purchases and Repo-Reverse Repo Markets, of which 54,28 billion TL was the outright Purchases and Sales Market private sector bond transactions.

As a result of multilateral netting, Takasbank concluded a cash settlement of 2.323,32 billion TL (15,9% of the total market traded volume) and securities settlement of 9.508,49 billion TL (65% of the total market traded volume).

The start time of settlement was changed for the transactions executed in the Committed Transactions Market of Sukuk in order to increase the market liquidity and maintain faster and healthier cash circulation between the markets.

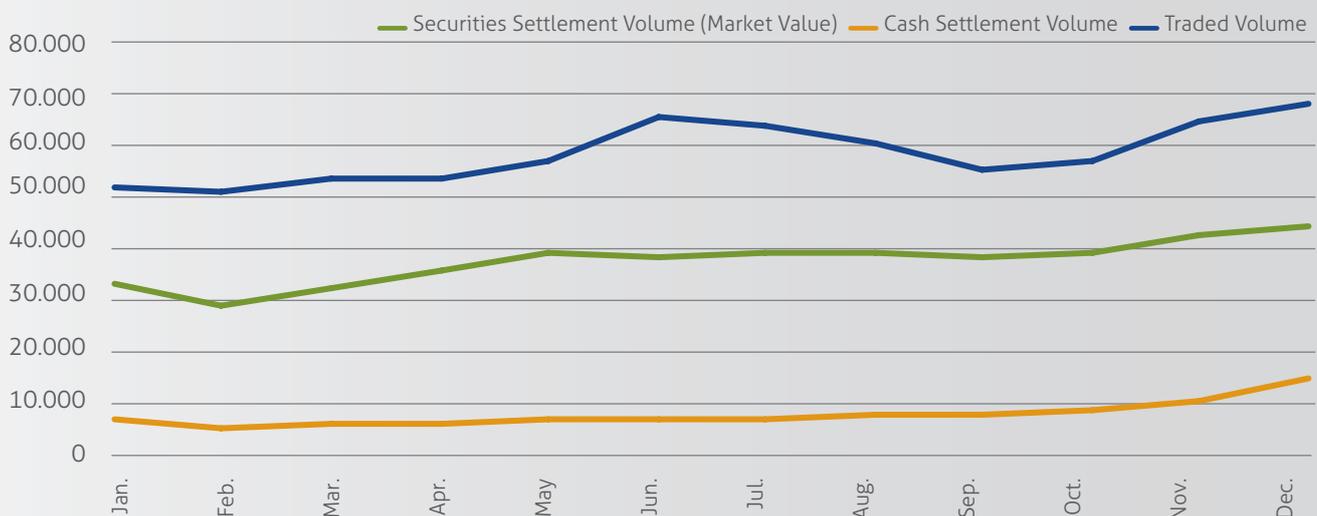
Pursuant to the Communiqué No. III-45.2 on Principles regarding Repo and Reverse Repo Transactions to be performed by Intermediary Institutions as issued by the Capital Markets Board and the Banking Regulation and Supervision Agency and the regulation amending the regulation on principles regarding repo and reverse repo transactions to be performed by banks; and within the scope of increasing the diversity of financial instruments that may be subject to repo and reverse repo transactions and deposition of such instruments at our Bank;

- Mutual funds participation shares/units except for hedge funds" have also been added to the current instruments provided as collaterals against repo transactions executed by Brokerage Houses and Banks on behalf of their customers on an off-exchange basis;
 - Improvements have been made for blocking the relevant instruments in the fund account held at our Bank if Private Sector Debt Instruments are provided as collaterals for repo/reverse repo transactions to which the funds become a party on an off-exchange basis;
- and they have been made available for use by our members.

Debt Securities Market Daily Average Traded Volumes (Million TL)

Months	Securities Settlement Volume (Market Value)	Cash Settlement Volume	Traded Volume
January	33.852,50	8.615,49	52.179,04
February	30.100,61	6.801,28	51.632,50
March	33.461,09	7.630,23	54.039,30
April	36.530,89	7.256,81	53.980,63
May	39.566,44	8.214,29	57.411,33
June	38.741,52	8.108,13	65.730,94
July	40.016,86	8.438,58	63.585,21
August	40.095,48	8.829,07	60.277,66
September	39.000,14	9.197,95	55.700,82
October	39.627,79	10.386,32	57.302,60
November	42.733,48	11.817,51	64.723,17
December	44.138,35	15.735,99	67.641,27

Debt Securities Market Daily Average Traded Volumes (Million TL)



Developments in 2021

As of 31.12.2021, the market value of trade margin collateral was 18.502,25 million TL in the Debt Instruments Market; and the total of guarantee fund contributions was 1.378,14 million TL.

Debt Securities Market Trade Margin and Guarantee Fund Collaterals (Million TL)*		
Months	Trade Margin Market Value	Guarantee Fund Market Value
January	14.479,85	1.460,18
February	14.071,65	1.446,47
March	14.067,56	1.577,11
April	14.451,76	1.521,56
May	12.959,68	1.320,59
June	12.537,43	1.327,82
July	15.378,54	1.348,63
August	15.173,85	1.367,07
September	14.745,64	1.336,66
October	16.247,46	1.343,84
November	20.206,86	1.396,88
December	18.502,25	1.378,14

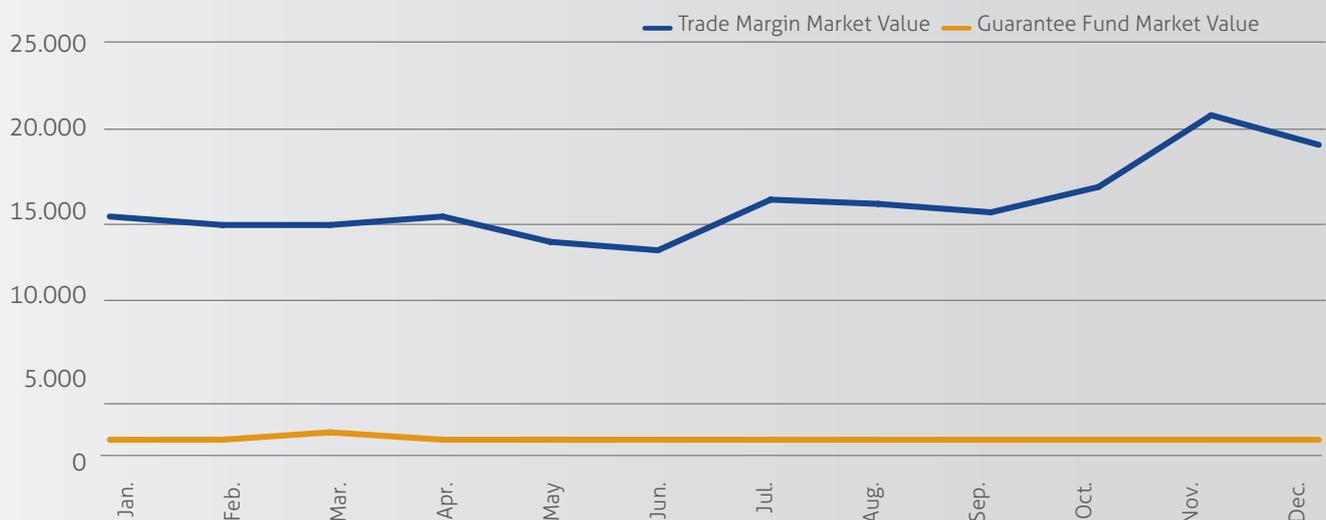
* Month-end values were used.

Borsa Istanbul Money Market Settlement and Collateral Management Service

Within the framework of the action no. 80 entitled "Institutional Investors will be encouraged with Incentives in the Capital Markets" as included in the 64th Government Action Plan, and with the purpose of stimulating the growth of organized money markets, issuance of TL debt instruments with variable interest rates and establishing indicative long-term generally-accepted TL reference interest rates which will form the basis for SWAP transactions; "Borsa Istanbul Money Market" was established within the structure of Borsa Istanbul A.Ş. under the auspices of the Republic of Türkiye Ministry of Treasury and Finance and the Central Bank of Türkiye and in accordance with the principles determined with the participation of authorized officials from our Bank and Borsa Istanbul A.Ş. and it was put into operation on 14 October 2016. The clearing and settlement of transactions executed in Borsa Istanbul Money Market are performed by our Bank as the Central Counterparty. Borsa Istanbul Money Market trading platform has been moved to BISTECH system; and in this context, our Bank have started to rectify transactions for the relevant market.

As of 31.12.2021, the market value of trade margin was 116 million TL; and the total of guarantee fund contributions was 8 million TL.

Debt Securities Market Trade Margin and Guarantee Fund Collaterals (Million TL)



Borsa İstanbul A.Ş. SWAP Market Settlement Service

In line with the vision of Istanbul International Finance Center and under the auspices of the Republic of Türkiye Ministry of Treasury and Finance; Borsa İstanbul, and, as Takasbank, Borsa İstanbul Group launched the Currency SWAP Market on 01 October 2018 under the SWAP Market, one of the alternative products to foreign exchange buying method mostly used in the hedging strategies that may be followed for protection of financial assets against risks in our country; and the Precious Metals SWAP Market on 16 November 2020 under the roof of Borsa İstanbul in order to allow for exchange of precious metals with currencies. Our Bank provides Central Counterparty (CCP) services for the transactions executed in the Market. The settlement of the transactions executed in the

Market is performed on the same day (T+0) in accordance with the payment versus payment and payment versus delivery principles; and the settlement of future-date transactions is performed on the value dates.

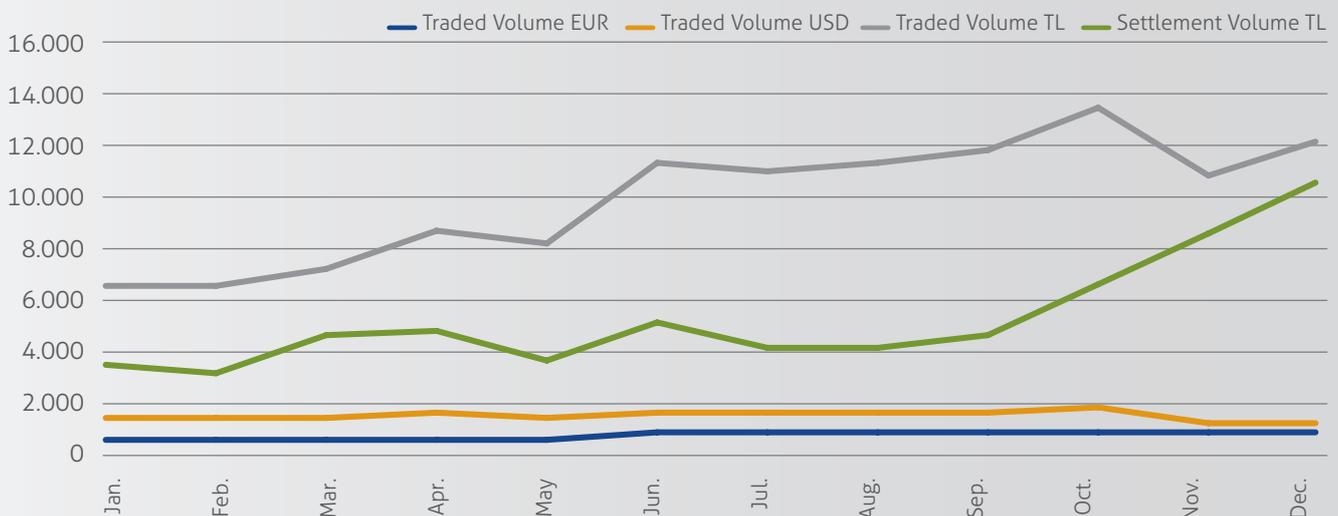
Borsa İstanbul SWAP Market trading platform has been moved to BISTECH system; and in this context, our Bank has started to rectify the transactions for the relevant market.

In 2021, a total traded volume of 2.496 billion TL (unilateral) was concluded by 37 Banks (including the Central Bank of Türkiye) and 5 brokerage houses in the SWAP Market; and as a result of multilateral netting, cash settlements of 1.274 billion TL (51% of the total traded volume) have been executed.

SWAP Market Daily Average Traded Volumes (Million TL)

Months	Traded Volume			Settlement Volume	
	EUR	USD	TL	TL	TL
January	5,74	869,70	6.486,82	3.098,53	
February	25,95	906,65	6.361,38	2.795,73	
March	74,00	843,13	7.071,52	4.346,51	
April	29,05	1.035,24	8.735,92	4.596,58	
May	43,89	928,61	8.217,34	3.290,97	
June	156,36	1.144,73	11.478,36	4.822,04	
July	247,35	990,71	11.051,68	3.765,56	
August	196,19	1.115,62	11.414,17	3.929,30	
September	255,55	1.099,45	12.016,61	4.448,65	
October	270,10	1.174,30	13.726,35	6.380,57	
November	226,32	765,77	10.938,08	8.450,34	
December	143,61	710,83	12.393,61	10.552,01	

SWAP Market Daily Average Traded Volumes (Million TL)



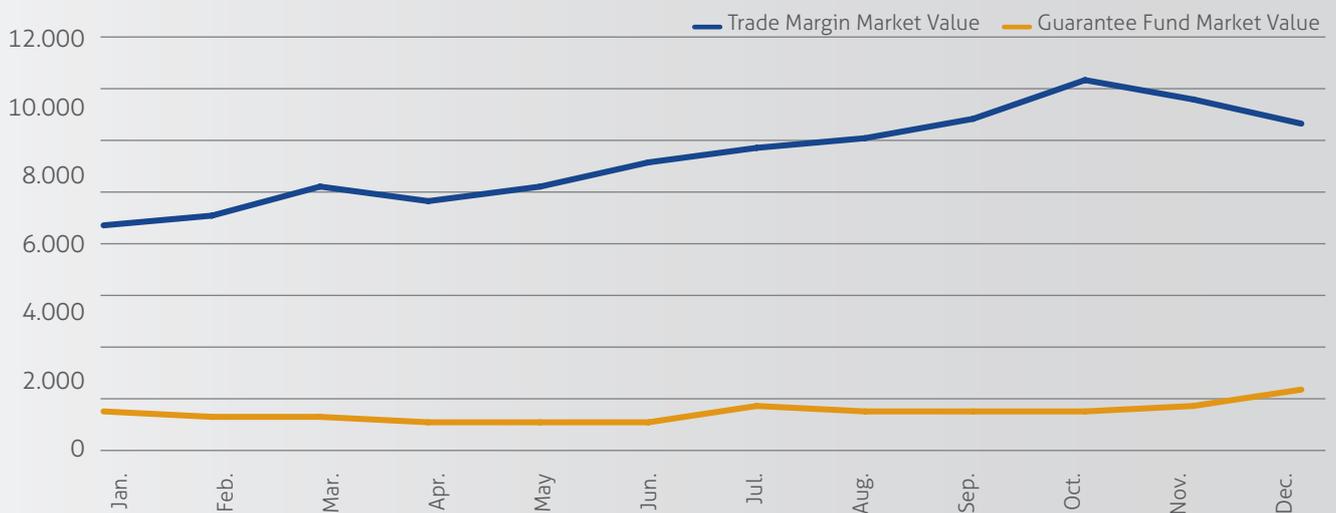
Developments in 2021

As of 31.12.2021, the market value of trade margin collateral in SWAP Market was 9.219 million TL and the total of guarantee fund contributions were 1.974 million TL.

SWAP Market Trade Margin and Guarantee Fund Collaterals (Million TL)*		
Months	Trade Margin Market Value	Guarantee Fund Market Value
January	6.508,55	1.442,76
February	6.866,48	1.416,62
March	7.520,46	1.426,04
April	7.147,38	1.249,46
May	7.549,33	1.270,81
June	8.263,22	1.291,05
July	8.612,32	1.597,06
August	8.798,97	1.543,26
September	9.385,78	1.555,20
October	10.290,07	1.476,50
November	9.867,24	1.568,30
December	9.219,01	1.973,73

Month-end values were used.

SWAP Market Trade Margin and Guarantee Fund Collaterals (Million TL)



EPIAŞ Electricity Market Settlement and Collateral Management

Providing services as a Central Clearing & Settlement Institution for the transactions executed in the Electricity Market operated under the roof of Enerji Piyasaları İşletme A.Ş. (EPIAŞ), Takasbank has provided cash settlement and collateral management services to 1547 participants within 2021, and the trading volume has increased by 67,82% compared to the previous year. The data for the transactions executed in 2021 are provided below.

Electricity Market Advance and Invoice Transactions – Monthly Number of Participants and Trading Volume Data (2021)			
Months	Number of Participants	Advance Trading Volume (TL)	Invoice Trading Volume (TL)
January	1424	10.279.690.447	10.178.405.253
February	1429	9.609.013.243	11.648.876.248
March	1434	12.020.661.468	11.378.969.923
April	1434	10.856.286.037	14.536.713.755
May	1436	12.266.070.785	17.007.287.582
June	1470	14.403.921.327	16.363.228.282
July	1503	19.100.798.802	14.630.911.648
August	1517	20.119.369.858	18.868.716.349
September	1524	21.554.428.813	18.355.951.430
October	1531	20.308.152.072	15.824.109.665
November	1539	32.037.943.407	17.711.298.983
December	1547	36.669.336.566	19.736.321.273
Total		219.225.672.830	186.240.790.396

As of 31 December 2021, the total market value of the collaterals held in the accounts at Takasbank is TL 1,205,540,556.60. The details of such collaterals are provided below.

Cash	USD	EURO	GDDS
1,113,729,837	6,714,273	84,690,805	405,642

EPIAŞ Electricity Futures Market Settlement and Collateral Management

Providing services as a Central Clearing & Settlement Institution for the transactions executed in the Electricity Futures Market started to be operated as of 1 June 2021 under the roof of EPIAŞ, Takasbank has provided cash settlement and collateral management services to 54 participants within 2021. The data regarding the transactions executed in 2021 are provided below.

Electricity Futures Market Advance and Invoice Transactions – Monthly Number of Participants and Trading Volume Data (2021)			
Months	Number of Participants	Advance Trading Volume (TL)	Invoice Trading Volume (TL)
June	49	0	0
July	50	0	0
August	50	0	15.857.868
September	50	0	0
October	50	0	30.091.699
November	52	0	2.284.347
December	54	0	0
Total		0	48.233.916

As of 31 December 2021, the total market value of the collaterals held in the accounts at Takasbank due to Electricity Futures Market transactions is TL 81,368,433.34.

Developments in 2021

EPIAS Renewable Energy Guarantees of Origin (YEK-G) Market Settlement and Collateral Management

Providing services as a Central Clearing & Settlement Institution for the transactions executed in the EPIAS Renewable Energy Guarantees of Origin (YEK-G) Market started to be operated as of 1 June 2021 under the roof of EPIAS, Takasbank has provided cash settlement and collateral management services to 128 participants within 2021. The data regarding the transactions executed in 2021 are provided below.

EPIAS Renewable Energy Guarantees of Origin (YEK-G) Market Invoice Transactions – Monthly Number of Participants and Trading Volume Data (2021)		
Months	Katılımcı Sayısı	Fatura İşlem Hacmi (TL)
June	94	0
July	96	2.722
August	107	2.671
September	115	6.200
October	119	12
November	124	24.443
December	128	16.717
Total		52.768

As of 31 December 2021, the total market value of the collaterals held in the accounts at Takasbank due to Renewable Energy Guarantees of Origin (YEK-G) Market transactions is TL 2,124,230.51.

EPIAS Natural Gas Market Settlement and Collateral Management

Providing services as a Central Clearing & Settlement Institution for the Organized Wholesale Natural Gas Market operated under the roof of EPIAS, Takasbank has provided cash settlement and collateral management services to 60 participants within 2021. The data regarding the transactions executed in 2021 are provided below.

Natural Gas Market Advance and Invoice Transactions– Monthly Number of Participants and Trading Volume Data (2021)			
Months	Number of Participants	Advance Trading Volume (TL)	Invoice Trading Volume (TL)
January	55	232.198.960	318.624.897
February	55	480.990.470	241.923.766
March	55	366.063.301	396.617.330
April	56	320.537.172	297.071.034
May	56	391.918.487	375.982.463
June	56	491.591.168	395.839.323
July	56	396.798.194	510.938.168
August	56	296.519.295	441.656.317
September	57	311.801.805	477.694.640
October	58	653.665.787	868.227.467
November	58	475.723.661	1.719.069.927
December	60	1.019.274.975	2.953.373.871
Total		5.437.083.277	8.997.019.208

As of 31 December 2021, the total market value of the collaterals held in the accounts at Takasbank due to Natural Gas Market transactions is TL 323,680,676.06.

EPIAS Natural Gas Futures Market Settlement and Collateral Management

Providing services as a Central Clearing & Settlement Institution for the Natural Gas Futures Market started to be operated as of 1 October 2021 under the roof of EPIAS, Takasbank has provided cash settlement and collateral management services to 17 participants within 2021. The data regarding the transactions executed in 2021 are provided below.

Natural Gas Market Advance and Invoice Transactions- Monthly Number of Participants and Trading Volume Data (2021)

Months	Number of Participants	Invoice Trading Volume (TL)
September	8	0
October	13	0
November	15	0
December	17	446.748
Total		446.748

As of 31 December 2021, the total market value of the collaterals held in the accounts at Takasbank due to Natural Gas Futures Market transactions is TL 323,680,676.06.

Electronic Warehouse Receipts (EWR) Settlement Service

Having conducted clearing & settlement transactions within the scope of mutual protocols signed with commodity exchanges before 2017, Takasbank has been authorized as the Clearing House to ensure the fulfilment of obligations related to the Market, following the start of operation of Turkish Mercantile Exchange and the start of execution of transactions over TÜRİB Trading Platform.

The clearing and settlement of electronic warehouse receipts are performed at Takasbank by the authorized banks and brokerage houses serving as settlement members through the bilateral/conditional transfer method.

The volume details about the EWR transactions executed in 2021 are provided in the table below.

Electronic Warehouse Receipts (EWR) – Monthly Number of Transactions and Trading Volume Data (2021)

Months	Number of Transactions	Amount	Trading Volume (TL)
January	9.668	361.237.840	684.547.076
February	10.654	444.734.915	838.929.330
March	13.332	535.750.129	1.038.175.987
April	15.894	517.970.255	1.041.200.101
May	11.702	477.779.260	1.018.704.589
June	17.510	461.432.793	1.143.053.350
July	34.802	476.671.615	1.219.884.240
August	34.338	548.725.824	1.463.252.266
September	37.796	579.955.680	1.940.527.518
October	33.904	543.048.283	1.748.312.430
November	48.340	998.692.712	3.284.508.556
December	36.340	783.088.726	3.081.885.836
Grand Total	340.280	6.729.088.032	18.502.981.285

Borsa İstanbul A.Ş. Precious Metals Market Settlement and Collateral Management

Takasbank provides cash settlement, risk and collateral management services for precious metal transactions executed in Borsa İstanbul A.Ş. Precious Metals Market.

The total trading volume recorded in the market in 2021 is TL 172.947.220.962.

The trading volume details by foreign currency types are provided below.

TL	USD	EURO
32,459,103,593	15,667,009,896	182,887,364

The volume details regarding TL and USD gold transactions executed in the Market are provided below.

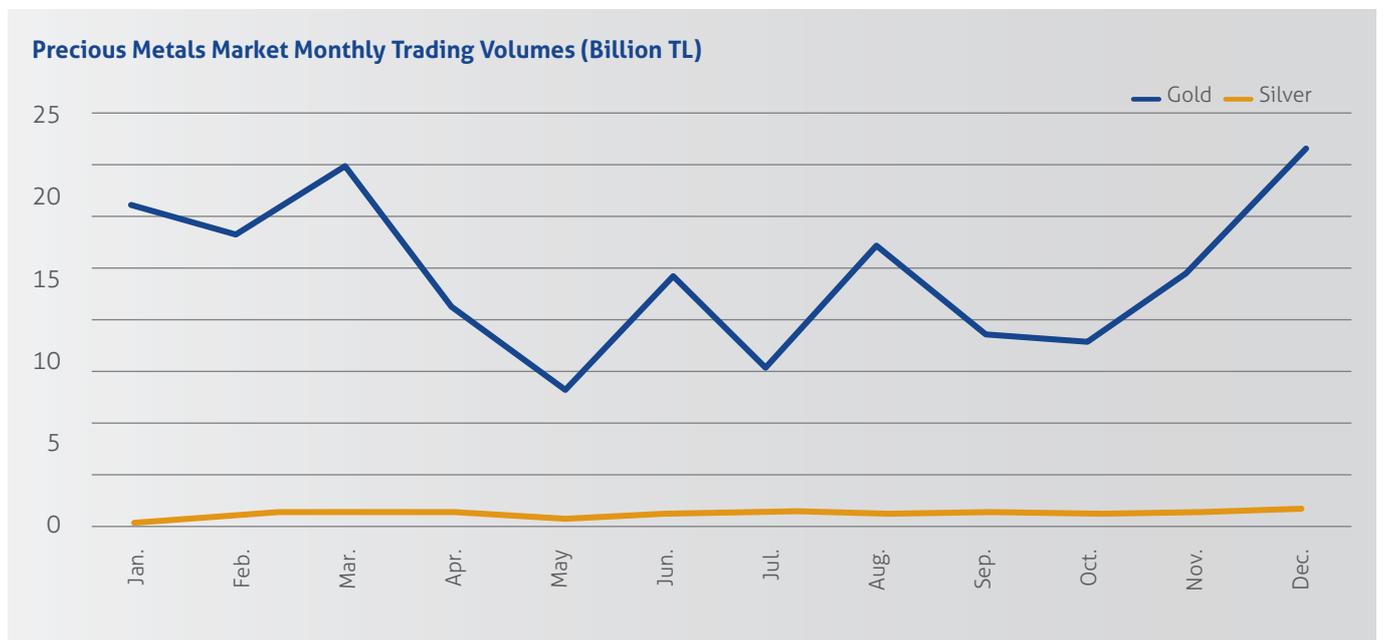
Developments in 2021

Precious Metals Market Gold Transactions (2021)				
Months	TL Gold Transactions		USD Gold Transactions	
	Trading Volume (KG)	Trading Volume (TL)	Trading Volume (KG)	Trading Volume (USD)
January	10.966	4.837.273.837	28.408	1.712.396.735
February	6.397	2.652.151.586	31.881	1.842.269.461
March	4.126	1.764.371.047	39.025	2.149.337.842
April	4.096	1.873.562.315	22.186	1.245.892.924
May	4.616	2.313.633.485	9.454	561.258.904
June	6.353	3.233.555.403	21.021	1.230.239.435
July	2.169	1.079.818.727	13.986	807.370.120
August	2.352	1.137.321.476	29.469	1.675.015.134
September	2.666	1.302.574.050	18.493	1.055.220.937
October	3.310	1.730.023.365	14.936	852.096.672
November	3.685	2.332.473.259	16.257	942.920.547
December	6.788	5.366.443.733	21.369	1.225.952.445
Total	57.529	29.623.202.287	266.491	15.299.971.161

As of 31 December 2021, the total market value of the collaterals held in the accounts at Takasbank is TL 197.692.454. The details of such collaterals are provided below.

TL	USD	EURO	GDGS
4,778,458	5,342,488	410,000	167,400,000

The monthly average Gold and Silver trading volume amounts recorded in the Precious Metals Market in 2021 are shown in the chart below:



Debt Securities Custody

Our Bank provides custody services for government domestic debt securities (GDDS) to banks, brokerage houses, mutual funds and private pension funds, investment trusts, real estate mutual trusts, insurance and pension companies, and portfolio management companies.

GDDS Custody Balances by Years			
Years	Average Nominal (Million TL)	Average Market Value (Million TL)	Average Market Value (Million USD)
2011	48.650,41	48.541,25	25.460,93
2012	49.818,44	50.686,38	28.433,96
2013	50.605,89	52.728,55	24.705,31
2014	55.900,75	57.009,04	24.584,52
2015	56.740,06	57.315,55	19.712,32
2016	51.852,37	52.462,48	14.854,32
2017	51.001,24	51.317,90	13.467,85
2018	54.780,86	50.503,40	9.599,77
2019	115.260,77	115.618,16	19.463,68
2020	132.578,33	143.499,65	19.549,03
2021	132.137,04	137.627,59	10.605,09

(Exchange Rate = 12,9775)

Private sector debt securities (PSDS) balances of mutual and private pension funds, investment trusts, real estate mutual trusts, and insurance and pension companies are followed up in Takasbank's accounts held at the MKK. Our Bank's PSDS custody balances by years are provided in the table below.

PSDS Custody Balances by Years		
Years	PSDS (Million TL) Daily Average Nominal	Change Ratio (%)
2011	3.538,99	1349,75
2012	7.086,38	100,24
2013	12.228,42	72,56
2014	16.457,88	34,58
2015	21.722,45	31,99
2016	26.180,74	20,52
2017	31.255,68	19,38
2018	33.853,07	8,31
2019	30.909,35	-8,70
2020	48.672,76	57,47
2021	63.592,19	30,65

Physical Securities Transactions

As the share certificates traded in Borsa İstanbul A.Ş. were transferred to the Central Registry Agency (Merkezi Kayıt Kuruluşu A.Ş.), the delisted share certificates are continued to be physically kept in custody at our Bank as of the relevant date. In this context, as of 31.12.2021, our fungible custody contained shares with a nominal value of 219,54 million TL comprising 4,3 million units of certificates; and our non-fungible custody contained shares with a nominal value of 5,8 million TL comprising 1,9 million units of certificates.

Developments in 2021

Global Custody

Global custody service covers settlement, custody, exercise of rights/equity-related transactions and the cash transfers related to such transactions provided for the capital market instruments traded in international markets.

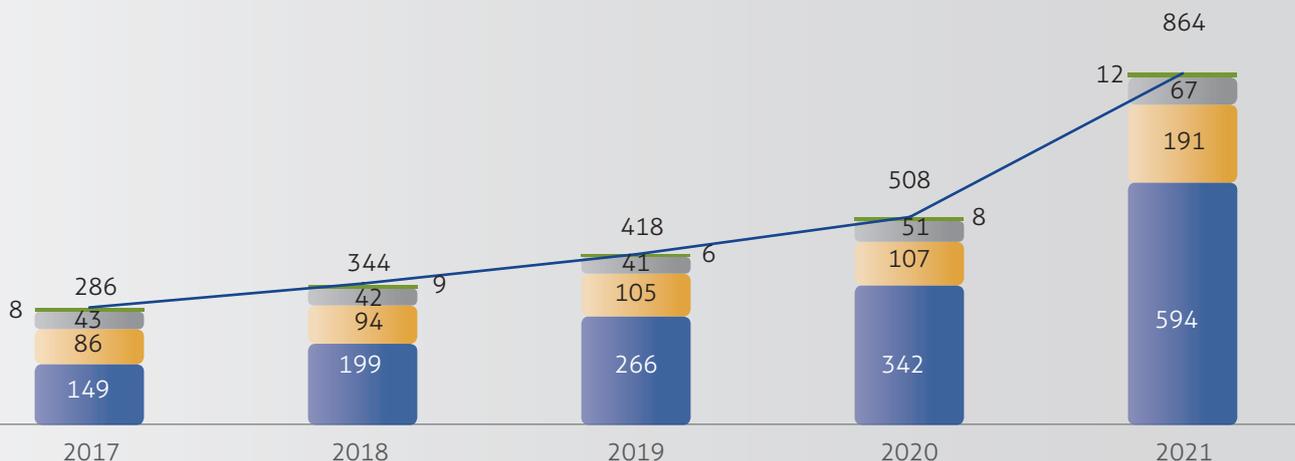
Pursuant to the Regulation on the Principles of Establishment and Activities of Private Pension Funds, published in the Official Gazette No. 28586, dated March 13, 2013, and the Communiqué on the Principles of Portfolio Custody Service and the Institutions Rendering the Service, No. III-56.1, dated July 2, 2013, Takasbank has been officially authorized to provide custody services for assets held in mutual and private pension funds' portfolios. In this context, the central custody of foreign assets owned by mutual and pension funds is provided by Takasbank in Türkiye to the extent permitted by the global correspondent network. In addition, brokerage houses, banks and other financial institutions that are members of Takasbank may also receive Global Custody Service from Takasbank.

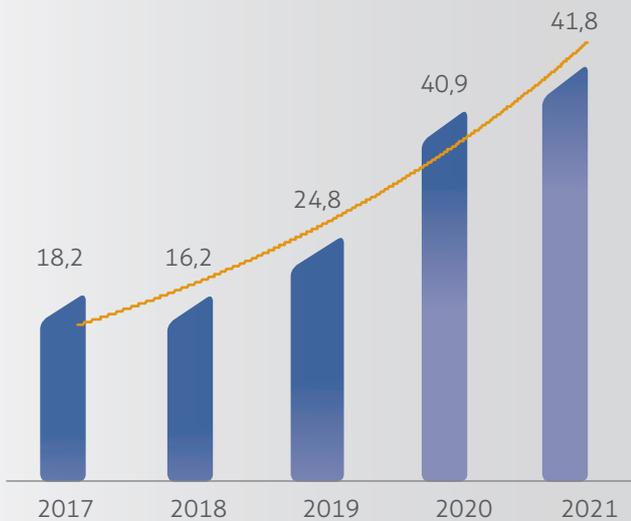
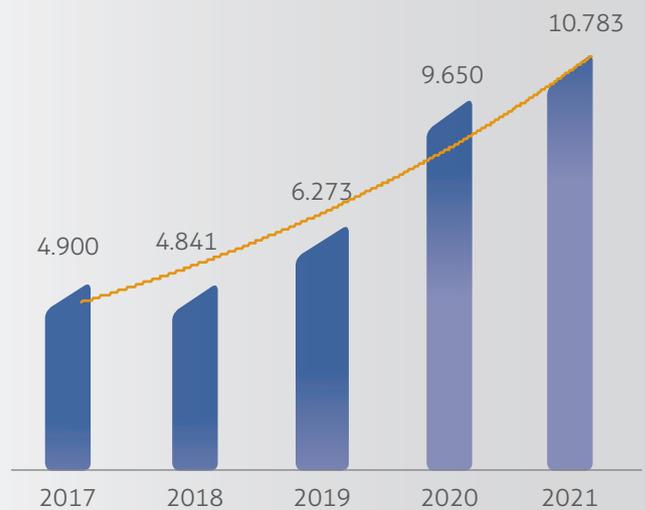
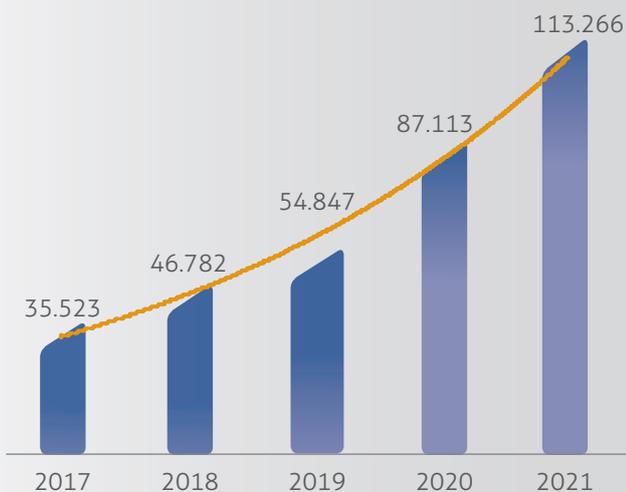
Since 1997, Takasbank has been providing Global Custody Service to a total of 864 members including banks, brokerage houses, pension and mutual funds, and other

financial institutions through an uninterrupted and end-to-end automated flow over the account networks that it has established at international central securities depositories (Euroclear and Clearstream) and global custodians (Citibank). This provides access to more than 65 markets worldwide.

Accounts were opened at the custodians, including, Citibank, in particular, for the mutual fund making investments in 7 countries and launched by following S&P/OIC COMCEC 50 Shariah Index developed by the Organization of Islamic Cooperation states to facilitate increased awareness about the capital markets of their countries and to foster cooperation. In 2021, the United Arab Emirates, Kuwait, Qatar, Saudi Arabian, Indonesian, and Malaysian markets were reached through Takasbank global custody network; and their settlement transactions were successfully performed.

In 2021, the number of member accounts for global custody service has increased by 70%, reaching 864. Average balance has grown by 12% compared to the previous year, exceeding the amount of 10,5 billion EUR. In 2021, a total of 113,266 transactions were executed; and the total value of these transactions exceeded 41 billion EUR.

Number of Global Custody Accounts by Years

Global Custody Trading Volume by Years* (Billion EUR)**Breakdown of Global Custody Average Balance by Years (Million EUR)****Number of Global Custody Transactions by Years***

In 2021, although the number of transactions increased by 30%, the growth in the trading volume remained at the level of 2%. The number of transactions include; settlement transactions by 54%, exercise of corporate rights transactions by 15%, and cash transactions related with settlements and exercise of rights by 30%. The trading volume is comprised of settlement transactions by 52%, exercise of corporate rights transactions by 5%, and cash transactions related with settlements and exercise of rights by 43%.

Developments in 2021

Custody of Dematerialized Shares and Mutual Fund Participation Certificates

Dematerialized shares and mutual fund participation certificates owned by collective investment institutions are kept in custody in Takasbank sub-accounts held at the Central Registry Agency. 2021 was a quite active year in terms of capital markets and initial public offering records were broken. This mobility was also reflected in the size of assets owned by funds; and as of 31.12.2021, it grew by 90% compared to 2020 and reached a total amount of 101,5 billion TL, including shares with a market value of approximately 67 billion TL, and mutual fund participation certificates with a market value of 34,5 billion TL.

Precious Metals Custody

Precious metals included in the portfolios of collective investment institutions are kept in custody at Takasbank. The said custody takes place in the accounts opened as Takasbank's sub-accounts in the name of the relevant Collective Investment Institution at Borsa İstanbul A.Ş. providing physical custody service for precious metals. As of 31.12.2021, Collective Investment Institutions have an approximately 31 tons of gold custody balance; and the market value of the said gold is approximately 24 billion TL.

In 2021, Collective Investment Institutions have also continued to show great interest to Gold-Backed Lease Certificates and Gold Bonds issued by the Ministry of Treasury and Finance, and participated in the issuances in return for a total of 49 tons of gold throughout the year.

Portfolio Custody

Pursuant to the "Communiqué on Principles regarding Portfolio Custody Service and the Institutions that will provide this Service (III-56.1)" prepared based on article 56 of the Capital Markets Law and published in the Official Gazette no. 28695 dated 02 July 2013; Portfolio Custody Service refers to the

custody and/or recordkeeping of the financial assets owned by collective investment institutions, verification and follow-up of the ownership of and the recordkeeping of other assets, control of execution of the transactions regarding asset and cash movements and fulfilment of the other duties specified in the relevant legislation.

Takasbank started to provide portfolio custody service as of 22 December 2014 and has continued to provide this service to collective investment institutions (mutual funds and trusts) established in accordance with the relevant legislation within the year 2021. As of 31/12/2021, Takasbank provides portfolio custody services to 8 portfolio management companies, 4 real estate and venture capital portfolio management companies and 7 investment trusts for 113 collective investment institutions.

Local Custody

Takasbank provides clearing & settlement and custody services to international institutions. Within the scope of this service, foreign institutions may benefit from the clearing and settlement services covering also cash transfer, exercise of rights and reporting regarding the securities held in custody accounts opened with Takasbank.

Exercise of Corporate Rights related with Shares

Takasbank executes the exercise of rights transactions such as increase of capital and dividend distribution in relation to dematerialized shares held in the accounts of collective investment institutions.

In 2021, 56 issuers increased their capital through rights issues, 45 issuers increased their capital through bonus issues, and 148 issuers distributed dividends.

Exercise of Rights related with Debt Securities

Takasbank also intermediates in the exercise of rights transactions for Government Domestic Debt Securities (GDDS) and Private Sector Debt Securities (PSDS) for which it provides custody service. Details of redemptions/coupon payments are provided in the table below.

	GDDS (Million TL)	PSDS (Million TL)
Redemption	15.013	141.554
Coupon	12.975	6.792

Pension Mutual Fund Shares Information Service

In 2021, participants have showed great interest in e-Türkiye Takasbank Integration platform launched in 2013 for private pension system participants; the number of new participants registered on the system has increased from 36,332 in 2020 to approximately 287,000 in 2021; and the total number of total participants registered has reached 704,000. The statistics regarding the usage of Takasbank information system by participants are provided below.

Private Pension Fund Shares Management

Takasbank has been providing services as a custodian to private pension companies since 2003 pursuant to article 17 of the Private Pension Savings and Investment System Law and articles 28, 29, and 31 of the Regulation on Principles regarding Establishment and Activities of Pension Mutual Funds.

As of 31 December 2021; the number of accounts containing private pension funds through the voluntary system in private pension companies remained at the level of 8,5 million by displaying a horizontal course compared to the last year; and the size of the funds owned by participants grew by approximately 68 billion TL, reaching 226 billion TL, including state contributions.

The Law Amending the Private Pension Savings and Investment System Law No. 6740 governing Auto-enrolment in Private Pension System was adopted on 10 August 2016. As of 01 January 2017, i.e., the effective date of the Law, it has been aimed that paid contracted employees below the age of 45 will be included in private pension system with a private pension contract to be drawn up by their employees within the scope of gradual transition.

In 2021, the number of accounts included in the Auto-Enrolment System increased by approximately 1 million, reaching 8,5 million accounts; and the total fund amount increased by 4,5 billion TL, reaching 16,2 billion TL. The rate of exits from the Auto-Enrolment System was recorded as 73%.

Private pension system left behind the 2021 as a quite active year in terms of innovations. The efforts to allow for trading of private pension fund shares over BEFAS platform were completed and launched on 30 June 2021; and as of 31 December 2021, 2553 participants from 13 PPS companies had fund shares at the amount of approximately 93 million TL in BEFAS account.

With the regulation enforced in 2021, the individuals below 18 years of age have become entitled to enter the PPS system; and as of 31 December 2021, 180 thousand participants that are below 18 years of age have had fund shares at the amount of 313,5 million TL in PPS accounts.

The regulations towards the PPS system will also be continued in 2022. The regulations such as increasing the state contribution ratio from 25% to 30%, the possibility of withdrawing advances from the system under specific circumstances and the capability of pledging fund shares as collaterals will be on the agenda of the Assembly in 2022; and the regulations are expected to support the PPS system.

	Number of Participants requesting Daily SMS Messages	Number of Participants requesting Daily Activity E-mails	Number of Participants requesting Monthly Balance E-mails	Number of Participants requesting Monthly Activity E-mails
2020	3.852	3.547	4.271	3.413
2021	7.772	5.914	6.694	6.000
TOTAL	44.476	53.690	63.478	55.819

Developments in 2021

Borsa İstanbul A.Ş. Equity Market, Borsa İstanbul A.Ş. Debt Securities, Borsa İstanbul Futures and Options Market, Takasbank Securities Lending Market, Borsa İstanbul A.Ş. Money Market and Borsa İstanbul A.Ş. Swap Market and Over-the-Counter Derivatives Market (Under CCP Service)

The trading and guarantee fund collaterals pertaining to Borsa İstanbul A.Ş. Equity Market, Borsa İstanbul Futures and Options Market, Takasbank Securities Lending Market, Borsa İstanbul Money Market, Borsa İstanbul Debt Securities Market, Borsa İstanbul SWAP Market and Over-the-Counter Derivatives Markets, for which we have provided Central Counterparty service in 2021 are followed up at our Bank; and their breakdown by collateral types as of 31.12.2021 is provided in the table below.

BIAS Equity Market (Million TL)		
Collateral Type	Trading Collateral Market Value	Guarantee Fund Market Value
TL COLLATERALS	762.05	43.70
FX COLLATERALS	55.93	2.35
GDSS COLLATERALS	61.73	4.34
EUROBOND COLLATERALS	5.86	-
SUKUK COLLATERALS	-	-
EQUITY COLLATERALS	3.60	-
EQUITY MF	-	-
DSM MF	-	-
GOLD COLLATERALS	-	-
ABS (Asset-Backed Securities) COLLATERALS	-	0.83
BIAS EQUITY COLLATERALS	17.17	-
G-7 COLLATERALS	-	-
Total	906.35	51.21

BIAS Debt Securities Market (Million TL)		
Collateral Type	Trading Collateral Market Value	Guarantee Fund Market Value
TL COLLATERALS	101.12	28.64
FX COLLATERALS	68.99	20.37
GDSS COLLATERALS	17,516.40	1,328.24
EUROBOND COLLATERALS	215.67	-
SUKUK COLLATERALS	8.77	-
EQUITY COLLATERALS	0.12	-
EQUITY MF	-	-
DSM MF	-	-
GOLD COLLATERALS	-	-
ABS (Asset-Backed Securities) COLLATERALS	9.65	0.90
BIAS EQUITY COLLATERALS	-	-
G-7 COLLATERALS	-	-
Total	17,920.72	1,378.14

BIAS Money Market		
Collateral Type	Trading Collateral Market Value (Million TL)	Guarantee Fund Market Value (Million TL)
GD DS	42,33	6,43
EURO	73,41	0,10
TL	-	1,26
USD	-	0,21
Total	115,74	8,00

BIAS SWAP Market		
Collateral Type	Trading Collateral Market Value (Million TL)	Guarantee Fund Market Value (Million TL)
GD DS	6.482,71	1.809,38
DTY	131,44	-
ABS	258,97	28,04
EURO	936,78	41,90
SUKUK	694,98	41,36
TL	121,65	53,05
EUT	544,59	-
USD	47,89	-
Total	9.219,01	1.973,73

BIAS Futures and Options Market (Million TL)		
Collateral Type	Trading Collateral Market Value	Guarantee Fund Market Value
TL COLLATERALS	24,830.45	279.61
FX COLLATERALS	2,051.23	18.89
GD DS COLLATERALS	1,086.74	80.47
EUROBOND COLLATERALS	731.62	-
SUKUK COLLATERALS	-	0.68
EQUITY COLLATERALS	683.80	1.78
EQUITY MF	0.74	-
DSM MF	0.03	-
GOLD COLLATERALS	-	-
ABS COLLATERALS	-	10.28
BIAS EQUITY COLLATERALS	13.59	-
G-7 COLLATERALS	-	-
Total	29,398.18	391.72

Developments in 2021

Over-the-Counter Derivatives Market (Million TL)		
Collateral Type	Trading Collateral Market Value	Guarantee Fund Market Value
TL COLLATERALS	237.13	8.65
FX COLLATERALS	7.69	0.98
GDDS COLLATERALS	353.48	37.14
EUROBOND COLLATERALS	-	-
SUKUK COLLATERALS	0.94	-
EQUITY COLLATERALS	-	-
EQUITY MF	-	-
DSM MF	-	-
GOLD COLLATERALS	-	-
ABS COLLATERALS	-	-
BIAS EQUITY COLLATERALS	-	-
G-7 COLLATERALS	-	-
Total	599.25	46.77

Securities Lending Market (Million TL)		
Collateral Type	Trading Collateral Market Value	Guarantee Fund Market Value
TL COLLATERALS	77.88	17.97
FX COLLATERALS	22.92	0.10
GDDS COLLATERALS	3.67	-
EUROBOND COLLATERALS	-	-
SUKUK COLLATERALS	-	-
EQUITY COLLATERALS	1.93	-
EQUITY MF	-	-
DSM MF	-	-
GOLD COLLATERALS	-	-
ABS COLLATERALS	-	-
BIAS EQUITY COLLATERALS	-	-
G-7 COLLATERALS	-	-
Total	106.40	18.08

Leveraged Trading Transactions Collateral Management and Reporting to the CMB:

The Capital Markets Board's "Communiqué on Principles regarding Leveraged Trading Transactions (LTT) and the Institutions that may execute these Transactions" requires that the brokerage houses authorized for Leveraged Trading Transactions should open individual accounts for all investors and keep investors' collaterals in those accounts; and that investors' any all leveraged trading transactions and deposition and withdrawal of collaterals, finalized profits and losses arising from closed positions, provisional profits and losses calculated as a result of valuation of open/short positions, the orders given and changes made on the orders, and the information about the amounts of any and all commissions, charges and taxes accrued to the accounts and the gross/net collaterals held in the accounts should be reported to Takasbank as the trade repository for Forex transactions.

By the year-end of 2021, there are 39 institutions authorized for LTT; and there are collaterals with a value of 2.070 million TL in 37.715 out of 212.940 accounts opened in the LTT.

Leveraged Trading Transactions Data							
	2015/12	2016/12	2017/12	2018/12	2019/12	2020/12	2021/12
Number of Members	42	46	44	39	39	40	39
Number of Accounts - Last Business Day	148.078	214.835	220.091	201.336	202.941	208.303	212.940
Number of Accounts w/ Collaterals - Last Business Day	94.305	130.689	95.949	71.077	67.861	38.526	37.715
Collateral Amount (Million TL) - Last Business Day	615	1.075	843	760	922	1.502	2.070
Open/Short Position Value (Million TL) - Last Business Day	12.682	21.848	7.436	6.112	7.888	11.758	14.147
Total Trading Volume (Million TL)	9.809.280	11.879.389	4.624.630	4.132.789	3.875.230	6.286.065	6.112.062
Daily Average Trading Volume (Million TL)	39.237	49.508	18.279	16.629	12.048	21.210	33.271

Debt Securities Transfer

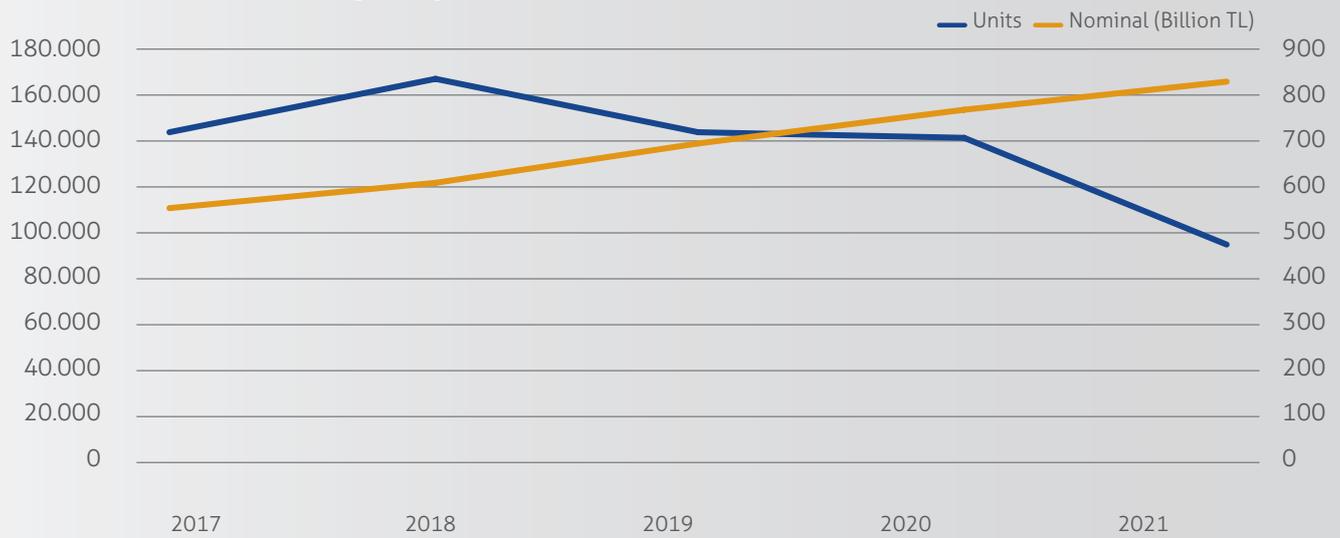
In 2021, our Bank transferred to our members debt securities that were worth a total of 842,568.57 million TL/Nominal, comprising the portions of 830,322.18 million TL/Nominal and 12,246.39 million TL/Nominal, which were transferred on free and bilateral basis, respectively.

Type	Units	Nominal (Million TL)
Bilateral (Conditional) Transfer	1.237	12.246,39
Free Transfer	91.456	830.322,18
Total	92.693	842.568,57

Developments in 2021

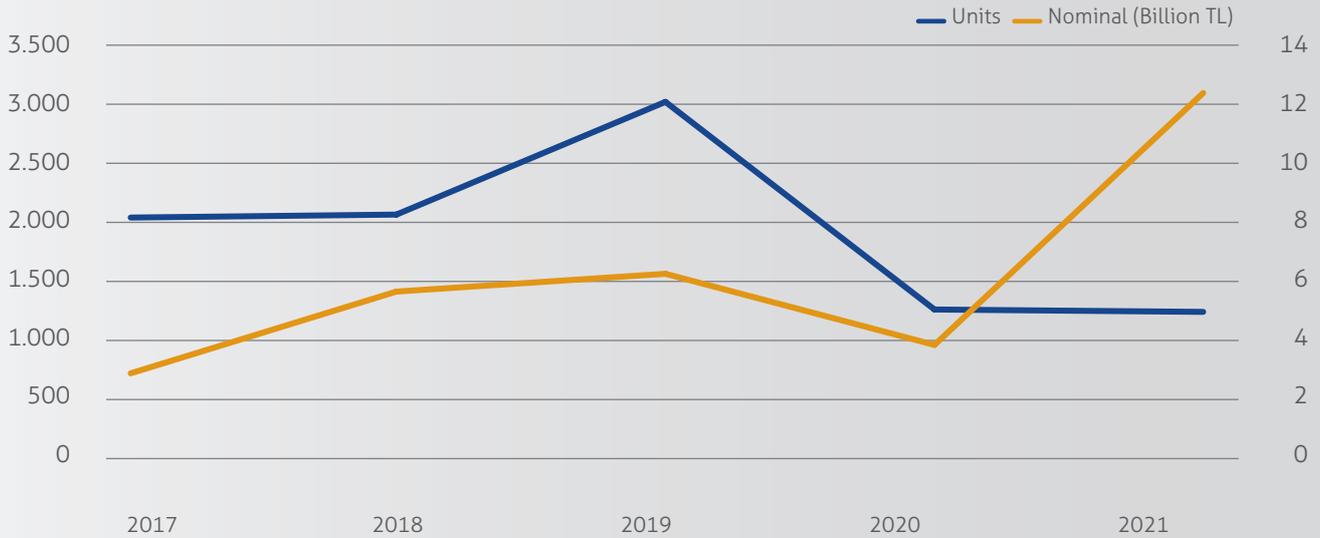
Debt Securities Free Transfer Figures by Years

Year	Units	Nominal (Billion TL)
2017	143.565	540,86
2018	167.950	597,14
2019	142.804	692,56
2020	141.313	768,23
2021	91.456	830,32

Debt Securities Free Transfer Figures by Years**Debt Securities Bilateral Transfer Figures by Years**

Year	Units	Nominal (Billion TL)
2017	2.027	2,89
2018	2.051	5,63
2019	2.985	6,19
2020	1.247	3,84
2021	1.237	12,25

Debt Securities Bilateral Transfer Figures by Years



Exchange-Traded Funds

In 2021, fund share creation and redemptions totalling 4.990,64 million TL were executed in exchange-traded funds based on shares, precious metals, government domestic debt securities and foreign securities.

Equity Instruments Transfer

In 2021, transactions with a total amount of 1.017,11 billion TL were executed in the Bilateral/Conditional Transfer System allowing for simultaneous securities and cash transfer. Nearly 77% of the transactions were executed "Partial Not Allowed" and 91% of the transactions were executed on an "On-Exchange" basis. In addition, collective investment institutions executed free transfers with a total market value of 322,95 billion TL.

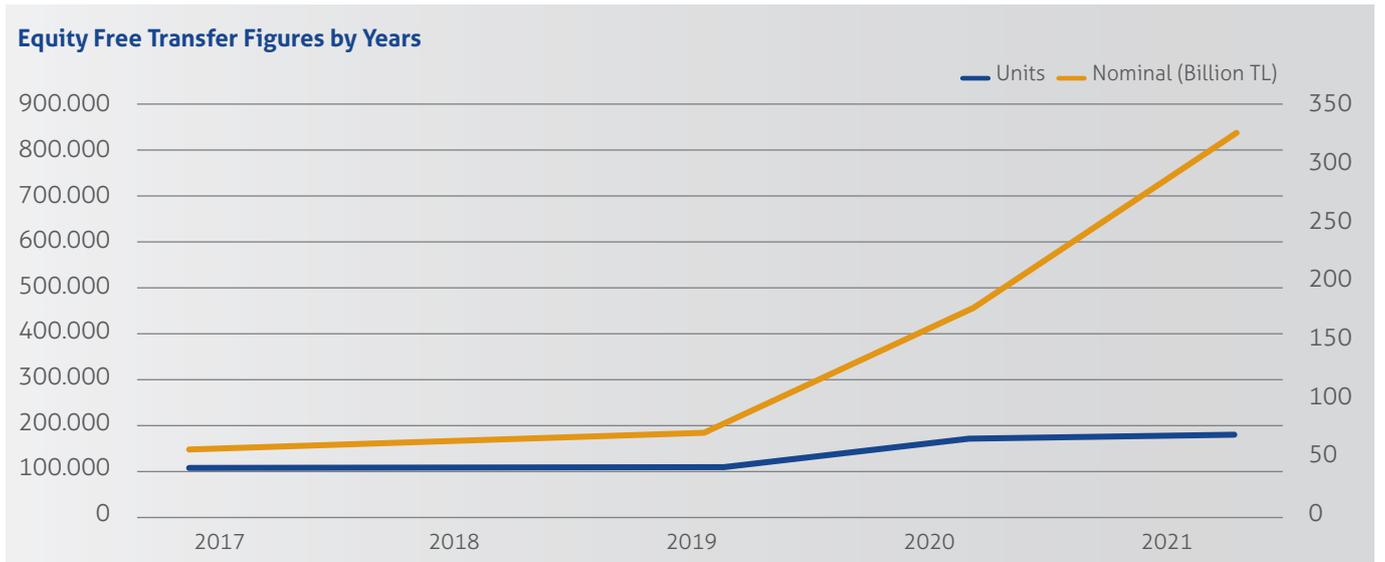
Thanks to the integration of the Bilateral Transfer System with the SWIFT system; SWIFT member organizations may send their bilateral transfer orders via SWIFT and SWIFT orders are directly accepted into Takasbank Bilateral Transfer System. In 2021, 62,4% of the orders received in the Bilateral Transfer System came through the SWIFT system.

The Bilateral Transfer System also allows organizations to execute pre-matching electronically. The ratio of the bilateral transfer orders with future day value entered into the system for pre-matching purposes starting from the transaction day via Takasbank screens or SWIFT to the total orders was recorded as 54,7% in the same period.

Developments in 2021

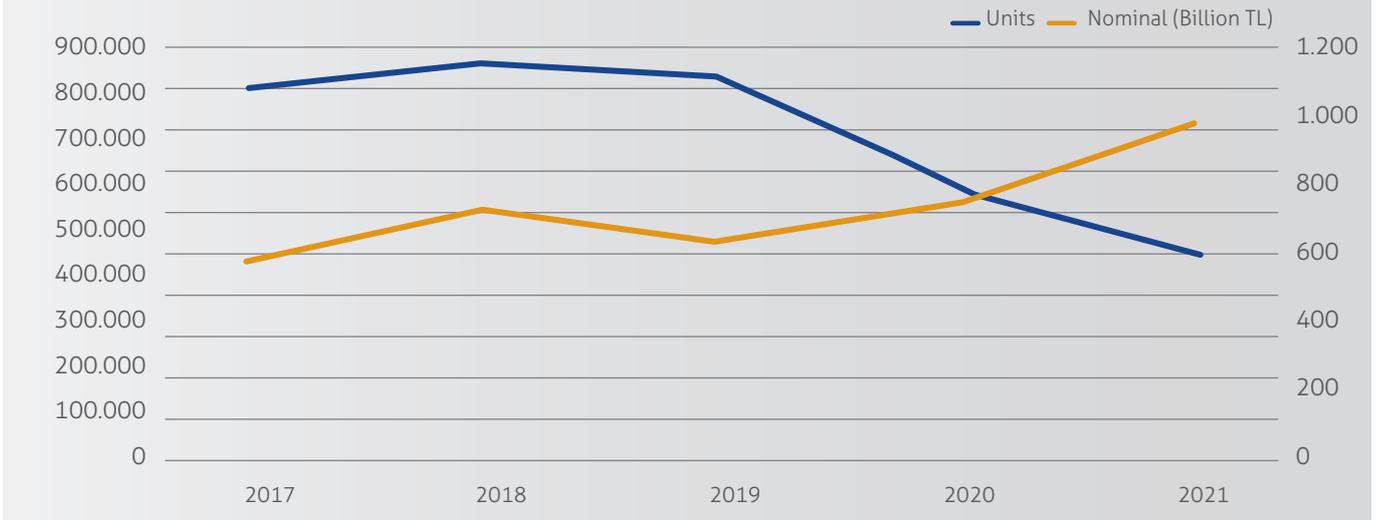
Transfer Transactions in 2021 (Billion TL)			
Months	Free Transfer	Bilateral Transfer	Total Transfer
Months	25,47	87,16	112,63
January	22,36	87,65	110,01
February	30,23	115,72	145,95
March	20,18	72,04	92,22
April	25,55	62,28	87,83
May	19,76	62,83	82,59
June	13,58	42,49	56,07
July	23,19	67,09	90,28
August	19,25	64,05	83,30
September	23,26	73,09	96,35
October	42,46	129,18	171,64
November	57,66	153,53	211,19
December	322,95	1.017,11	1.340,06
Total			

Equity Free Transfer Figures by Years		
Year	Units	Nominal (Billion TL)
2017	90.741	54,63
2018	97.667	58,80
2019	103.927	70,52
2020	165.715	176,87
2021	178.656	322,95



Equity Bilateral Transfer Figures by Years		
Year	Units	Nominal (Billion TL)
2017	830.709	580,15
2018	879.601	756,70
2019	864.576	672,93
2020	615.020	778,07
2021	461.761	1.017,11

Equity Bilateral Transfer Figures by Years

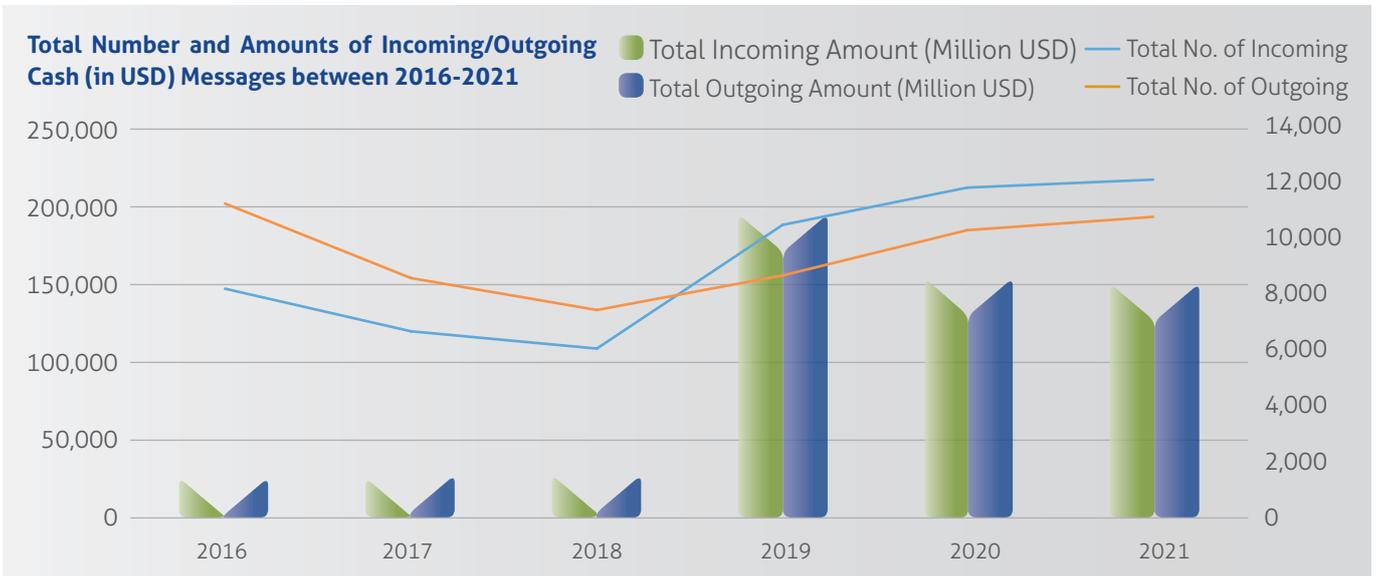


Foreign Currency Payment and Transfer

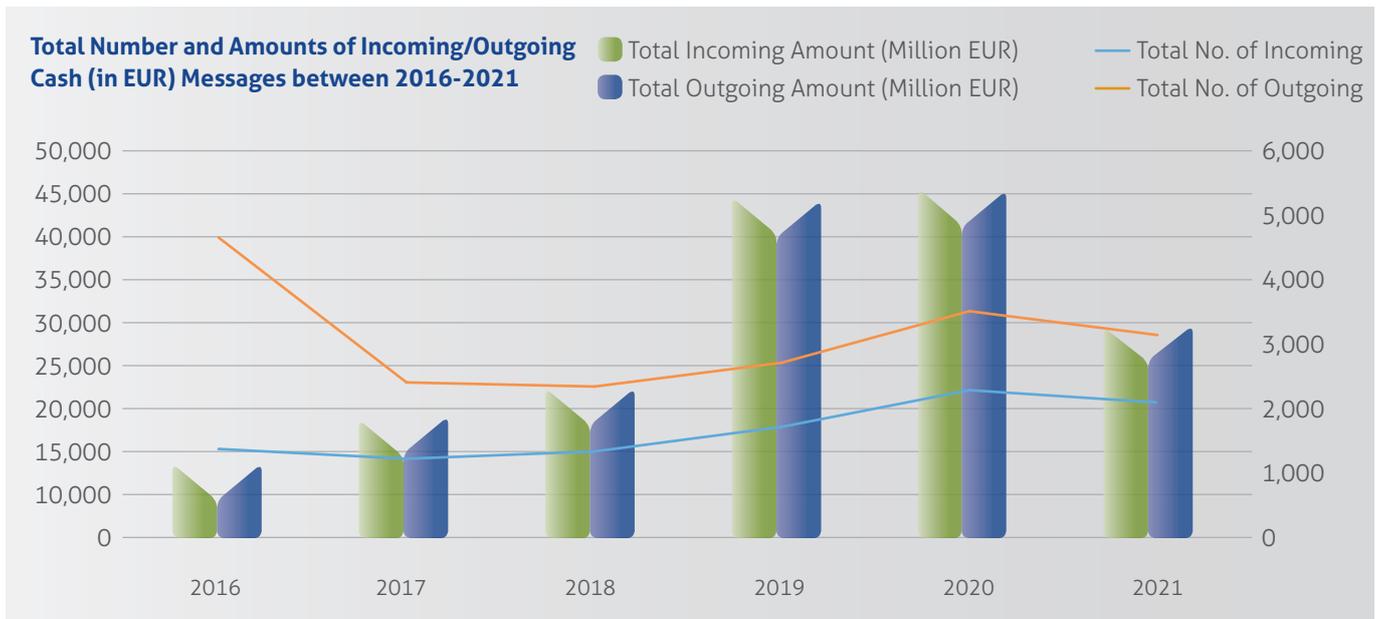
Our members may use the amounts transferred to their foreign currency (USD, EUR and GBP) current accounts held at Takasbank for clearing, settlement and collateral transactions; and transfer from their FX current accounts held at Takasbank to the other domestic bank accounts, either electronically or by giving written instructions, via the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system.

In addition, members can also transfer the amounts in their foreign currency accounts held at Takasbank to another member's account via cash transfer method; and trade in TL-equivalent of foreign currency up to the amounts of 50,000-USD / 50,000-EUR using the instantaneous exchange rate data provided by our bank.

Total Number and Amounts of Incoming/Outgoing Cash (in USD) Messages between 2016-2021

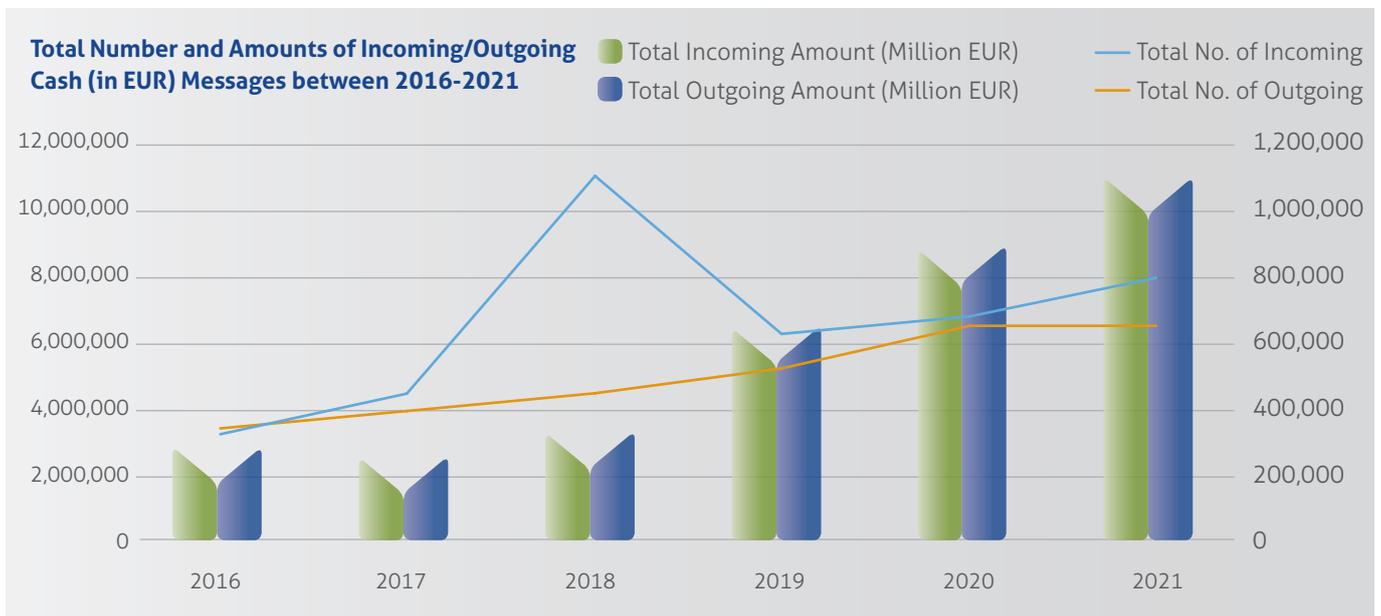


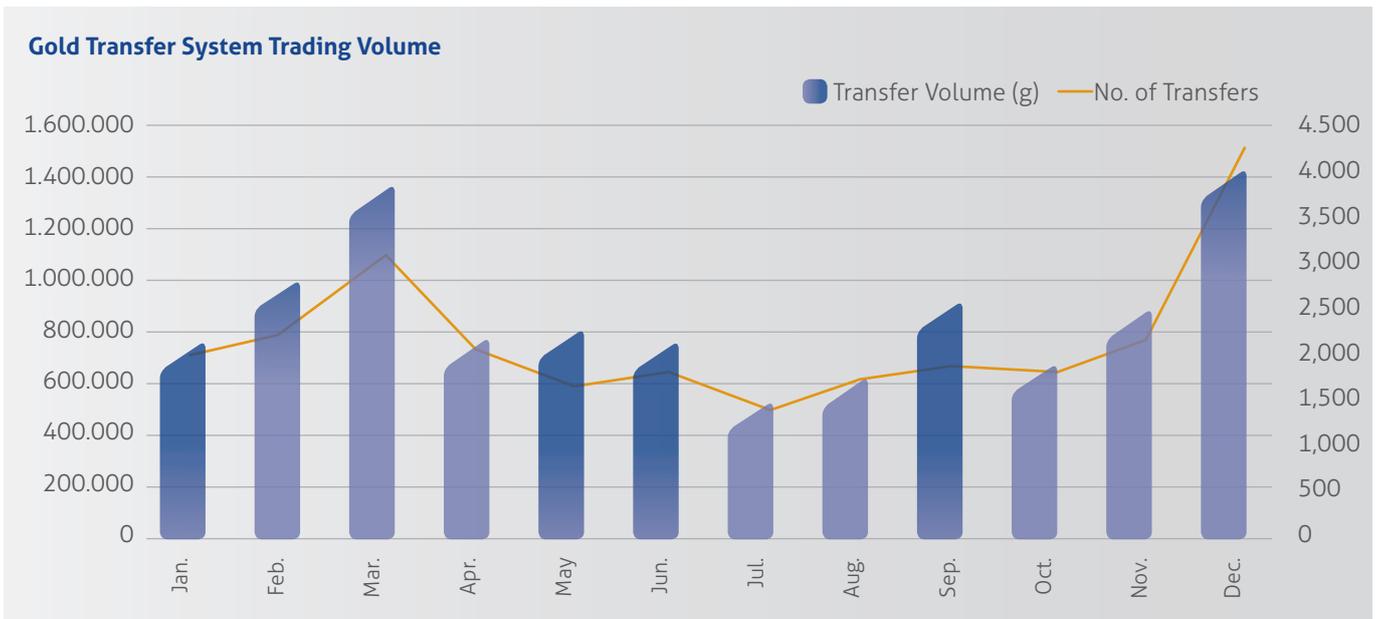
Developments in 2021



Local Currency Payment and Transfer

Within the scope of local currency payment and transfer services; Takasbank makes available for use by its members the services provided via the CBRT Payment Systems (EFT, EST, RPS, Tender Services) and also uses these systems for the services that it provides. In addition, our Bank also provides the brokerage houses the right of access to EFT and EST systems via Takasbank Electronic Transfer System (TETS).





CRA TL/FX Cash Correspondence

Regarding the transactions such as increase of capital through rights issues, dividend payments, and redemption and coupon payments of capital market instruments, which are executed by the Central Registry Agency; Takasbank provides services as the cash correspondent bank. Within the scope of correspondent bank services, Takasbank system and the CRA system run in coordination with each other.

Gold Transfer System

With Takasbank Gold Transfer System (GTS), the gold held in bank customers' accounts is transferred in gold electronically between the gold deposit accounts held at system-member banks.

There are 17 member banks in the Gold Transfer System that allows for transfer of gold, 100-percent physical equivalent of which is kept in Borsa Istanbul vaults, between member banks in the form of one gram and its multiples at low costs and without incurring any transportation risk; and the efforts for including the Silver metal into the system have been recently started.

In 2021, 25.907 transfers in the amount of 10.473.025 grams were executed.

BiGA (One Gram of Gold), Gold-Backed Digital Asset Platform

BiGA is an innovative platform established to allow for the use of the blockchain technology in the finance industry, which

- protects the privacy of the trading entities;
- permits the financial authorities to monitor the transactions when necessary;
- uses distributed ledger technologies; and
- allows for digitalization and transfer of physically-backed assets.

With the Gold Transfer System, the gold physically stored in the vaults of Borsa Istanbul are converted into BiGA (One Gram of Gold) and transferred to BiGA Platform through issuance method; thus, they can be transferred from person to person between banks on a 7-day/24-hour basis thanks to the blockchain technology.

Together with 8 participating banks that are members of the BiGA Platform, the first-known blockchain network of Türkiye in the field of finance has been established.

Developments in 2021

Interbank Card Center (ICC) Collateral Custody

Our Bank provides collateral custody service within the scope of the collateral management mechanism established for the Domestic Clearing and Settlement (DCS) System operated by the Interbank Card Center (ICC).

The said service covers the collateral management processes provided for completion of clearing and settlement within the same day and without any problems in cases where the DCS participants cannot fulfill their obligations that will arise in the system for any reason whatsoever; and as of 31 December 2021, there are collateral with a total market value of TL 814,714,592.37.

TapuTakas (Title Deed Payment Transfer): Payment of Real Estate Purchase and Sale Price through Takasbank

TapuTakas service has been provided by our Bank since 17 April 2015 under the protocol signed with the General Directorate of Land Registry and Cadastre (TGKM) with the goal of preventing issues encountered by the buyer and the seller during the exchange of ownership right and the purchase and sale price, through a modern, safe and technological infrastructure used for all parties and by ensuring:

- simultaneous exchange of the real property ownership right and the cash amount corresponding the sales price of the property
- elimination of the trust issues of the parties;
- elimination of the risks of carrying money in cash and counterfeit money risks;
- Fast transfer at low costs.

Improvement efforts have been started for providing ease of access to TapuTakas product over the e-government system in order to facilitate the use of the system by larger groups.

Transactions with a total amount of TL 267,218,223 were executed between the dates of 17.04.2015-31.12.2020 and transactions with a total amount of TL 163,278,002 were executed in 2021 over TapuTakas system.

TAKASBANK TAPU TAKAS CURRENT STATUS REPORT													
	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.	Total
Number of Transactions	7	10	12	16	7	11	5	8	12	10	14	6	118
Amount of Sales (TL)	3,887,000	12,330,600	20,505,000	10,561,400	7,448,000	24,898,850	6,414,000	13,506,000	23,945,000	22,389,652	15,965,000	1,427,500	163,278,002

TaşıtTakas

TaşıtTakas System was launched on 3 February 2020 by Takasbank as the first escrow agent in the Secure Payment System, the resulting product of the joint efforts conducted between the Republic of Türkiye Ministry of Commerce and the Notaries Union of Türkiye in order to prevent fraud and theft events that are frequently experienced in vehicle purchase and sale transactions.

TaşıtTakas System allows for simultaneous exchange of the ownership right of the vehicle and the cash sales price in a safe and secure manner in order to prevent any adversities faced by the buyer and seller at the time of exchange of the ownership right and the purchase and sale amounts in second-hand vehicle purchase and sale transactions.

A total of 166 transactions in the amount of TL 23,223,060 were executed via TaşıtTakas System between the dates of 03.02.2020-31.12.2020; and in 2021, the trading volume reached to a total of 2.115 transactions and a total amount of TL 443.223.720. Corporate collaborations included in the system have made a significant contribution in the accelerated growth of the trading volume.

TAKASBANK TAŞITTAKAS CURRENT STATUS REPORT													
	Jan.	Feb.	March	April	May	June	July	August	Sep.	Oct.	Nov.	Dec.	Total
Number of Transactions	6	7	13	35	44	210	172	234	296	335	545	218	2115
Amount of Sales (TL)	979,000	1,191,000	1,712,100	5,807,550	9,011,570	37,733,800	29,220,900	37,272,750	53,956,750	67,471,750	134,041,250	64,825,300	443,223,720

Takasbank Cheque Clearing System

Takasbank Cheque Clearing System was established to allow for payment of cheques on account between bank branches under article 5 of the Regulation on Cheque Clearing Operations and it provides intermediation in the clearing and settlement transactions and collateral management.

In Takasbank Cheque Clearing System, a total of 11,806,798 cheques were subject to clearing; and 11,169,422 cheques were subject to settlement after deducting return cheques in 2021.

Numbers and Amounts of Cheques Presented to and Processed by Interbank Clearing Houses (2021)

Numbers and Amounts of Cheques Presented to Takasbank Cheque Clearing System and processed through Settlement					
Months	Cheques Sent for Clearing		Cheques Subject to Settlement		
	Number of Cheques	Amount of Cheques	Number of Cheques	Amount of Cheques	
January	547,478	48,382,626,650	534,295	46,720,059,716	
February	856,232	59,193,506,943	837,238	57,107,030,515	
March	1,241,501	81,640,248,982	1,214,461	78,570,873,890	
April	913,795	66,977,415,548	802,842	59,656,057,482	
May	1,132,389	79,160,520,135	854,367	59,705,272,868	
June	1,061,503	79,300,615,296	1,014,706	74,306,824,861	
July	716,045	61,658,038,302	694,755	58,941,873,867	
August	1,217,431	93,791,596,091	1,186,939	90,040,066,874	
September	982,303	81,648,514,628	958,484	78,564,303,417	
October	570,540	57,407,151,909	556,085	55,314,974,641	
November	1,481,192	114,617,023,810	1,450,191	110,397,326,582	
December	1,086,389	94,670,536,157	1,065,059	91,343,396,053	
Total	11,806,798	918,447,794,451	11,169,422	860,668,060,766	

General Statistics – Unit-Based Report

Monthly Gross and Dishonoured Cheques (with Return Codes 82, 83, and 99)						
Months	No. of Cheques	Number of Dishonoured Cheques	Ratio (%)	Overall Increase in Cheques (%)	Increase in Dishonoured Cheques (%)	
January	547,478	4,866	0.89	-41.73	-45.96	
February	856,232	7,514	0.88	56.40	54.42	
March	1,241,501	11,437	0.92	45.00	52.21	
April	913,795	5,089	0.56	-26.40	-55.50	
May	1,132,389	1	0.00	23.92	-99.98	
June	1,061,503	24,319	2.29	-6.26	N/A*	
July	716,045	8,813	1.23	-32.54	-63.76	
August	1,217,431	13,333	1.10	70.02	51.29	
September	982,303	10,111	1.03	-19.31	-24.17	
October	570,540	5,457	0.96	-41.92	-46.03	
November	1,481,192	13,182	0.89	159.61	141.56	
December	1,086,389	9,353	0.86	-26.65	-29.05	

*Pursuant to the provision of Article 2(b) specified in the Communiqué published in the Official Gazette No. 31470 (Bis) Dated 30 April 2021 which reads as follows: "In cases where the cheques with their last days of submission periods fall on a date between 30/4/2021 and 31/5/2021 are submitted to a bank between the said dates and there is no adequate balance to cover the cheque amount in the cheque account holder; no dishonoured-cheque procedures may be executed under the Cheque Law no. 5941 before the date of 1 June 2021. The necessary procedures related with such cheques may be initiated after the date of 1 June 2021"; there are no dishonoured cheques by May 2021; and the ratio of increase has been disregarded.

Developments in 2021

Legal Entity Identification

Takasbank has been allocating Legal Entity Identifier (LEI) codes in accordance with international standards (ISO 17442) since 2013. Pursuant to the "Communiqué on the Principles of Reporting of Data to Trade Repositories" as published in the Official Gazette on 27 October 2018, it became required to use LEI codes when reporting the parties of derivative transactions in Türkiye. Subsequently, pursuant to the Capital Market Board's decision dated 08 August 2019 on ensuring the connection between issuers and the securities issued by them through matching of the Legal Entity Identifier (LEI) codes with the International Securities Identification (ISIN) codes, it became required for the countries issuing securities to provide LEI codes. The service scale has significantly increased following these developments.

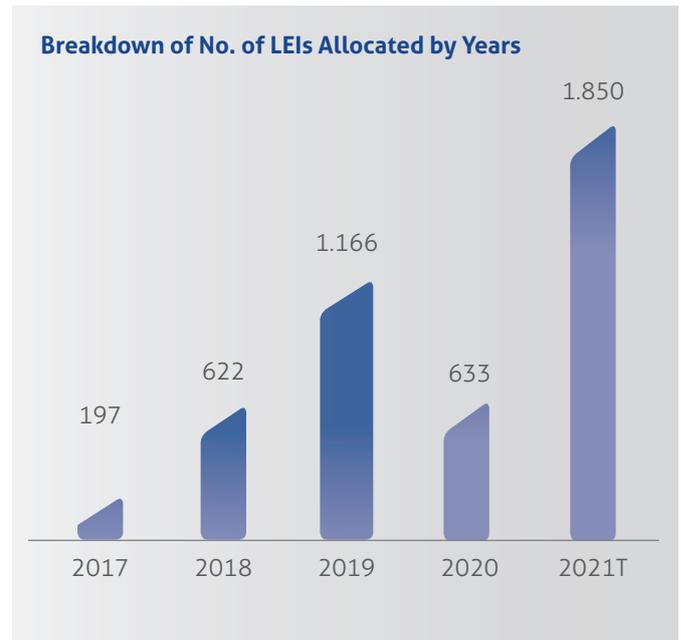
Takasbank completed accreditation process which has been carrying out since 2015 and completed on 31.01.2018 with GLEIF (Global Legal Entity Identifier Foundation) which is acting as the international authorized board for allocation of legal entity identifier codes and Takasbank was accredited as a local operating unit.

As required by the changing needs for reporting Türkiye and the world and the legislation issued in this context, it has become required to use LEI codes for identification of legal entity parties of transactions in financial markets; and accordingly, the number of LEIs allocated have rapidly increased in years. In 2021, Takasbank LEI Portal was renewed

and deployed with its user-friendly design. The new portal has been designed with a mobile-compatible format; allowing the MERSIS details of legal entities to be automatically transferred to the LEI system. Thus, legal entities can apply for LEI codes in a much easier and faster manner.

In 2021, LEI codes were assigned to 1,850 legal entities. The total number of LEI codes assigned by Takasbank reached 4,609.

LEI Codes Assigned



International Securities Identification (ISIN) Service

Takasbank was authorized as the "National Numbering Agency" by the Capital Markets Board in 1995; and since then, Takasbank has been allocating international securities identification codes (ISIN -ISO 6166) and financial institution classification codes (CFI – ISO 10962) to all securities and other financial instruments issued in the local market. In 2018, Takasbank started to assign FISN (Financial Instrument Short Name) codes complementary to ISIN codes in compliance with the ISO 18744 standard. A total of 20,335 ISIN codes were generated in 2021.

Breakdown of No. of ISINs Allocated by Years



Fund/Treasury Management

As with previous years, Takasbank has also aimed in 2021 to maximize its returns that could be gained, by taking a reasonable level of risk, and to maintain its core operations and financial strength within the given market conditions and in accordance with the legislative framework.

The monetary support and expansionary policies presented during the pandemic period in 2021 that started with economic recovery have created the issue of inflation on a global scale.

Tightening policies are expected to be on the agenda of the central banks in the upcoming periods. In 2021, the ratio of interest incomes to the total incomes has maintained its strong level with the rate of 53% and has increased by 58% compared to the previous year. Within the scope of collateral management, it was tried to invest the funds of the Banks and the Bank customers in the markets with the most suitable maturity periods in the best interests of the owners by showing best efforts and in line with their purposes.

Years	Total Revenues (Thousand TL)	Gross Fund Management Revenues (Thousand TL)	Share of Fund Management Revenues (%)
2011	105.247	43.814	42
2012	147.235	89.523	61
2013	194.704	123.670	64
2014	264.542	179.323	68
2015	338.744	224.527	66
2016	427.455	281.177	66
2017	571.886	388.308	68
2018	935.119	669.891	72
2019	1.172.901	793.129	68
2020	994.616	512.889	52
2021	1.530.674	810.095	53

Developments in 2021

Cash Credit

Within the scope of the service of allocation and notification of limits; the credit limits of a total of 102 organizations, including 31 brokerage houses, 20 banks, and 51 Financial Institutions were updated with respect to Nominal and Value-at-Risk-based limits in 2021.

While the Cash Credit interest incomes increased by 42% compared to 2020, reaching TL 24,595,910; the placement average was recorded as 129 million TL. The maturity terms of the loans were mostly applied as O/N in line with the requests of our members.

The number of brokerage house customers signing pledge agreements to transfer securities to cash credit collaterals increased from 1,068 to 1,164.

As planned in 2021 and deployed at the beginning of 2022 upon completion of its application at the end of 2021, the scope of the intra-day credit service has been expanded and the "Beginning-of-Day Credit" application has been launched to accelerate brokerage houses' operational transactions at the beginning of the day and to support their financial structures by reducing the costs. In the Beginning- of-Day Credit, brokerage

houses are allowed to benefit from the possibility of receiving secured and interest-free credits within the scope of the limits calculated with a coefficient applied to their cash credit limits, by using our Bank's screens between the hours of 9:00-12:00, without any need for a further control of orders and approval of the transaction.

Cash Credit Placement Average and Credit Interest Income in 2021

Months	Placement Average (TL)	Interest Income (TL)
January	78,292,839	1,359,687
February	78,021,821	1,224,378
March	57,866,000	1,020,784
April	78,621,733	1,411,064
May	65,474,452	1,201,934
June	71,503,433	1,232,517
July	69,558,097	1,239,924
August	87,688,548	1,563,616
September	85,617,100	1,469,983
October	174,829,677	2,964,537
November	144,777,067	2,177,886
December	521,169,030	7,729,600
Total	129,002,090	24,595,910

Member Information Management

In the 2021 operating period, the membership and account opening procedures performed for the institutions receiving services within the scope of Capital Market transactions and the relevant markets have been continued with gradual increase. 568 accounts were opened following the signing of the relevant agreements within the year.

Within the operating year, services were provided to 2,174 institutions and 9,037 active users. Within the scope of the relevant member transactions and information services, 16,339 telephone calls, 63,629 e-mail notifications and directions, 764 representative designations according to the institutions' signature circulars, and finally, definition of 9,707 securities traded in various markets were performed.

In the operating year of 2021, the account relationship of 115 accounts with Takasbank was terminated in line with the requests of the relevant institutions.

Member Accounts (as of 31 December 2021)

Member Type	Number
Brokerage Houses	59
Banks	40
Electricity Market	1.541
Other	25
Natural Gaz Market	60
Pension Companies	15
Factoring Companies	45
Financial Leasing Companies	14
Financing Companies	11
Turkish Agricultural Credit Cooperatives	1
Real Estate Investment Trusts	32
Venture Capital Investment Trusts	19
Participation Banks	6
Precious Metals Brokerage Houses	50
Institutional/Corporate Investors	13
Portfolio Management Companies	53
Insurance Companies	10
Licensed Warehouses	160
Asset Management Companies	10
Investment Trusts	10
Total	2.174

Periodic Data Transfer to Data Vendors

Within the scope of the service of Periodic Data Transfer to Data Vendor Companies, consolidated securities balances of mutual funds, pension mutual funds and investment trusts, fund portfolio breakdown details, fund company details, fund analyses, and the information about the funds traded in the Türkiye Electronic Fund Trading Platform were provided to data vendors in 2021; and as of the end of 2021, data are provided to 7 receivers and 5 sub-receivers.

Suspended Brokerage House Transactions

The processes regarding the brokerage houses with their activities suspended in accordance with the legislation and the assignments of the Capital Markets Board were continued throughout the year 2021.

The transactions regarding dividend distribution and increase of capital through bonus issues and the lapse of time procedures related with the share certificates of the suspended brokerage houses, which were under the responsibility of Takasbank, were followed up and the transfer requests received from investors were fulfilled.

Repo-Reverse Repo Transactions and their Monitoring and Reporting

It is required that repo and reverse repo transactions executed by brokerage houses and banks outside BIAS and the transactions executed by breaking the maturity should be reported to Takasbank and the securities subject to such transactions should be deposited at Takasbank. In this context; the monthly breakdown of the securities deposited at our Bank by brokerage houses and banks as provisions to be blocked for repo transactions in 2021 is provided below.

Months	Nominal (Million)
January	181.843,17
February	177.549,84
March	211.266,69
April	205.788,48
May	179.957,73
June	230.858,78
July	177.741,91
August	200.931,26
September	196.906,52
October	177.080,12
November	191.303,71
December	220.506,22

Blockage of Collaterals of Brokerage Houses

As of 31.12.2021, the total amount of collaterals held in custody at our Bank on behalf of the Capital Markets Board is 4,03 million TL; and their breakdown by collateral types is provided in the table below.

Collateral Type	Market Value (TL)
TL	2.089.526,00
Government bonds	348.281,75
Letters of Guarantee	1.593.687,00
Total	4.031.494,75

Developments in 2021

Fund Valuation and Reporting to the CMB

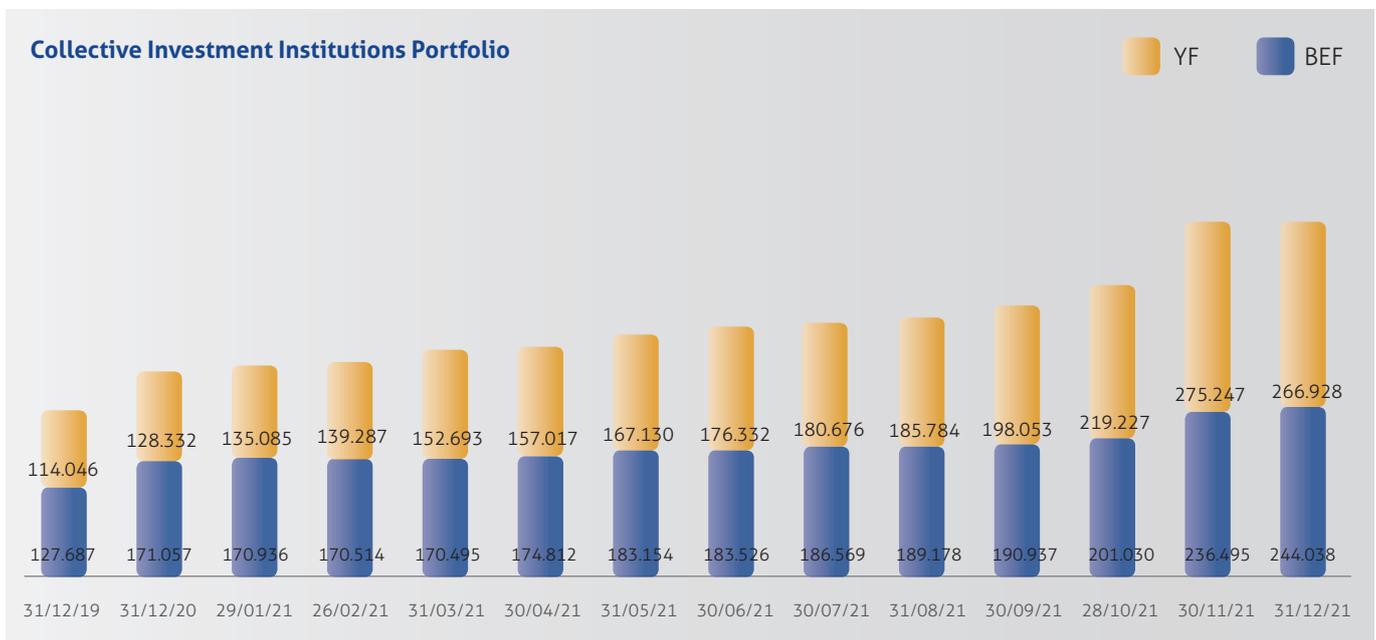
The service regarding Fund Valuation and Reporting to the Capital Markets has been provided by our Bank under its capacity as the custodian to the relevant institutions since 2011, pursuant to article 22 entitled as Takasbank's Obligations as specified in the Capital Markets Board's (CMB) "Communiqué on Principles regarding Portfolio Custody Service and the Institutions that will provide this Service" governing Collective Investment Institutions (mutual funds/investment trusts), and article 29 entitled as Custodian's Duties as specified in the "Regulation on Principles regarding the Establishment and Activities of Pension Mutual Funds" governing Pension Mutual Funds. Within the scope of this service, our Bank submits reports to the Board, which will constitute the data for the market surveillance function and the audit of compliance with the principles specified in the legislation.

The periodic reporting made by our Bank to the Board and the valuation of the assets in the portfolio of collective investment institutions (CII) are compared with the Bank data; and the unit share value and net assets value reconciliations are made and daily reported to the Board. The group-based breakdown of the assets in the portfolios of CIIs can be monitored; the data constituting the basis for calculation of the fund total value and net assets value can be viewed, and their compliance with the portfolio limitations set by the Board can be audited; and the accuracy of the fund types can be checked.

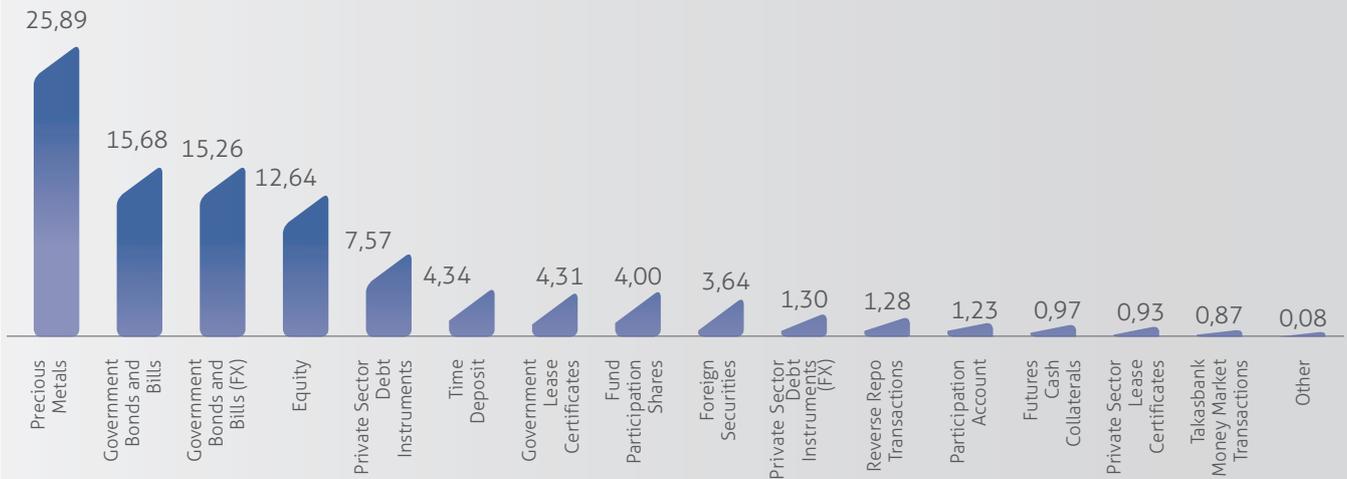
In line with the relevant legislation and the assignments made by the CMB, our Bank continued to provide and develop the necessary system for provision of custody service to the collective investment institutions and reporting of the assets held in custody outside Takasbank. As of 31 December 2021, services were provided to 1,572 collective investment institutions with a total size of 555 billion TL. The total size of mutual funds was 267 billion TL, and the total size of private pension mutual funds was 244 billion TL. In addition, the unit share values and the number of shares in circulation and the fund portfolio values details entered by these institutions into Takasbank system were checked; and in case of any differences, they were corrected, and the other services regarding reporting of the relevant details to the CMB on a daily basis were also continued.

Investor Compensation Center Lapse of Time Transactions

With the Regulation Amending the Investor Compensation Center Regulation published in the Official Gazette no. 31580 dated 26 August 2021, it was decided that the investor accounts whose ten-year statute of limitations had expired would be transferred to the Investor Compensation Center (ICC) by the investment institutions in which the relevant accounts are held for safekeeping purposes, and the assets in the accounts would be followed up in the accounts to be opened at Takasbank and the CRA in the name of account holders under the responsibility of the ICC.



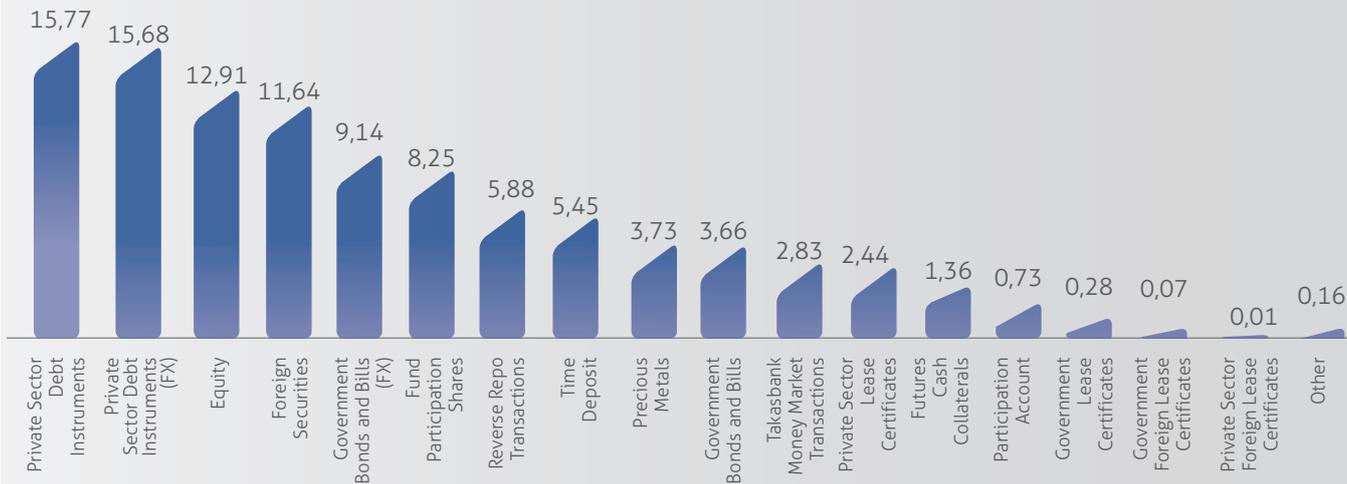
Private Pension Funds Portfolio Distribution



In this context, the necessary infrastructure works were completed by Takasbank and the improvements made were deployed as of 06 December 2021. As of 31/12/2021, there are 22,500 accounts opened at the ICC by 51 investment

institutions; and there are cash and capital market instruments at the amount of approximately 11 million TL held in such accounts.

Mutual Funds Portfolio Distribution



INFORMATION ABOUT THE MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

Names and Surnames, Terms of Offices, Areas of Responsibility, Educational Backgrounds, and Professional Experiences of, and Attendance in Meetings by the Chairman and Members of the Board of Directors, Members of the Audit Committee, the CEO and Executive Vice Presidents, and the Managers of Internal Systems Units; and Information on the Extraordinary General Assembly Meeting, if held

Board of Directors

Name & Surname	Position in the BoD	Area of Responsibility	Education	University	Faculty	Department
Mahmut KAYACIK	Chairman	Chairman of the Board of Directors	Bachelor's Degree	Boğaziçi	Economics and Administrative Sciences	Political Science and International Relations
			Master's Degree	Marmara	Institute of Social Sciences	International Economics
			Ph.D.	Medipol	Institute of Social Sciences	Banking and Finance
Korkmaz ERGUN	Vice Chairman	Vice Chairman of the Board of Directors	Bachelor's Degree	Ankara	Political Sciences	Business Administration
			Master's Degree	Marmara	Economics	Economics
Avşar R. SUNGURLU	CEO Member	Chief Executive Officer Member of the BoD Chairperson of the Credit Committee	Bachelor's Degree	METU	Engineering	Aerospace Engineering
			Master's Degree	METU	Engineering	Aerospace Engineering
			Master's Degree	Long Island	Management	Business Administration
Bekir BAYRAKDAR	Member	Member of the BoD Substitute Member of the Credit Committee Chairperson of the Remuneration Committee	Bachelor's Degree	Istanbul	Political Sciences	Politics
Gülseren TOPUZ	Member	Member of the BoD Member of the Credit Committee Chairperson of the Corporate Governance Committee	Bachelor's Degree	Ankara	Economics	Economics
			Master's Degree	Marmara	Institute of Social Sciences	Statistics
			Master's Degree	Istanbul	Institute of Social Sciences	Human Resources Management
			Ph.D.	Istanbul	Institute of Social Sciences	Money and Banking
Münevver ÇETİN	Member	Member of the BoD Chairperson of the Audit Committee Chairperson of the Risk Committee	Bachelor's Degree	Ankara	Political Sciences	Economy Administration
			Master's Degree	Ankara	Institute of Social Sciences	Educational Administration and Planning
			Ph.D.	Istanbul	Institute of Social Sciences	Money and Market Policy
Murat ONUK	Member	Member of the BoD Permanent Member of the Credit Committee Member of the Corporate Governance Committee	Bachelor's Degree	Istanbul	Economics	Economics
Murat TACİR	Member	Member of the BoD Member of the Audit Committee Chairperson of the Risk Committee	Bachelor's Degree	Istanbul	Management	Business Administration (English)
			Certificate	Berkeley	Marketing	Marketing
Yusuf KARALOĞLU	Member	Member of the BoD Substitute Member of the Credit Committee Member of the Remuneration Committee	Bachelor's Degree	Uludağ	Economics and Administrative Sciences	Business Administration
			Master's Degree	Erzincan	Institute of Social Sciences	Public Law



Mahmut KAYACIK received a bachelor's degree from the Department of Political Science and International Relations at Boğaziçi University and master's degree from the Department of International Economics at Marmara University. Having successfully completed INSEAD Senior Executive Program, Mr. KAYACIK is currently pursuing his doctoral degree on Banking and Finance at Medipol University. Having started his career at Yıldız Holding where he led notable merger and acquisition and initial public offering projects, Mr. KAYACIK served as the General Manager and a Member of the Board of Directors of Takasbank between 2016-2019. Before joining Türkiye Wealth Fund in March 2021 as the Executive Vice President of Finance and Operations, Mahmut KAYACIK served as the Founding General Manager and a Member of the Board of Directors at Kızılay Real Estate and Venture Capital Portfolio Management as well as the Board Member of Kızılay Yatırım Holding A.Ş. Mr. KAYACIK serves as a Member of the Investment Committee at the Informatics Valley Venture Capital Investment Fund, one of the leading technology-based funds of Türkiye. Deemed worthy of the Honour Award by Turkish Capital Markets Association in 2019, Mr. KAYACIK was elected as the Chairman of Takasbank Board of Directors in representation of Borsa İstanbul on 29 March 2021.



Korkmaz ERGUN received his bachelor's degree at Ankara University Faculty of Political Sciences, Department of Business Administration in 1997 and started his career at Borsa İstanbul in the same year. He completed his master's degree in the Department of Economics at Marmara University. Having 24 years of experience in the Stock Exchange business and Capital Markets, Mr. ERGUN administered the evaluation of the public offering of numerous companies and examination and market activities of the traded companies. Mr. ERGUN served as the Executive Vice President responsible for Quotations before his election as the Chief Executive Officer of Borsa İstanbul on 26 March 2021. Mr. ERGUN has been elected as the Deputy Chairman of Takasbank Board of Directors as of 29 March 2021.

INFORMATION ABOUT THE MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

Names and Surnames, Terms of Offices, Areas of Responsibility, Educational Backgrounds, and Professional Experiences of, and Attendance in Meetings by the Chairman and Members of the Board of Directors, Members of the Audit Committee, the CEO and Executive Vice Presidents, and the Managers of Internal Systems Units; and Information on the Extraordinary General Assembly Meeting, if held

Yönetim Kurulu



Avşar SUNGURLU, born in Gümüşhane in 1968, completed his high school education at Ankara Atatürk Anatolian High School. He graduated from the Department of Aeronautical Engineering at the Middle East Technical University in 1990 and received his master's degree at the same department in 1993. He completed his master's degree in Business Administration at the Long Island University in New York in 1995. Having worked as a design engineer at Tusaş Aviation and Space Industry (TAI) for a while, he started his career in the finance sector as a research specialist at Inter Investment in 1997. Having worked at Bizim Menkul Değerler company between 2003-2015, Mr. SUNGURLU served as the CEO and a Board Member of Bizim Portfolio Management until 2017. After this date, he served as the Executive Vice President at Albaraka Portföy Yönetimi A.Ş. and a member of the board of directors at Albaraka Tech and Albaraka Kültür Sanat A.Ş.. Mr. SUNGURLU has been elected as the CEO and Board Member of Takasbank as of 29 March 2021.



Bekir BAYRAKDAR, born in Karamürsel, Kocaeli in 1971, completed his primary and secondary education in Ereğli and high school education in İzmit Industrial and Vocational High School and then graduated from Istanbul University Faculty of Political Sciences in 1995. He was appointed as an Assistant Accountant in 1996, and as an Accountant in 2001. Having served as the Head of Kocaeli Tax Office from 2005 and 2008, Bekir BAYRAKDAR was appointed as the Provincial Treasurer of Istanbul as of 3 March 2008 and then assigned as the General Manager in the General Directorate of Public Accounts in 2014. Appointed as the Head of Revenue Administration on 4 February 2020, Mr. BAYRAKDAR was re-elected as a Board Member at Takasbank on 29 March 2021.



Gülseren TOPUZ, born in Istanbul in 1957, completed her high school education in Behçet Kemal Çağlar High School and received her bachelor's degree from the Faculty of Economics at Ankara University. She received her master's degree in Statistics at Marmara University and Human Resources Management at Istanbul University; and her doctorate degree in Money and banking at Istanbul University. She served as a Research Assistant at Istanbul University Institute of Atatürk's Principles and Reforms, as a Faculty Member in the Department of Economics, as the Head of the Department of Economic History, and as a Co—Head of the Department of Economics at Kocaeli University, Faculty of Economics and Administrative Sciences. She worked as a Consultant at Istanbul Metropolitan Municipality and served as the 22nd-Term Parliamentarian of Istanbul. Gülseren TOPUZ is married and has 2 children. Mrs. Topuz was re-elected as a Member of Takasbank Board of Directors on 19 April 2019.



Münevver Çetin completed her master's degree at Ankara University Institute of Social Sciences in 1985, and her doctorate in Business Administration and Organization at Istanbul University Institute of Social Sciences in 1988. She received the title of Associate Professor in 1998. She has given lectures on insurance seminar, insurance business management, human resources management, total quality management, and introduction to business at Marmara University Banking and Insurance Institute and the School of Banking and Insurance since 1998. In the meantime, she also worked as a jury member on master and doctorate thesis consultancy on banking and insurance issues. She also served as the Head of the Insurance Department (2004-2007) and Board Member (2002-2007) at the Banking and Insurance Institute. In the meantime, she taught strategic management, organizational theories, management and organization, customer relations management, total quality management, human resources management, and organizational behaviour courses and she also managed postgraduate theses on these topics at Beykent University Institute of Social Sciences, Doğuş University Faculty of Economics and Administrative Sciences, and Maltepe University Faculty of Economics and Administrative Sciences. She taught strategic planning, organizational behaviour, and total quality management courses and also served as a jury member in thesis consultancy on these issues at Kadir Has University Institute of Social Sciences (2003-2008). She worked as a project manager on the Scale Economies and Efficiency in the Insurance Sector at Marmara University (2005). She still teaches at the School of Banking and Insurance and has been a Member of the Board of Directors for 19 years. She received the title of Professor in 2006. Some of the finance theses that she managed include: The Risk of Lack of Ownership in the Real Economy and Banking Sector (2009), Private Sector Bond Pricing in Terms of Alternative Financing Sources in International Markets; Application (2007), Development and Effects of E-Business and Alternative Distribution Channels in the Financial Sector in Türkiye (2006), The Place of Mortgage Banking in Emerging Economies in Housing Finance (2009), An Application for the Determination and Distribution of Capital in the Determination of the Financial Adequacy of Insurance Companies (2008). The paper jointly presented at the Eight Strategy Congress (2008) is entitled as "The Effects of Leadership Styles and the Communication Competency of Bank Managers on the Employee's Job Satisfaction: The Case of Turkish Banks". She served as the Advisor to the Head of Disaster and Emergency Management between 2014- 2016. She served as an Advisor to the Undersecretary of the Prime Ministry between 2016-2017. She has been a Member of Takasbank Board of Directors since 2017.

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Yönetim Kurulu



Murat ONUK, born in Istanbul in 1974, graduated from the Faculty of Economics at Istanbul University in 1999. He worked in various managerial positions in the IT sector between 1993-1999. After having worked in managerial positions in Microsoft Türkiye between 1999-2004, he held a variety of senior executive positions at Microsoft headquarters (Redmond, USA), including responsibilities assumed, firstly, for EMEA (Europe, Middle East, and Africa), and then, for all countries worldwide. He served as the Executive Vice President at TNET between 2009-2010 and as a Consultant to the Chief Executive Officer at Türk Telekom between 2010-2012. He was involved in angel investment activities in various organizations while serving as a member of the boards of directors in such organizations between 2013-2016. In 2017, he joined Arz Portfolio where he still serves as a Managing Partner at present. He has served as the President of the Legislative and Regulatory Commission in Türkiye Venture Capital Council at the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) since 13 May 2020. Murat ONUK was appointed as a Member of the Board of Auditors in the Türkiye Capital Markets Association (TCMA) on 4 September 2020 and elected as the Member of Takasbank Board of Directors on 29 March 2021.



Murat TACİR, born in Istanbul in 1970, completed his high school education in Kadıköy Anatolian High School and his undergraduate education at Istanbul University, Department of Business Administration in English in 1993. After completing the Marketing certificate program at the University of California Berkeley, Murat TACİR started his career by working in the Marketing and Finance departments of Sümer Plastik A.Ş.. In 1995, he met capital markets at Tacirler Yatırım Menkul Değerler A.Ş. and worked in different positions and still serves as the Vice Chairman of the Board of Directors in the same company. In the last period of ISE (İstanbul Securities Exchange), he served as the Auditor of the Board of Directors (2012-2013) and he also served as a Member of the Board of Directors at Borsa Istanbul (2014-2017). Mr. TACİR still serves as the Deputy President of the Capital Market Council at TOBB (Union of Chambers and Commodity Exchanges of Türkiye). He is married and has 2 children. Mr. TACİR has been elected as a Board Member as of 29 March 2021.



Yusuf Karaloğlu, born in 1978, completed his undergraduate education at Uludağ University, Department of Business Administration in 2001. He received his master's degree in the field of Public Law at Erzincan University Institute of Social Sciences in 2013. He served as a District Governor between 2007- 2015, and as the Head of Presidential Strategy between 2015-2018. He has been serving as the General Manager of Presidential Security Affairs since 2018. He was elected as a Member of Takasbank Board of Directors on 21 April 2020.

Executive Management



Avşar R. SUNGURLU
Chief Executive Officer
Member of the Board



Gökhan ELİBOL
Executive Vice President



Taşkın ÖKER
Executive Vice President



Murat GÖRGÜN
Executive Vice President

Full Name	Position	Area of Responsibility	Education	University	Faculty	Department	Years	Professional Experience	
								Institution	Position
Avşar R. SUNGURLU	CEO Board Member		BSc/BA	METU	Faculty of Engineering	Aeronautical Engineering	1997	Türk Havacılık ve Uzay San.	Engineer
			MSc/MA	METU	Faculty of Engineering	Aeronautical Engineering	1997-2003	Inter Yatırım Menkul Değerler	Manager
							2003-2015	Bizim Menkul Değerler	Executive Vice President
							2015-2017	Bizim Portföy Yönetimi	CEO
							2017-2021	Albaraka Türk Portföy Yönetimi	Executive Vice President
				2021-Present	İstanbul Takas ve Saklama Bankası	CEO			
Gökhan ELİBOL	Executive Vice President	Markets and Operations	BSc/BA	Ankara	Political Sciences	Economy	2006-2006	Ministry of Finance	Tax Inspector
			BSc/BA	Beykent	Law	Law	2006-2016	BRSA	Assistant Sworn-in Bank Auditor Sworn-in Bank Auditor
							2016-Present	İstanbul Takas ve Saklama Bankası	Executive Vice President
Taşkın ÖKER	Executive Vice President	Information Technologies	BSc/BA	İstanbul	Engineering	Electrical-Electronics Engineering	1998-2000	Siemens Business Services Siemens A.G	Systems Manager
							2001-2016	İstanbul Takas ve Saklama Bankası	Service Manager
							2016-2020	İstanbul Takas ve Saklama Bankası	Director
							2020-Halen	İstanbul Takas ve Saklama Bankası	Executive Vice President
Murat GÖRGÜN	Executive Vice President	Central Counter Party and Financial Services	BSc/BA	METU	Economics & Admin. Sci.	International Relations	1997-1998	Sümerbank	Corporate Marketing Assistant Specialist
			MSc/MA	Marmara	Banking & Insurance Institute	Banking	1998-2001	EtiBank	Inspection Board - Authorized Assistant Inspector
							2001-2009	İstanbul Takas ve Saklama Bankası	Inspection Board - Chief inspector
							2009-2011	İstanbul Takas ve Saklama Bankası	Risk Management - Unit Manager
							2011-2021	İstanbul Takas ve Saklama Bankası	Financial Services and Reporting Department - Director
				2021-Present	İstanbul Takas ve Saklama Bankası	Executive Vice President			

INFORMATION ABOUT THE MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

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Departments under Internal Systems

Full Name	Position	Area of Responsibility	Education	University	Faculty	Dept.	Years	Professional Experience	
								Instit.	Position
Kenan DEDE	Deputy Director	Internal Control & Compliance Unit	BSc/BA	Yıldız Technical University	Economics & Admin. Sciences	Business Adm	2004-2005	İnan Plastik Makineleri Ltd.	Foreign Trade Spec.
			MSc/MA	Bahçeşehir University	Social Sciences Institute	Capital Markets and Finance	2005-2006	Gülaylar Kuyumculuk A.Ş.	Finance Specialist
			Ph.D.	Marmara University	Banking and Insurance Institute	Capital Markets and Stock Exchange	2008-2015	Kuveyt Türk Katılım Bankası A.Ş.	Auditor, Treasury and Capital Markets Business Development Service Manager
							2015-2018	KT Portföy Yönetimi A.Ş.	Int. Control, Leg. & Risk Manager
2018-Halen	İstanbul Takas ve Saklama Bankası Internal Control & Compliance Unit	Service Manager, Deputy Director							
Şölen ÇETİN	Department Manager	Internal Audit Unit	BSc/BA	Hacettepe University	Faculty of Science and Letters	Statistics	2008-2013	T.C. Ziraat Bankası A.Ş. Head of Int. Control & Risk Management Department	Assistant Spec., Specialist
			MSc/MA	Hacettepe University	Economics & Admin. Sciences	Economics	2014-2017	İstanbul Takas ve Saklama Bankası Risk Management Unit	Specialist, Senior Specialist
							2017-2021	İstanbul Takas ve Saklama Bankası Internal Control & Compliance Unit	Chief Specialist, Service Manager, Compliance Officer
							2021-Halen	İstanbul Takas ve Saklama Bankası Internal Audit Unit	Service Manager
Mustafa Mert ÖZDİLER	Department Manager	Risk Man. Unit	BSc/BA	Gazi University	Faculty of Science-Literature	Statistics	2008-2014	T.C. Ziraat Bankası Head of Int. Control and Risk Management Dept	Assistant Spec., Specialist
			MSc/MA	Gazi University	Science Institute	Statistics	2014-Halen	İstanbul Takas ve Saklama Bankası Risk Man. Unit	Spec., Senior Spec., Chief Spec., Service Manager

Directors



Emre KOÇBEY
Custody and Collective Investment
Institutions Department



Hasan DEMIRCAN
Clearing & Settlement AD Dept.



Hasan Hilmi YAVUZ
Legal Affairs Department



İlker KUŞCU
Custody AD Department



Kerim ARICAN
Enterprise Architecture and Project
Management Department



Metin KÜLÜNK
Member Services and Corporate
Communications Department



Muhterem ÇELİK
Equity and Debt Securities
Clearing & Settlement Department



Naim ŞAHİN
Banking AD Department



Nesrin ÖZKURT
Derivatives and Energy Commodities
Clearing & Settlement Dept.



Niyazi Burak AKAN
Central Counterparty Department



Oya DEMİRDAĞ
Financial Services & Reporting Dept.



Sait Zekeriya ÖZGEL
Payment and Transfer Services
Department



Semanur CERRAHOĞLU
Treasury and Credits Department



Emre ERHAN (Deputy)
IT Infrastructure & Operations Dept.



Faruk Selman LEKESİZ (Deputy)
Infrastructure and Corporate AD
Department



Kenan DEDE (Deputy)
Internal Control and Compliance Unit



Nevzat YEGIN (Deputy)
Information Security Department

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Structure and Formation of the Board of Directors

Operating Principles of the Board of Directors

The Board of Directors convenes at least once a month. It is also possible to hold meetings at more frequent intervals when deemed necessary. The Chairman, or in the absence of the Chairman, the Vice Chairman is authorized to convene the Board of Directors for a meeting and to determine its agenda. However, each board member is entitled to request from the Chairman of the Board to convene the Board of Directors for a meeting or to propose items to be included in the agenda. The Board of Directors convenes with the simple majority of the number of members and resolutions are taken by the majority of the attendants in the meeting. The issues regarding the activities of the Board of Directors and the principles and procedures regarding Board meetings are specified in our Bank's articles of association.

Information on Board Members' Attendance in the Relevant Meetings held within the Accounting Period

The Board of Directors convening at least once a month pursuant to the Bank's articles of association has held 18 meetings in 2021.

Number, Structure and Independence of the Committees formed under the roof of the Board of Directors

Takasbank Board of Directors has formed the Audit Committee, Credit Committee, Corporate Governance Committee, Risk Committee and Remuneration Committee to assist it in its business and operations in accordance with the obligations specified in the relevant legislation.

Information on the Financial Rights Granted to Board Members and Senior Managing Officials, Allowances Given, Travel, Accommodation and Representation Expenses, Real and Cash Allowances, Insurances and Other Similar Guarantees

The financial rights such as remuneration and dividend bonuses granted to the Board Members are determined by the General Assembly in accordance with the provisions of the Turkish Commercial Code. The rights such as remuneration, bonuses, etc. granted to the executive management of our Bank are determined within the framework of the Bank's Human Resources Directive; and general remuneration increases are put into application after they are approved by our Board of Directors.

Other rights such as allocation of vehicles, insurance, etc. granted to the Board of Directors and our executive management are determined in accordance with Takasbank Human Resources Directive and the related procedures; and the travel allowances and expenses to be paid for travels are determined in accordance with our Bank's Travel Expenses Directive.

No borrowing-lending or surety or security relationships have been created with any of our Board members and executive managers in 2021.

Information on the Transactions executed by the Executive Body Members with the Bank in Their Name or on Behalf of Others within the Framework of the Permission given by the Bank's General Assembly and their Activities within the Scope of Non-Competition

There are no transactions executed or activities performed within the scope of non-competition by the executive body members with the Bank in their own name or on behalf of others pursuant to the permission granted by the Bank's general assembly.

Explanations regarding Administrative or Legal Sanctions imposed against the Company or Executive Body Members due to Practices against Legislative Provisions

There are no administrative or legal actions or sanctions imposed against the company and the executive body members due to such practices.

Explanations regarding Private Audit and Public Audit conducted within the Accounting Period

In the fiscal year of 2021, an independent audit has been conducted in our Bank by the company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Information on the Operations of the Credit Committee and the Committees reporting to or formed to assist the Board of Directors within the Framework of the Risk Management Systems pursuant to the Regulation on Banks' Internal Systems; the Committee Members' Attendance in Meetings held within the Fiscal Period; and the Names and Surnames and Fundamental Duties of the Chairmen and Members of These Committees

Credit Committee

Duties and Responsibilities

To allocate credit limits pursuant to the Banking Law and related legislation and within the framework of the authorization granted by the Board of Directors.

Members

Avşar R. SUNGURLU – Chairperson of the Credit Committee

Murat ONUK – Permanent Member of the Credit Committee

Gülseren TOPUZ - Permanent Member of Credit Committee

Bekir BAYRAKDAR – Substitute Member of Credit Committee

Yusuf KARALOĞLU – Substitute Member of Credit Committee

Meeting Frequency

Bankamızca tahsis edilen kredi limitleri Yönetim Kurulunda karara bağlanmaktadır.

Information on Participation in Meetings

In 2021, 3 meetings were held with the participation of the Chairperson and Members of the Credit Committee.

Audit Committee

Duties and Responsibilities

The Audit Committee is liable to fulfil the duties, authorities and responsibilities specified in the Banking Law no. 5411 and the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process issued by the BRSA.

Members

Münevver ÇETİN, Chairperson of the Audit Committee (Board Member)

Murat TACİR, Member of the Audit Committee (Board Member)

Meeting Frequency

At least once a month

Information on Participation in Meetings

In 2021, 12 meetings were held with the participation of the Chairperson and Member of the Audit Committee.

Corporate Governance Committee

Duties and Responsibilities

To assist the Bank's Board of Directors in setting forth the mission and vision of the Bank, and to oversee that the Bank operations are conducted in line with the specified mission and mission.

To identify conflicts of interests arising from any failure to ensure full compliance with corporate governance principles and to ensure the establishment of necessary policies for management of such conflicts of interest.

To supervise the processes regarding the development and updating of the standards, policies, instructions, and implementing procedures with respect to the Bank's operations and transactions.

To evaluate social responsibility projects. To review critical complaints and requests concerning corporate governance practices, and to present their comments and opinions in relation thereof to the Board of Directors.

Members

Gülseren TOPUZ – Chairperson of the Corporate Governance Committee (Board Member)

Murat ONUK – Member of the Corporate Governance Committee (Board Member)

Meeting Frequency

Biannually (twice a year)

Information on Participation in Meetings

In 2021, 2 meetings were held with the participation of the Chairperson and Member of the Corporate Governance Committee.

Risk Committee

Duties and Responsibilities

To notify their advisory opinions to the Bank's Board of Directors with respect to CCP regulations and the management of CCP risks pursuant to the Capital Markets Law.

Members

Murat TACİR –Risk Committee Chairperson (Board Member)

Münevver ÇETİN - Risk Committee Member (Board Member)

INFORMATION ABOUT THE MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

Information on the Operations of the Credit Committee and the Committees reporting to or formed to assist the Board of Directors within the Framework of the Risk Management Systems pursuant to the Regulation on Banks' Internal Systems; the Committee Members' Attendance in Meetings held within the Fiscal Period; and the Names and Surnames and Fundamental Duties of the Chairmen and Members of These Committees

Structure and Formation of the Board of Directors

Meeting Frequency

Biannually (Twice a year)

Information on Participation in Meetings

In 2021, 2 committees were held with the participation of the Chairperson and members of the Risk Committee.

Remuneration Committee

Duties and Responsibilities

This committee is liable for overseeing the remuneration policies, processes and practices in order to ensure an independent and efficient remuneration system in the Bank.

Members

Bekir BAYRAKDAR – Chairperson of the Remuneration Committee (Board Member)

Yusuf KARALOĞLU – Member of the Remuneration Committee (Board Member)

Meeting Frequency

The Remuneration Committee reviews the remuneration policy and presents the results in the form of a report to the Board of Directors at least once a year.

Information on Participation in Meetings

It is responsible to establish and oversee the remuneration policy, to regularly monitor its efficiency and compliance with the Bank's risk appetite and targets, and to present its opinions and recommendations to the Board of Directors.

In 2021, 3 meetings were held with the participation of the Chairperson and members of the Remuneration Committee.

Strategy Coordination Committee

Duties and Responsibilities

To assess and approve the strategic targets and the initiatives to achieve them which will help in the accomplishment of the Bank's vision based on the Bank's mission, vision and core values, to monitor the steps of progress periodically and to take decisions on necessary changes;

To assess the feasibility analyses of corporate improvement actions and to approve their feasibility within the framework of the Continuous Service Improvement Process;

To evaluate the progress steps of corporate improvement actions included in the portfolio and to take decisions for actions or interventions when necessary.

Members

Avşar R. SUNGURLU - CEO and Board Member

Gökhan ELİBOL - Executive Vice President

Murat GÖRGÜN - Executive Vice President

Taşkın ÖKER - Executive Vice President

Oya DEMİRDAĞ - Director of Financial Services and Reporting Department

Meeting Frequency

Biannually (twice a year)

Information on Participation in Meetings

In 2021, 2 meetings were held with the participation of the Members of the Strategy Coordination Committee.

Assets – Liabilities Committee

Duties and Responsibilities

To discuss and evaluate the Bank's balance sheet structure, income-expense balance, budget, fund management strategy, and the implications of the local and global developments in money and capital markets for the Bank.

To develop the prospective policies based on the current data.

Members

Chief Executive Officer

Executive Vice Presidents

Director of Treasury and Credits Department

Director of Financial Services and Reporting Department

Director of Central Counterparty (CCP) Department

Director of Equity and Debt Securities Clearing and Settlement Department

Director of Markets Department

Director of Custody and Collective Investment Institutions Department

Director of Derivatives and Energy Commodities Clearing & Settlement Department

Director of Payment and Transfer Services Department

Meeting Frequency

The Assets – Liabilities Committee convenes every month.

Information on Participation in Meetings

The number of members participating in the meetings held in 2021 is as provided in the table below.

IS Strategy and Steering Committee (ISSC)

Duties and Responsibilities

This committee is responsible for the following:

- To monitor and oversee whether IS investments are used appropriately in accordance with Takasbank IS Strategy Plan and the compatibility of the bank's business objectives with IS objectives, and to report to the Board of Directors in relation to these issues at least once a year within the scope of the corporate Strategic Plan Progress Report;
- To review the parts of Takasbank Strategic Plan related with IS strategies at least once a year by considering the relationship and compatibility of IS strategies with business strategies, and to ensure that they are revised when necessary and submitted to the Board of Directors for approval purposes;
- To determine the order of priority of IS investments and projects;
- To monitor the status of ongoing IS projects;
- To resolve the resource conflicts between projects;
- To provide necessary steering to ensure compliance of IS architecture and IS projects with the legislation; and
- To monitor the service levels of the IS services.

Members

Chief Executive Officer

Executive Vice Presidents

IT Units Representatives

Director of Financial Services and Reporting Department responsible for Takasbank Corporate Strategies and Budget Planning

Director of Human Resources Department

Director of Reporting Department

Director of Internal Control and Compliance Unit

Director of Legal Affairs Department

Director of Internal Audit Unit

Meeting Frequency

The ISSSC convenes at least twice a year and evaluates and monitors the issues under its responsibility and takes the necessary decisions in relation thereof.

Information on Participation in Meetings

The IS Strategy and Steering Committee has held 2 meetings in 2021.

Information Security Committee (ISC)

Duties and Responsibilities

This committee is responsible for the following:

- The review and approval of the information security policy;
- The approval of the bank's information assets classification guidelines;
- The approval of the information security awareness training program;
- The evaluation of any and all security incidents and findings;
- The assessment of information security issues of Takasbank and its internal major projects;
- The evaluation of Information Security planning, application, monitoring, and improvement activities; and
- The evaluation of resource requirements and allocation of resources for Information Security activities.

Members

Chief Executive Officer

Executive Vice Presidents

Information Security Manager

Director of Internal Control and Compliance Unit

Director of Risk Management Unit

Director of Human Resources Department

Director of IT Infrastructure and Operations Department

Director of Legal Affairs Department

Information on Participation in Meetings

The ISC convenes at least twice a year and submits a report to the board of directors at least once a year.

Month	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
No. of Particip. Members	9	10	10	11	11	8	9	10	11	12	12	12

Summary Board Report presented to the General Assembly

Dear Shareholders,

As with 2020, the impacts of Covid-19 and its variants on economy have also been on the agenda of the global economy in 2021. The acceleration of vaccination despite regional differences has supported the process of recovery in the global economy, creating positive reflections on economic expectations. The low levels in the developing countries despite the high vaccination rates in developed countries have led to the emergence and spread of new variants.

In 2021, there has been a strong recovery in the global economy and significant changes have been observed in asset prices with the reopening of countries following the vaccination process, the strong global demand created in 2021 for the economic activities that harshly stopped in 2020, and the continuation of the global financial supports received during the pandemic period. The high inflation rates caused by the increasing energy, food, agricultural product and commodity prices, the problems in supply chains that have remained unresolved, the increased transportation costs, the difficulties in the supply of raw materials, and the expansionary policies followed across the world have significantly influenced the entire world in 2021. Following the strong recovery in 2021, the new threats caused by Covid-19 variants combined with the increases in inflation, debt and income inequality may cause the global economy to enter a process of significant slowdown by jeopardizing the recovery in developed and developing economies. The policy options prioritizing inflation in developed countries, including the USA in particular, create the expectation that the slowdown in the global economic growth will persist until the end of 2023.

Global monetary policy developments and the volatilities in the risk appetite for emerging market assets take the center stage among the risk factors for 2022. In the upcoming period, the risks related with Covid-19 and its variants, decreasing financial and monetary incentives, persistent supply issues, inflationist expectations and financial stress that cannot be eliminated, climate change and the increasing commodity prices, high indebtedness rates and the deteriorating income distribution are considered as the key risk sources in the global economy.

Despite the shrinkage experienced with the pandemic measures, our national economy displayed a 7,4% growth in the 3rd quarter of the year compared to the same period of the previous year, thanks to the ongoing effects of monetary and financial supports provided during the pandemic period, the support of foreign demand, and the revival in service

Sectors. Despite the negative impact of commodity prices from the import channels, the current accounts deficit displayed a marked trend of decline with the contribution of the increase in tourism revenues. In this process, exports in 2021 grew by 32,9 percent compared to the last year, reaching a record level of 225,4 billion dollars. In the upcoming periods, the strengthening of the economic activities is expected to continue with the policies that will render the growth process sustainable and steps that will reinforce the production and technological infrastructure.

Providing important services such as collateral and risk management, clearing & settlement and central counterparty services to the capital and financial markets of our country and, in this context, holding the qualifications and features such as qualified central counterparty institution, payment system, bank and R&D center; Takasbank has efficiently continued to provide its services that it renders for the money and capital markets of our country during the pandemic period in 2021 and to contribute to the development of the growth of our financial markets with a stable and sustainable structure; and as with previous year, it has focused on the efforts towards further deepening of markets and management of financial risks. Projects have been implemented in line with our strategic goals, including, in particular, increasing the service quality under a strong financial structure, and contributing in the deepening and development of the markets as an important component of Borsa Istanbul Group.

Our projects and initiatives aimed at the development and diversification of the services offered to the markets, including, the central counterparty service, in particular, are conducted in line with the demands of the sector and by considering the needs of our country. In this period, we have also continued our efforts towards strengthening our technological infrastructure in order to manage IT-related operational risks and to continue to provide Takasbank services in a fast, effective and uninterrupted manner.

The Pension Fund Trading Platform (BEFAS), i.e., the electronic platform operated by Takasbank and allowing the sale and repurchase of pension mutual fund shares by the fund-founder pension companies to and from other pension company participants, has been commissioned as of 01 July 2021.

As of 01 September 2021, the electronic letters of guarantee submitted as tender security issued under the Public Procurement Law no. 4734 have been also started to be accepted on behalf of relevant administrations electronically and on a fully-automated basis over "Takasbank Public Collateral Management Platform", running in integration with the Electronic Public Procurement Platform operated by the Public Procurement Authority and the Electronic Letters of Guarantee Platform operated by the Credit Bureau.

As the Natural Gas Futures Market has been put into operation under the roof of Enerji Piyasaları İşletme A.Ş. (EPIAS) as of 01 October 2021; Takasbank has started to serve as the central settlement bank that will be used by the market operator EPIAS and the market participants in order to assure proper operation of the collateral mechanism in the relevant market and a continuous cash flow in the market by ensuring that payments are made timely and accurately.

Aimed at having a strong operational and technological infrastructure by offering innovative solutions to the capital markets and the financial sector of our country and having been serving as the R&D Center since April 2017, our bank has completed 12 of its projects in this context in 2021; and 10 of our projects are still under construction.

With its strategic perspective and effective management policies, Takasbank has completed the year 2021 successfully in terms of growth and profitability. Our profit before tax was recorded as 1,178 million TL; our net profit was 891 million TL; and our size of assets reached 45 billion TL while our shareholders' equity reached 3,2 billion TL.

Avşar R. SUNGURLU
CEO
Board Member

Mahmut KAYACIK
Chairman of the Board

Our business continuity will be maintained thanks to our preparedness to risks and our technical competence, including this period during which our country and the whole world are struggling with the pandemic and its adverse economic impacts; and we will continue to develop new products and services in harmony with Borsa Istanbul Group companies. Being an important financial infrastructure institution in terms of development of Turkish capital markets, our Bank will also continue to maintain this success and its achievements in the upcoming years with your, our esteemed shareholders' support.

Dear Shareholders,

As we hereby present for your information our Annual Report containing the Balance Sheet and Profit and Loss statements showing our operations in the year 2021, we would like to extend our respect, particularly to the esteemed executives of our capital markets and our employees for their support, and to you, our valued shareholders and your representatives for putting your trust in our Bank and honouring our General Assembly with your presence.

Yours sincerely,

On behalf of the

Board of Directors of İstanbul Takas ve Saklama Bankası A.Ş.

Information on Human Resources Practices

In 2021, our Bank has also continued to maintain its efforts and practices to preserve a modern corporate culture focused on sustainable growth and to increase employee motivation.

In parallel with the gradually diversified and intensified operations of Takasbank, the number of employees increased to 297, including 176 male and 121 female employees by the end of 2021. As of the end of 2021, the management staff, including the Service Manager, Director, Executive Vice President and CEO positions, are comprised of 50 people; and there 9 members of our Board of Directors, including the Chief Executive Officer.

As with the previous years, Takasbank also rewarded efficient efforts and performances in 2021; and conducted the efforts aimed at keeping a high level of employee such as increasing the salaries and other financial benefits above the inflation rate, and offering bonuses after successful implementation of projects. Performance bonuses are given to the employees as two and a half times their salaries on average as a result of the annual target and competency assessment. Efforts are conducted to identify the areas for improvement and to prepare training programs for the employees as a result of the Performance Assessment Process. Personal Development Trainings, Competency Development Trainings, and Technical Trainings have been provided online and face to face. Leadership and mentoring trainings were provided for the expert staff; and one-o-one coaching sessions were provided for the executive staff with development programs strengthening their managerial capabilities. Various organizations were made to improve the relationships among employees throughout the year; and such events will also be continued in the upcoming periods.

Considering its workforce as its most important asset within the framework of its sustainable growth vision, Takasbank aims to achieve the development of its personnel and to increase their effective communication and satisfaction by developing human resources strategies in line with its mission and objectives.

In this context, new working methods such as flexible working and remote working were implemented under the changing new working conditions (pandemic) in 2020; and the continued maintenance of these working models has also been ensured in 2021.

Takasbank has continued to apply its approach of using objective assessment criteria in meeting its labour force requirements. Human Resources conducts competency-based interviews and department managers conduct Technical interviews in the recruitment process. The personnel newly employed within the year to work in operational units have received orientation training programs aimed at familiarizing them with the organization.

Training activities were continued in a manner supplementary to other human resources practices in line with the corporate objectives. Each employee received an average of 16 hours within the scope of technical, professional and personal development trainings. The employees pursuing master's/ doctorate degree studies were allowed to continue to take educational leaves. Of the employees, 25% have doctorate and master's degrees; 68% have bachelor's degrees; and 7% have high school and two-year undergraduate degrees.

The obligations arising from the Occupational Health and Safety Law no. 6331 are fulfilled within the structure of Human Resources Department. With the efforts conducted, legal compliance requirements were fulfilled and the employees were included in the processes by creating an occupational health and safety culture.

An Employee Satisfaction Survey was conducted in January 2021, which provided feedback on working life, processes, and functioning according to the survey results. Reviews and evaluations were initiated to develop actions towards regulations to improve the work environment, to increase motivation and to enhance a corporate culture; and the action plan has been shared with employees.

Information on the Transactions Executed by the Bank with its Risk Group

The information on the transactions executed by the Bank with its risk group is provided in detail in the independent audit report.

Bank's Risk Group	Subsidiaries, Affiliates and Jointly-Controlled Partnerships (Joint Ventures)		Bank's Direct and Indirect Shareholders		Other Natural and Legal Persons included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Opening Balance	-	-	84,877	11,228,460	-	-
Closing Balance	-	-	530,928	15,248,700	-	-
Received Interests and Commissions Income	8,766		70,007	16,101	111,353	-

Information on the Areas of Activity for Which Support Services are outsourced and the Persons and Entities from which such Services are outsourced pursuant to the Regulation on the Banks' Procurement of Support Services and the Authorization of Support Service Providers:

In 2021, within the scope of the Regulation on Procurement of Support Services by Banks, Takasbank has received the following services:

- Server hosting service for Borsa Data Center received from Borsa Istanbul A.Ş.;
- Hosting and support service for Takasbank backup data center equipment received from Türk Telekomünikasyon A.Ş.;
- The following services received from Fineksus Bilişim Çözümleri Tic. A.Ş.:
 - o Infrastructure, connection, maintenance, and 7/24 e-mail and phone support service received for the SWIFT server;
 - o Sanctions list (AML-Anti Money Laundering, prevention of laundering proceeds of crime and terrorism financing) inquiry software and the maintenance service related to this software;
 - o The software converting the message format used in SWIFT system into the format compatible with ISO 20022 standards (PayGate Converter) and the maintenance service related to this software;
- CBRT User Interface System software, update, maintenance and technical support system received from the company BIS Çözüm Bilgisayar ve Entegrasyon Hiz. ve Tic. A.Ş. (procured until 30 March 2021.).

Corporate Governance Principles Compliance Report

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Corporate Governance Principles Compliance Statement

Article 36 of the Capital Markets Law no. 6362 (Law) stipulates that the first and second paragraphs of article 17 of the Law regarding corporate governance shall also apply mutatis mutandis to capital market institutions. Since İstanbul Takas ve Saklama Bankası A.Ş. is a central clearing & settlement agency and central clearing & settlement institutions are also considered among capital market institutions in article 35 of the Law; this Corporate Governance Principles Compliance Statement was prepared based on the Capital Market's Board's (CMB) Corporate Governance Communiqué no. II-17.1 and the report format provided in the annex to the decision pursuant to the decision no. 2/49 dated 10 January 2019.

Considering that good governance is the key element of sustainability, the Bank has adopted the four principles of corporate governance based on transparency, fairness, responsibility, and accountability; and in this context, the "Corporate Governance Committee" was established and "Takasbank Directive on Corporate Governance Principles" was enforced in order to device and implement its management structure, processes, and policies in line with these principles.

As specified above, while it has been stipulated that capital market institutions shall comply, mutatis mutandis, with the Communiqué published by the CMB to include publicly traded companies and those that are deemed as such; the Bank has determined to ensure compliance with the principles specified in "Takasbank Directive on Corporate Governance Principles" until the CMB determines which of the principles specified in the Communiqué should be complied with by these institutions.

Yours sincerely,

Murat ONUK

Member of the Corporate Governance Committee

Gülseren TOPUZ

Chairperson of the Corporate Governance Committee

Corporate Governance Principles Compliance Report

Annex 1: Corporate Governance Principles Compliances Report and Corporate Governance Information Form prepared using the format provided in the annex to the CMB decision

PART I – SHAREHOLDERS

FACILITATING THE EXERCISE OF SHAREHOLDING RIGHTS

Current information and explanations that may affect the exercise of shareholding rights are made available for use by investors on the corporate website.

Our Bank management has adopted the principle of treating all shareholders equally by aiming to establish transparent and responsible communications with investors. In the Bank, there are Human Resources, Department, Financial Services and Reporting Department and Member Services and Corporate Communications Department serving to manage and strengthen the relationships with investors. The executives of the relevant units are in constant contact with the Committee.

Within the scope of the relations with investors, relevant departments have conducted the following activities within the period:

- 1) Ensuring that accurate, secure and up-to-date records are kept in relation to investors;
- 2) Responding to investors' information requests about partnership shares, except for non-public confidential information and trade secrets related with the Bank;
- 3) Ensuring that the General Assembly meeting is held in accordance with applicable legislation, articles of association and other internal regulations of the Bank;
- 4) Preparing the annual report for the last completed fiscal year, which can be used by shareholders at the General Assembly meeting;
- 5) Ensuring that the voting results of General Assembly meetings are recorded and the reports related with such results are duly sent to investors;
- 6) Pursuing and monitoring any and all issues related with public disclosure according to the legislation and Bank's disclosure policy;
- 7) Timely notification of the Bank-related developments and the financial data for the related periods to the investors; and keeping up to date the investor relations section of the Bank's website;
- 8) Conducting efforts to improve the Bank's corporate governance practices and submitting them to the Committee for evaluation.

In 2021, information requests obtained from shareholders in relation to their shares in the Bank were duly answered by the relevant units.

RIGHT TO INFORMATION AND REVIEW

The Bank management avoids making any transactions that may make it difficult to conduct special audits.

Our Bank shows the necessary sensitivity to ensure that our shareholders are granted the rights to information as granted to shareholders pursuant to the provisions of the Turkish Commercial Code, Capital Markets Law and Banking Law (related legislation). In this context, it has developed and put into force the Directive on Takasbank Disclosure Policy at the Bank. According to this Directive, there is no discrimination among the shareholders with respect to the exercise of the right to information. For this purpose, our Bank keeps the necessary communication channels open and available to answer shareholders' information requests.

The Committee plays an active role in protecting and facilitating the exercise of the rights arising from shareholding, including the right to information and review. The Committee is responsible to present the information and disclosures that may affect the exercise of rights and make them available for use by shareholders.

General letters indicating the developments related with the Bank, financial information, and news are regularly published on our Bank's corporate website at www.takasbank.com.tr. In addition, the contents required to be announced on the website pursuant to article 1524 of the Turkish Commercial Code are published in the 'Information Society Services' section accessible on the website on an updated basis.

GENERAL ASSEMBLY

The principles and procedures regarding the summons for and attendance in General Assembly meeting are publicly disclosed within the document "Internal Directive on the Working Principles and Procedures of the General Assembly" as provided in the "Legal Framework" section of our Bank's corporate website.

Our Bank's General Assembly meetings are held pursuant to the provisions of the relevant legislation. The General Assembly meeting in which the operating results for 2020 were discussed was held on 29 March 2021. The general Assembly Meeting was held at Borsa İstanbul A.Ş. Conference Hall in Istanbul in a manner preventing inequality among shareholders and at minimum possible costs to the shareholders.

To ensure shareholders' participation in the General Assembly, the agenda, place and time of the meeting, the necessary invitation containing other relevant information and documents and the agenda were timely sent to the shareholders; and the agenda of the meeting was published and announced in Turkish Trade Registry Gazette with issue no. 10280 dated 04

March 2021, in Dünya Newspaper dated 04 March 2021, on the Bank website and through the Electronic General Assembly System, and also notified with registered and reply-paid letters timely sent to the shareholders on 04 March 2021.

Our Bank's Annual Report for 2021 containing the Balance Sheet and Income Statement for the fiscal period of 1 January 2021 – 31 December 2021 and the Independent Audit Report, which were prepared for the Ordinary General Assembly, and the "General Assembly Information Document" were shared with shareholders and published on our corporate website within the statutory periods. The questions received from shareholders following the announcement of the date of the General Assembly meeting were answered by the Financial Services and Reporting Department. At the General Assembly meeting, the matters on the agenda were communicated in an unbiased and detailed manner through a straightforward and understandable method; and shareholders were allowed to express their opinions and ask their questions under equal conditions.

During the Ordinary General Assembly meeting, our shareholders notified their agenda-related requests to the chairman of the meeting via motions. The motions proposed by our shareholders in relation to the agenda of the General Assembly were voted and approved by the General Assembly. Votes were cast by open voting and raising hands at the General Assembly meeting; and our shareholders attending the General Assembly meeting over the electronic general assembly meeting cast their votes via the system.

The General Assembly minutes were sent to our shareholders via fax and/or e-mail and published on our corporate website and in the Trade Registry Gazette. Our shareholders, members of our Board of Directors, the authorized officials responsible for preparation of financial statements, the authorized officer of the independent audit company and the other related people attended; but media organizations did not attend our General Assembly meetings.

Table 1: General Assembly Meetings

General Assembly Meetings							
General Assembly Date	Number of requests notified to the Bank for additional explanations regarding the agenda of the general assembly	Shareholders' rate of attendance in the General assembly	Percentage of shares represented in person	Percentage of shares represented by proxy	Title of the corporate website section containing the general assembly minutes, including the affirmative and negative votes for each item of the agenda	Title of the corporate website section containing all questions asked and answers given to them in the general assembly	Number of the article or paragraph regarding the related parties in the general assembly minutes
29.03.2021	-	97,87%	-	97,87%	About Us/ Corporate/ Information Society Services About Us/ Investor Relations/ Investor Relations	About Us/ Corporate/ Information Society Services About Us/ Investor Relations/ Investor Relations	Article 7

VOTING RIGHTS

Our Bank's shareholders are comprised of Borsa İstanbul A.Ş. and banks and brokerage houses. Shareholders exercise their voting rights in proportion with the total nominal value of the shares. Each share has one voting right. There are no voting privileges granted to any group of shares.

MINORITY RIGHTS

Except for Borsa İstanbul A.Ş., no shareholder's share may directly or indirectly exceed 5% of the Bank's capital. As of the end of 2021, The Bank's capital is owned by Borsa İstanbul A.Ş. holding 64,18%, 11 banks holding 17,04%, and 27 brokerage houses holding 18,78% of shares. As a result of the sale of shares representing 10% of the capital of Borsa İstanbul A.Ş., the main shareholder holding 64,18% shares in Takasbank capital, by Turkish Wealth Fund to QH Oil Investments LLC on 30/11/2020; the indirect shareholding of the Turkish Wealth Fund in Takasbank's capital decreased from 60,47% to 54,05%. The Bank's articles of association do not include a special provision regarding the exercise of minority rights or cumulative voting. Pursuant to the definitions included in article 195 of the Turkish Commercial Code regarding controlling company and affiliated companies, Borsa İstanbul A.Ş. is considered as the controlling company and our Bank and the CRA are considered as affiliated companies under the current conditions. Although our Bank holds a nominal share at the amount of TL 634,851 in the capital of Borsa İstanbul A.Ş.; it is not entitled to vote at the General Assembly of Borsa İstanbul A.Ş. pursuant to article 389 of the TCC.

DIVIDEND RIGHTS

Our Bank's dividends are distributed in accordance with the decisions taken at General Assembly meetings. Proposals prepared in accordance with the Dividend Policy determined by the Board of Directors are submitted to the general assembly agenda; and the Dividend Policy is not published on the corporate website.

Corporate Governance Principles Compliance Report

There are no privileges specified in relation for the distribution of dividends among the shares. Each shareholder is entitled to receive dividends in proportion with their shareholding ratio. In 2021, 216 million TL was distributed among our shareholders as dividends from the profit of 2020.

TRANSFER OF SHARES

There is a partial restriction making it difficult to transfer shares. Shares may be transferred among the organizations specified in the Articles of Association. No other shareholder except for Borsa İstanbul A.Ş. may hold more than 5% of the Bank's capital.

As required by the Bank's articles of association and within the framework of article 493 of the Turkish Commercial Code, and providing that the share of transfer is not contrary to the capital markets legislation and within the framework, the shares may be transferred only between the stock exchanges established pursuant to the Capital Markets Law and their members and investment institutions, collective investment institutions, portfolio management companies, mortgage financing institutions, central clearing & settlement institutions, central custody institutions, publicly-owned joint stock companies with their shares traded in organized markets, and the private pension companies established pursuant to the Private Pension Savings and Investment System Law.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

CORPORATE WEBSITE

The Bank's annual report is prepared in detail to facilitate public access to complete and accurate information about the Bank's activities in accordance with the 'Regulation on Principles and Procedures regarding Preparation and Publication of Annual Reports by Banks' issued by the BRSA and the 'Regulation on Determination of Minimum Content of the Companies' Annual Reports' published by the Republic of Türkiye Ministry of Trade.

The Annual Report contains the "Corporate Governance Principles Compliance Statement" prepared on the basis of the report format determined by the CMB pursuant to article 8 of the Capital Markets Board's Corporate Governance Communiqué no. II-17.1. It is published in English and Turkish on the Bank's website.

ANNUAL REPORT

The Bank's annual report is prepared in detail to facilitate public access to complete and accurate information about the Bank's activities in accordance with the 'Regulation on Principles and Procedures regarding Preparation and Publication of Annual Reports by Banks' issued by the BRSA and the "Regulation on

Determination of Minimum Content of the Companies' Annual Reports" published by the Republic of Türkiye Ministry of Trade.

BANK POLICY FOR STAKEHOLDERS

The regulations regarding the rights of stakeholders are protected within the framework of contracts and the rules of good faith. The policies and procedures related with the rights of stakeholders are published on the Bank's corporate website. Necessary mechanisms have been established for stakeholders to report the transactions that are contrary to the legislation or improper in terms of ethical principles. The Bank handles the conflicts of interests arising among stakeholders in a balanced manner.

Our Bank is in constant contact with stakeholders. The requests notified by stakeholders to our Bank are evaluated and recommendations for solutions are developed.

BANK HUMAN RESOURCES POLICY

Our Bank conducts the efforts for identification and succession of the critical roles for our employees.

The human resources policy containing equal opportunity and personnel recruitment criteria and the summary of the relevant articles of the policy are published in the section About Us/ Human Resources/ Our Human Resources Policy on the corporate website.

Our recruitment policy is based on the placement of the most suitable candidate meeting our Bank values and culture in the appropriate position in terms of their knowledge, skills and general qualifications and in line with the requirement analyses.

The methods used in the recruitment process include measurement and assessment methods (general aptitude test, personality inventory) and reference checking.

Job offers are made to the candidates found eligible following the interviews made with the managers of the relevant departments and the related measurement and assessment process. The candidate is informed of the placement process and also supported during the processes of submission of documents and start of work.

All candidate applications are stored in the pool of candidates and feedbacks about the results of interviews are provided to the candidates interviewed.

The part containing the human resources policy including the measures to prevent discrimination and ill treatment is published at About Us/ Human Resources/ Human Resources

Practices on the corporate website.

Quality and customer focus, analytical approach, team spirit, continuous development, dedicated work, trust, impartiality, business ethics and privacy constitute our core values.

There are no finalized judicial decisions against the Bank due to the liabilities arising from work accidents.

RELATIONS WITH CUSTOMERS AND SUPPLIERS

The Bank considers the satisfaction of customers, in other words, its members and market participants, as one of the top priorities in all services it renders. To this effect, customer satisfaction is measured through surveys and meetings, their requests and suggestions are collected and all requests are evaluated.

CODE OF ETHICS AND SOCIAL RESPONSIBILITY

The Board of Directors has specified the Code of Ethics and published it on the Bank's corporate website. The Bank is sensitive to social responsibility. Measures to prevent corruption and bribery have been taken and are in place.

PART III – BOARD OF DIRECTORS

FUNCTION OF THE BOARD OF DIRECTORS

The Board of Directors ensures that management strategy and risks do not threaten the long-term interests of the Bank, and that an effective risk management is implemented.

The agenda and minutes of meetings substantiate that the Board of Directors have discussed and approved the Bank's strategic objectives, and identified the resources needed, and that the management performance has been audited.

OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

Although the latest performance evaluation of the Board of Directors is not available, the Board of Directors was discharged from liability at the General Assembly meeting dated 29 March 2021. Pursuant to the provision specified in the Bank's articles of association, it is required that at least one of the independent Members of the Board of Directors should be a female member. The Bank has taken out a director liability insurance that is worth approximately 20% of the capital against any loss or damage that may be incurred by the Board due to the faults committed by the Board Members while discharging their duties.

The Board of Directors of the Bank is comprised of the persons with their names and surnames listed below.

Mahmut KAYACIK Chairman of the Board

Korkmaz ERGUN Vice Chairman of the Board

Avşar R. SUNGURLU Board Member / Chief Executive Officer

Bekir BAYRAKDAR Board Member

Gülseren TOPUZ Board Member

Münevver ÇETİN Board Member

Murat ONUK Board Member

Murat TACİR Board Member

Yusuf KARALOĞLU Board Member

The names and surnames of the Board Members authorized by delegation of powers through distribution of tasks are as follows.

AUDIT COMMITTEE

Münevver ÇETİN – Audit Committee Chairperson

Murat TACİR – Audit Committee Member

CREDIT COMMITTEE

Avşar R. SUNGURLU – Credit Committee Chairperson

Murat ONUK – Credit Committee Permanent Member

Gülseren TOPUZ - Credit Committee Permanent Member

Bekir BAYRAKDAR - Credit Committee Substitute Member

Yusuf KARALOĞLU - Credit Committee Substitute Member

CORPORATE GOVERNANCE COMMITTEE

Gülseren TOPUZ –Corporate Governance Committee Chairperson

Murat ONUK – Corporate Governance Committee Member

RISK COMMITTEE

Murat TACİR - Risk Committee Chairperson

Münevver ÇETİN - Risk Committee Member

REMUNERATION COMMITTEE

Bekir BAYRAKDAR – Remuneration Committee Chairperson

Yusuf KARALOĞLU - Remuneration Committee Member

The Internal Control and Compliance Department has submitted 9 reports to the Audit Committee or other relevant committees.

The information regarding the assessment of the efficiency of the internal control system, the Audit Committee's evaluations about the functioning of the Internal Control, Internal Audit and Risk Management Systems and the information about the Committee's activities within the fiscal period are provided on page 110 of the Annual Report.

Corporate Governance Principles Compliance Report

STRUCTURE OF THE BOARD OF DIRECTORS

The structure of the Board of Directors is provided in the table below.

Table 2: Structure of the Board of Directors

Structure of the Board of Directors

Board Member's Name / Surname	Executive Duty	Independent Member	Date of First Election to the Board of Directors	Link to the PDP Announcement containing the Statement of Independence	Assessment of the Independent Member by the Nomination Committee	Loss of Independence	Minimum 5 Years of Experience in the Fields of Auditing, Accounting and/or Finance
Mahmut KAYACIK	No	No	31.03.2016	-	No	No	Yes
Korkmaz ERGUN	No	No	19.03.2021	-	No	No	Yes
Avşar R. SUNGURLU	Yes	No	29.03.2021	-	No	No	Yes
Bekir BAYRAKDAR	No	Yes	19.04.2019	-	No	No	Yes
Gülseren TOPUZ	No	Yes	09.06.2017	-	No	No	Yes
Münevver ÇETİN	No	Yes	09.06.2017	-	No	No	Yes
Murat ONUK	No	No	29.03.2021	-	No	No	Yes
Murat TACİR	No	No	29.03.2021	-	No	No	Yes
Yusuf KARALOĞLU	No	Yes	21.04.20220	-	No	No	Yes

FORM OF MEETING OF THE BOARD OF DIRECTORS

The Board of Directors' Meeting procedure is specified in the Bank's Articles of Association. There are no Board Members that could not attend the meeting/s, but submitted their opinions to the Board of Directors in writing. Pursuant to the operating principles of the board of directors, information and documents are presented to the members 5 days before the meeting. The efforts for establishment of e-BoD were completed in relation to the Bank's internal regulations setting forth the meetings of the Board of Directors and how they will be held on the corporate website; and the first electronic meeting was held on 28 April 2020.

COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS

In the annual report, the information about the committees of the Board of Directors has been provided on pages 81 and 83 under the heading entitled "Information on the Operations of the Credit Committee and the Committees reporting to or

formed to assist the Board of Directors within the Framework of the Risk Management Systems pursuant to the Regulation on Banks' Internal Systems; the Committee Members' Attendance in Meetings held within the Fiscal Period; and the Names and Surnames and Fundamental Duties of the Chairmen and Members of These Committees".

The information about the activities of the audit committee is provided on page 108 of the annual report in the section entitled as the Information on the Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and on Their Activities within the Fiscal Period.

The Corporate Governance Principles Compliance Reporting containing information about the activities of the Corporate Governance Committee is published in the section About Us/ Investor Relations on our Bank's website. The said report has also been provided on pages 88 – 107 of the annual report.

Table 3: Committees of the Board of Directors

Committees of the Board of Directors

Names of BoD Committees	Name of the Committee specified as "Other" in the First Column	Percentage of Managers without Executive Duties	Percentage of Independent Members in the Committee	Number of Physical Meetings held by the Committee	Number of Reports submitted by the Committee to the Board of Directors about its Activities
Audit Committee		100%	50%	12	11
Credit Committee		80%	25%	3	3
Corporate Governance Committee		100%	50%	2	2
Risk Committee		100%	50%	2	4
Remuneration Committee		100%	0%	3	3

FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITY

The information on the structure and composition of the Board of Directors/ the financial rights granted to Board Members and senior managing officials, and the total amounts of the allowances given, travel, accommodation and representation expenses, real and cash allowances, insurances and other similar guarantees is provided on page 80 of the annual report.

The financial rights granted to the members of the Board of Directors are determined by the General Assembly pursuant to the provisions of the Turkish Commercial Code. The rights such as remuneration and bonuses granted to the senior executive management of our Bank are determined within the framework of the Bank's Human Resources Directive; and general increases in remunerations are put into application after they are approved by our Board of Directors.

Other rights such as allocation of vehicles, insurance, etc. granted to our Board of Directors and executive management are determined within the framework of Takasbank Human Resources Directive and its related procedures; and the allowances and expenses payable in relation to travels are determined within the framework of our Bank's Travel Expenses Directive. No borrowing-lending or surety or security relationships have been created with any of our Board members and executive managers in 2021.

Corporate Governance Principles Compliance Report

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
1. SHAREHOLDERS						
1.1. Facilitating the Exercise of Shareholding Rights						
1.1.2- Current information and explanations that may affect the exercise of shareholding rights are made available for use by investors on the corporate website.	X					
1.2. Right to information and review						
1.2.1- The Company management avoids making any transactions that may make it difficult to conduct special audits.	X					
1.3. General Assembly						
1.3.2- The Company ensured that the agenda of the Assembly is clearly specified and each proposal is provided under a separate heading.	X					
1.3.7- The persons having privileged access to the company's information have notified the transactions that they executed in their own name within the field of activities of the company to the board of directors for addition to the agenda in order to ensure that such information is provided at the General Assembly.					X	
1.3.8- The members of the Board of Directors related with the matters of interest on the agenda, other related persons, the authorized officials responsible for preparation of financial statements, and auditors were present at the general assembly meeting.	X					
1.3.10-A separate article indicating the amounts of all aids and donations and their beneficiaries was included in the agenda of the General Assembly.	X					
1.3.11- The General Assembly was held open to the public, including stakeholders and the media, without the right to speak during the meeting.						Stakeholders may participate. Media organizations are not invited to the General Assembly meeting.
1.4. Voting Rights						
1.4.1- There are no restrictions or practices making it difficult for shareholders to exercise their voting rights.	X					
1.4.2- The company does not have any shares with privileged voting rights.	X					
1.4.3- The Company has not exercised its voting rights in the General Assembly of any company with which it has a mutual participation relationship, which also brings forth a dominance relationship.	X					

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
1. SHAREHOLDERS						
1.5. Minority Rights						
1.5.1- The Company has paid utmost attention to the exercise of minority rights.	X					
1.5.2- Minority rights have also been granted to those holding less than one-twentieth of the capital and the scope of minority rights has been arranged and expanded in the articles of association.		X				
1.6. Right to Dividends						
1.6.1- The dividend policy approved by the General Assembly has been publicly disclosed on the company's corporate website.	X					
1.6.2- The dividend policy contains clearly specified minimum details allowing shareholders to stipulate the principles and procedures regarding distribution of profits to be gained by the company in the future periods.	X					
1.6.3- The reasons of non-distribution of profit and the method for usage of the undistributed profit have been specified in the relevant item of the agenda.					X	
1.6.4- The Board of Directors has reviewed whether there is a balance established between shareholders' interests and the company's interests in the dividend distribution policy.	X					
1.7. Transfer of Shares						
1.7.1- There are no restrictions making it difficult to transfer the shares.		X				

Corporate Governance Principles Compliance Report

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
2. PUBLIC DISCLOSURE AND TRANSPARENCY						
2.1. Corporate Website						
2.1.1- The Company's corporate website contains all the elements specified in the corporate governance principle no. 2.1.1.	X					
2.1.2- The shareholding structure (names, privileges, number and ratio of shares of the natural-person shareholders holding more than 5% of the issued capital) is revised and updated on the corporate website at least every 6 months.						Except for Borsa İstanbul, no other shareholder may hold shares exceeding 5% of the capital.
2.1.4- The information on the company's corporate website has also been prepared in foreign languages selected according to the needs, with exactly the same content with the Turkish version.	X					
2.1. Annual Report						
2.2.1- The Board of Directors ensures that the annual report fully and accurately reflects the company's activities.	X					
2.2.2- The annual report contains all the elements specified in principle no. 2.2.2.	X					
3. STAKEHOLDERS						
3.1. Company Policy for Stakeholders						
3.1.1- The regulations regarding the rights of Stakeholders are protected within the framework of contracts and the rules of good faith.	X					
3.1.3- The policies and procedures related with the rights of stakeholders are published on the company's corporate website.	X					
3.1.4- Necessary mechanisms have been established for stakeholders to report the transactions that are contrary to the legislation or improper in terms of ethical principles.	X					
3.1.5- The company handles the conflicts of interests arising among stakeholders in a balanced manner.	X					
3.2. Supporting Stakeholders' Participation in Company Management						
3.2.1- The employees' participation in management has been set forth with the articles of association and internal regulations.	X					
3.2.2- The methods like surveys / consultations were implemented to obtain the opinions of stakeholders about important decisions bearing consequences for the stakeholders.	X					
3.3. Company's Human Resources Policy						
3.3.1- The Company has adopted an employment policy providing equal opportunity and a succession planning for all key management positions.	X					
3.3.2- The criteria regarding personnel recruitment have been set forth in writing.	X					
3.3.3- The Company has a Human Resources Development Policy and trainings are organized for employees in this context.	X					

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
3.3.4- Meetings were held to inform employees about the issues such as company's financial position, remuneration, career planning, training and health.	X					
3.3.5- The decisions that may affect employees were notified to them and employee representatives. The opinions of the relevant unions on these issues were also taken.						There are no trade unions.
3.3.6- Job descriptions and performance criteria were notified to all employee representatives. The opinions of the relevant unions on these issues were also taken.						There are no trade unions.
3.3.7- Measures such as procedures, trainings, awareness raising, objectives, monitoring, and complaint mechanisms have been taken to prevent discrimination among employees and to protect them against physical, mental and emotional ill-treatments within the company.	X					
3.3.8- The Company supports the freedom of association and the effective recognition of the right to collective bargaining agreement.				X		
3.3.9- A safe working environment is provided for employees.	X					
3.4. Relations with Customers and Suppliers						
3.4.1- The company has measured customer satisfaction and operated with an unconditional customer satisfaction approach.	X					
3.4.2- When there is a delay in the processing of customer requests for the goods and services purchased, this is notified to the customers.	X					
3.4.3- The company adheres to the quality standards regarding goods and services.	X					
3.4.4—The company has controls in place to protect the confidentiality of customers' and suppliers' sensitive information falling within the scope of trade secrets.	X					
3.5. Code of Ethics and Social Responsibility						
3.5.1- The Board of Directors has determined and published the Code of Ethical Conduct on the company's corporate website.	X					
3.5.2- The company is sensitive to social responsibility. It has taken measures to prevent corruption and bribery.	X					
4.1. Function of the Board of Directors						
4.1.1- The Board of Directors ensures that strategies and risks do not threaten the long-term interests of the company, and that an effective risk management is implemented.	X					

Corporate Governance Principles Compliance Report

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
4.1.2- The agenda and minutes of meetings substantiate that the Board of Directors have discussed and approved the Bank's strategic objectives, and identified the resources needed, and that the management performance has been audited.	X					
4.2. Operating Principles of the Board of Directors						
4.2.1- The Board of Directors has documented its activities and presented them to shareholders for information.	X					
4.2.2- The duties and authorities of the Board Members have been explained in the annual report.	X					
4.2.3- The Board of Directors has established an internal control system suitable for the scale of the company and the complexity of its activities.	X					
4.2.4- The information about the functioning and effectiveness of the internal control system has been provided in the annual report.	X					
4.2.5- The positions of the Chairman of the Board of Directors and the chief executive officer (CEO) have been separated and defined.	X					
4.2.7- The Board of Directors ensures that the effective functioning of the investor relations department and the corporate governance committee operate; and has worked in close collaboration with the investors relations department and corporate governance committee in resolving the disputes between the company and shareholders and in communications with shareholders.	X					
4.2.8- The company has taken out a director liability insurance that is worth over 25% of the capital against any loss or damage that may be incurred by the company due to the faults committed by the Board Members while discharging their duties.	X					
4.3. Structure of the Board of Directors						
4.3.9- The Company has set a minimum 25% target for the female member ratio and developed a policy to achieve this goal. The structure of the Board of Directors is reviewed annually and the nominal process is executed according to this policy.		X				
4.3.10- At least one of the members of the audit committee has 5 years of experience in the field of auditing/accounting and finance.	X					

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
4.4. Form of Meeting of the Board of Directors						
4.4.1- All members of the Board of Directors have physically attended most of the Board meetings.	X					
4.4.2- The Board of Directors has defined a minimum period for sending information and documents related with the items on the agenda to all members before the meeting.						The procedure of meeting of the Board of Directors is specified in the Articles of Association.
4.4.3- The opinions of any member/s who could not attend the meeting, but notified their opinions to the Board of Directors in writing were presented to other members for information.			X			There are no Board Members who could not attend the meeting, but notified their opinions in writing.
4.4.4- Each member has one voting right in the Board of Directors.	X					
4.4.5- How the Board meetings will be held has been documented in writing with the company's internal regulations.						The procedure of meeting of the Board of Directors is specified in the Articles of Association.
4.4.6- The meeting minutes of the Board of Directors substantiate that all items on the agenda have been discussed; and the records of resolutions are prepared in a way that also includes dissenting opinions.	X					
4.4.7- It is restricted for the Members of the Board of Directors to assume other duties outside the company. The duties undertaken by Board Members outside the company have been presented to the shareholders for information at the general assembly meeting.				X		
4.5. Committees formed under the Board of Directors						
4.5.5- Each member of the Board of Directors takes part in one committee only.			X			
4.5.6- The committees invited the people whose opinions were needed to the meetings and obtained their opinions.	X					
4.5.7- The information on the person/entity the committee receives consultancy service(s) from has been provided in the annual report.			X			Committees did not receive any consultancy service.
4.5.8- Reports on the results of committee meetings were prepared and presented to the members of the Board of Directors.	X					
4.6. Financial Rights provided to the Members of the Board of Directors and Executives with Administrative Responsibility						
4.6.1- The Board of Directors conducted a BoD performance assessment to evaluate whether it effectively fulfilled its responsibilities.						Members of the Board of Directors are released at the General Assembly meeting.

Corporate Governance Principles Compliance Report

	Compliance Status					Description
	Yes	Partly	No	Exempt	N/A	
4.6.4- The Company did not extend loans, lend money or extend the repayment period of such lending, or improve the terms and conditions of such a loan, or make any loan available as a personal loan through third parties to, or give any guarantees in favour of any of the members of the Board of Directors or executives with administrative responsibility.	X					
4.6.5 The remunerations paid to the Board Members and executives with administrative responsibility were specified on an individual person basis in the annual report.			X			
1. SHAREHOLDERS						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDING RIGHTS						
The number of investor conferences and meetings held by the company throughout the year						Not applicable
1.2. RIGHT TO INFORMATION AND REVIEW						
Number of requests for special auditors						Not applicable
Number of requests for special auditors accepted at the general assembly meeting						Not applicable
1.3. GENERAL ASSEMBLY						
Link to the PDP announcement containing the information requested under the Principle 1.3.1 (a-d)						Not applicable
Whether the documents related with the general assembly meeting were presented in English concurrently with the Turkish version at the general assembly meeting						There is no foreign shareholder
Links to the PDP announcements about the transactions that have not been approved by the majority of independent members or not anonymously accepted by the participants under Principle 1.3.9						Not applicable
Links to the PDP announcements regarding related party transactions made under article 9 of the Corporate Governance Communiqué (II-17.1)						Not applicable
Links to the PDP announcements regarding common and continuous transactions executed under article 10 of the Corporate Governance Communiqué (II-17.1)						Not applicable
Name of the section containing the policy on aids and donations as published on the Company's corporate website						About Us/Corporate/Takasbank Donation Policy
Link to the PDP announcement containing the minutes of general assembly in which the aids and donations policy was accepted						Not applicable
Number of the article governing attendance of stakeholders at the general assembly as specified in the articles of association						Articles 16, 17, 18, 19, 20, 21, 22
Information regarding the stakeholders that attended the general assembly meeting						Shareholders, shareholders' representatives, employees (determined by the senior management), independent auditors, the BRSA and CMB representatives and the Board Members attend the General Assembly meetings.

1.4. VOTING RIGHTS

Whether there are any privileges related with voting rights	No
If there are any voting privileges, holders of preferred socks and their voting ratios	No
Shareholding ratio of the largest shareholder	Yes

1.5. MINORITY RIGHTS

Whether the minority rights have been expanded (in terms of content or ratio) in the company's articles of association	No
Specify the relevant article's number in the articles of association if minority rights have been expended in terms of content and ratio	No

1.6. RIGHT TO DIVIDENDS

Name of the section containing the dividend policy on the corporate website	About Us/Corporate/Takasbank Dividend Policy
If the Board of Directors has proposed the retention of profits to the general assembly, the text of the minutes regarding the item of the general assembly agenda indicating the reasons thereof and the method for usage of undistributed profits	Details are available in the minutes of the General Assembly meeting
If the Board of Directors has proposed the retention of profits to the general assembly, link to the PDP announcement containing the minutes of the relevant general assembly meeting	Not applicable

General Assembly Meetings

General Assembly Date	Number of requests notified to the Bank for additional explanations regarding the agenda of the general assembly	Shareholders' rate of attendance in the General assembly	Percentage of shares represented in person	Percentage of shares represented by proxy	Title of the corporate website section containing the general assembly minutes, including the affirmative and negative votes for each item of the agenda	Title of the corporate website section containing all questions asked and answers given to them in the general assembly	Number of the article or paragraph regarding the related parties in the general assembly minutes
29.03.2021	-	97,87%	-	97,87%	About Us/ Corporate/ Information Society Services About Us/ Investor Relations/ Investor Relations	About Us/ Corporate/ Information Society Services About Us/ Investor Relations/ Investor Relations	Article 7

2. PUBLIC DISCLOSURE AND TRANSPARENCY**2.1. CORPORATE WEBSITE**

Names of the sections of the corporate website containing the information requested in the corporate governance principle no. 2.1.1.	https://www.takasbank.com.tr/en/about-us/corporate/legal-framework https://www.takasbank.com.tr/en/about-us/investor-relations/financial-reports https://www.takasbank.com.tr/en/about-us/investor-relations/annual-reports https://www.takasbank.com.tr/tr/hakimizda/yatirimci-iliskileri/yatirimci-iliskileri https://www.takasbank.com.tr/en/about-us/corporate/dividend-distribution-policy https://www.takasbank.com.tr/en/about-us/corporate/it-security-policy https://www.takasbank.com.tr/en/about-us/corporate/business-continuity-policy https://www.takasbank.com.tr/en/about-us/corporate/protection-of-personal-data-privacy https://www.takasbank.com.tr/en/about-us/corporate/takasbank-donation-policy https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/sirketbilgileri/10258
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Corporate Governance Principles Compliance Report

The section of the corporate website containing the list of natural-person shareholders directly or indirectly holding more than 5% of the shares	Except for Borsa Istanbul, no shareholders hold more than 5 percent of the shares. The shareholding structure is provided in the section About Us/Introduction/Capital Structure.
Language options of the corporate website	Turkish – English
2.2. ANNUAL REPORT	
a) Page number or title of the section containing the duties undertaken by the board members and executives outside the company, and their statements of independence	Exempt
b) Page number or title of the section containing the information about the committees formed under the Board of Directors	Pages 81 - 83
c) Page number or title of the section containing the information about the number of meetings held by the Board of Directors within the year and the attendance status of members in such meetings	Page 80
ç) Page number or title of the section about the legislative changes that may materially affect the company's operations	Pages 16, 17
d) Page number or title of the section containing the information about the major lawsuits filed against the company and their possible consequences	Page 118
e) Page number or title of the section containing information about the conflicts of interests between the company and the institutions from which it receives services such as investment consultancy or rating services and the measures taken to prevent such conflicts	The ratings are taken from FITCH, and there are no situations that may create a conflict of interest. The policy on conflicts of interest has been provided on page 186 and mentioned in the Corporate Governance Principles Compliance Report; and the ratings assigned to Takasbank by Fitch Ratings are provided on page 116 under the title of Ratings given to Takasbank by international rating agencies.
f) Page number or title of the section containing the information about the affiliates whose direct participation in the capital is over 5%	Pages 16,
g) Page number or title of the section containing information about the employees' social rights, professional trainings and the corporate social responsibility activities related to other company activities with social and environmental implications	Social Rights and Professional Training are provided on page 86. There are no corporate social responsibility activities related to the company operations with environmental implications. The efforts related thereof have been started for 2022.
3. STAKEHOLDERS	
3.1. COMPANY POLICY FOR STAKEHOLDERS	
Title of the section of the corporate website containing the compensation policy	None
Number of judicial finalized court decisions against the company due to violation of employee rights	There are lawsuits.
Title of the authorized official in charge of the reporting mechanism	Internal Audit Department, Human Resources Division, Internal Control and Compliance Unit Managers
Contact information for the company's reporting mechanism	Telephone, fax, website, e-mail, BRSA complaints system

3.2. SUPPORTING STAKEHOLDERS' PARTICIPATION IN COMPANY MANAGEMENT

Title of the section of the corporate website, containing the internal regulations regarding employees' participation in management bodies	None.
Management bodies employees are represented in	None.

3.3. COMPANY'S HUMAN RESOURCES POLICY

Role of the Board of Directors in the development of a succession plan for key executive positions	Efforts for identification and succession of critical roles are conducted for our Bank's employees.
Title of the section of the corporate website containing the human resources policy including equal opportunity and employee recruitment criteria or the summary of the relevant articles of the policy	About Us/Human Resources/ Our Human Resources Policy Our recruitment and placement policy is based on placement of the most suitable candidate meeting the Bank values and culture in the most appropriate position in terms of their knowledge, skills and general qualifications and in line with our requirements analyses. The methods used in the recruitment process include interview, measurement and assessment methods (general aptitude test, personality inventory) and reference checking. Job offers are made to the candidates found eligible following the interviews made with the managers of the relevant departments and the related measurement and assessment process. The candidate is informed of the placement process and also supported during the processes of submission of documents and start of work. All candidate applications are stored in the Bank's pool of candidates, and feedbacks about the results of interviews are provided to the candidates interviewed.
Whether there is an employee stock ownership plan in place	None.
Title of the section of the corporate website containing the human resources policy including the measures to prevent discrimination and ill treatment or the summary of the relevant articles of the policy	About Us/Human Resources/Human Resources Practices Quality and customer focus, analytical approach, team spirit, continuous development, dedicated work, trust, impartiality, business ethics and privacy constitute our core values.
Number of finalized court judgements issued against the company due the liability for work accidents	None.

3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS

3.4.1- The company has measured customer satisfaction and operated with an unconditional customer satisfaction approach.	Yes
3.4.2- When there is a delay in the processing of customer requests for the goods and services purchased, this is notified to the customers.	Yes
3.4.3- The company adheres to the quality standards regarding goods and services.	Yes
3.4.4-The company has controls in place to protect the confidentiality of customers' and suppliers' sensitive information falling within the scope of trade secrets.	Yes

3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY

Name of the section of the corporate website containing the code of ethics policy	About Us/Corporate/Legal Framework
Name of the section of the corporate website containing the corporate social responsibility report. If there is not any corporate responsibility report, measures taken on environmental, social, and corporate governance issues	About Us/Investor Relations/Annual Reports
Measures taken against any and all forms of corruption, including extortion and bribery	Internal Irregularity and Suspicious Transactions Procedures, Code of Ethics Policy, Conflicts of Interests Prevention Policy, Exchange of Gifts Policy

Corporate Governance Principles Compliance Report

4. BOARD OF DIRECTORS-I**4.2. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS**

Date of the latest performance assessment of the Board of Directors	The Board of Directors is released of its responsibilities at the General Assembly.
Whether independent specialists are commissioned for performance assessment of the Board of Directors	No
Whether all members of the Board of Directors are released of responsibilities	Yes
Names of the board members to whom authorities are delegated through distribution of tasks and the content of such authorities	Audit Committee, Corporate Governance Committee, Risk Committee, Credit Committee, Remuneration Committee
Number of reports submitted by the internal control unit to the audit committee or other relevant committees	Page 88
Name or page number of the section of the annual report containing the assessment of the efficiency of the functioning of the internal control system	Page: 108; Information on the Audit Committee's Assessments about the Functioning of Internal Control, Internal Audit and Risk Management Systems, and on their Activities within the Fiscal Period
Name of the Chairman of the Board of Directors	Mahmut KAYACIK
Name of the Chief Executive Officer	Avşar R. SUNGURLU
Link to the PDP announcement justifying the decision to appoint the same person as the chairman of the board of directors and the Chief Executive Officer	Not applicable
Link to the PDP announcement indicating that an insurance has been taken out for an amount over 25% of the company capital against any loss or damage that may be incurred by the company due to the faults committed by the Board Members while discharging their duties	Not applicable
Name of the section of the corporate website providing information on the diversity policy designed to increase the percentage of female board members	Pursuant to the provision specified in the Articles of Association, it is required that at least one of the Board Members should be a female member.
Number and percentage of female members	2 persons – 22%

4. BOARD OF DIRECTORS-II**4.4. FORM OF MEETING OF THE BOARD OF DIRECTORS**

Number of board meetings held by physically convening during the reporting period	18 meetings. The meeting held on 28 April 2020 and the other subsequent meetings were held via e-BoD system.
Average percentage of attendance to the board meetings	100%
Whether an electronic portal is used to facilitate the activities of the board	Yes
Number of days before the meeting the information and documents are presented to the members pursuant to the operating principles of the board of directors	5 Days
Title of the section of the corporate website containing information about the internal regulations governing how board meetings will be held	The installation of the e-BoD system was completed and the first electronic meeting was held on 28 April 2020.
The upper limit specified in the policy which restricts the assumption of other duties by the members outside the company	None

4.5. COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS

Page number or title of the section in the annual report containing information about the committees of the board of directors Pages 81-82-83

Link to the PDP announcement containing Committee operating principles Not applicable

Committees of the Board of Directors-I

Names of BoD Committees	Name of the Committee specified as "Other" in the First Column	Full Name of the Committee Members	Whether there is a Chairperson of the Committee	Board Membership
Audit Committee		Murat TACİR	Münevver ÇETİN	All members are Board Members.
Corporate Governance Committee		Murat ONUK	Gülseren TOPUZ	All members are Board Members.
Risk Committee		Münevver ÇETİN	Murat TACİR	All members are Board Members.
Credit Committee		Murat ONUK Gülseren TOPUZ	Avşar R. SUNGURLU	All members are Board Members.
Remuneration Committee		Yusuf KARALOĞLU	Bekir BAYRAKDAR	All members are Board Members.

4. BOARD OF DIRECTORS-II

4.5. COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS-II

Specify the section of the Annual Report or the Corporate website providing information about the activities of the Audit Committee	Page 81
Specify the section of the Annual Report or the Corporate website providing information about the activities of the Corporate Governance Committee	Page 81
Specify the section of the Annual Report or the Corporate website providing information about the activities of the Nomination Committee	Not applicable
Specify the section of the Annual Report or the Corporate website providing information about the activities of the Early Detection of Risks Committee	Page 115
Specify the section of the Annual Report or the Corporate website providing information about the activities of the Remuneration Committee	Page 82

4.6. FINANCIAL RIGHTS PROVIDED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITY

Page number or title of the section of the annual report containing information about operational and financial performance goals and whether they were achieved	No
Title of the section of the corporate website containing the remuneration policy for the members with or without executive duties	No
Page number or title of the section of the annual report specifying the remunerations paid and all other benefits provided to the Board Members and executives with administrative responsibility	Page 80; Title of the Section: Structure and Formation of the Board of Directors/ Information on the Financial Rights granted to Board Members and Senior Managing Officials, Allowances Given, Travel, Accommodation and Representation Expenses, Real and Cash Allowances, Insurances and Other Similar Guarantees

FINANCIAL DETAILS AND EVALUATIONS ABOUT RISK MANAGEMENT

Information on the Audit Committee's Assessments about the Functioning of Internal Control, Internal Audit and Risk Management Systems, and on their Activities within the Fiscal Period

Audit Committee Report

No.: 2022/DK/02

Istanbul, 10 January 2022

The internal audit, internal control and risk management activities of İstanbul Takas ve Saklama Bankası A.Ş. are conducted by the Board of Directors, Senior Management and the Bank's personnel at all levels as well as the Internal Audit Department, Internal Control and Compliance Department, and the Risk Management Department, in accordance with applicable legislation, including, in particular, the Banking Law, the Capital Markets Law, Law on Payment and Securities Settlement Systems, Payment Services, and Electronic Money Institutions, as well as other applicable non-Bank legislation and the Bank's internal strategies, policies, principles and objectives.

As submitted to our Committee in 2021 by the Internal Audit Department, Internal Control and Compliance Department, and Risk Management Department which are administratively independent and report to Board of Directors through our Audit Committee in accordance with the provisions of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, the internal legislation, work flow and job description forms, risk assessments, legal and internal risk measurements, partial/complete stress tests and risk monitoring and review activities, internal audit plan, internal audit and review reports, the reports prepared about the independent audit company, independent audit results, activity reports of internal system units, internal control and compliance review plan, legislative compliance assessments, support services risk management program, risk analysis reports and technical adequacy reports, and the other related documents were evaluated in the meetings held; and the resolutions taken by Committee as well as the relevant activities were presented to the Board of Directors. Internal System Departments also informed the Executive Management about such activities and thus, it was ensured that necessary actions were taken in relation thereof.

Risk management involves an approach based on three lines of defence comprising business line management, central risk management function, and independent review. Accordingly;

- In business line management, the risks arising from the products and services offered by each Unit of the Bank, and the processes, human resources and systems used are identified; and the Executive Management is informed, ensuring that appropriate actions are taken.

- The central risk management function is fulfilled by separating duties and responsibilities, and having the processes and functions reviewed by the Risk Management Department and the Internal Control and Compliance Department, other than the operational units that execute them.
- The independent review process is comprised of the assessment of the risk management and internal control framework from all aspects, and this function is executed by the Internal Audit Department.

The Bank's overall risk policy is to maintain the Bank's operations by assuming reasonable risks at a manageable and controllable level so as to establish an income-expense balance. The Bank's risk capacity is determined in accordance with the capital adequacy policy. Takasbank manages its risks by ensuring that they remain above/below the minimum/maximum limits specified in all applicable legal regulations and below the general and risk type-based risk limits and signal values and risk appetites approved by the Board of Directors. The results of activities conducted for risk management are taken into account in the Bank's strategic decision-making processes. In addition, regarding the risks that must be assumed or carried; it has been aimed to establish an optimum balance between potential loss or damages that may result from realization of such risks and the costs to be incurred to limit, decrease, and control these risks.

The Risk Management Department conducts the operations such as risk assessments about the new products and services planned to be offered by the Bank and information technology risks, payment and securities settlement systems, and portfolio custody service; creation of the risk analysis reports and risk management programs for support services; monitoring and review of risk appetites, risk limit and signal values; performance of internal risk measurements and assessments and stress tests and scenario analyses; assessment of operational risk database and operational risk loss database results; review of the structuring plans; monitoring and review of the amounts subject to legal risk and the legal capital adequacy ratio, and calculation of the internal capital requirement ratio within the scope of the Internal Capital Adequacy Assessment Process (ICAAP); and in this context, the reports forwarded to the Audit Committee within 2021 have been submitted to the Board of Directors.

Pursuant to the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, and the best practice guidelines published by the BRSA, and in order to ensure that the Bank can continue its operations under the most adverse conditions, capital and liquidity planning was made with a prospective perspective by conducting partial and complete stress tests within the scope of the pillar 1 and pillar 2 risks that the Bank is exposed to. In this context, the Stress Test Report and ICAAP Report, prepared in coordination with the Risk Management Department, and its attachment, the Validation Report prepared by the Internal Control and Compliance Department, as well as the Examination Report prepared by the Internal Audit Department were presented. The reports were submitted to the BRSA following their approval at the Board of Directors' meeting no. 413 dated 19 March 2021.

At Takasbank, internal control processes are considered as an integral part of the Bank's operations; and the reporting modules facilitating the effective monitoring and control of operations are integrated with the application software currently in use. In addition, necessary controls are performed during execution of transactions by applying the control techniques such as the separation of entry and approval authorities for critical transactions, approval-authorization mechanisms implemented during execution of operations, conducting the reviews regarding compliance with limits electronically, other control techniques, inquiries and reconciliations implemented for material elements. In addition to the control function performed by the relevant management levels within Takasbank's organizational structure, the activities of the units and departments were periodically controlled by the Internal Control and Compliance Department over the control points determined within the framework of the Internal Control and Compliance Review Plan and the internal control lists of the information technologies units.

Within the scope of self-assessment activities, the Internal Control and Compliance Department performed the operations such as periodic review of the internal control and compliance review plan and internal control lists and determination of control scores for the risks in the operational risks database; monitoring the actions determined for the risks for which the net risk level is equal to or above the operational risk appetite as well as key risk indicators; and the validation of the TFRS-9 expected credit loss model.

Within the scope of legislation and compliance activities, the Internal Control and Compliance Department performed the operations such as the follow-up and announcement

of the changes in the internal and external legislation and discussion of such changes with the relevant business and IT units; providing the relevant units with legislative feedback on the issues regarding their activities, conducting the efforts regarding Anti-Money Laundering, Prevention of Financing of Terrorism and Proliferation of Weapons of Mass Destruction, and FATCA and

CRS efforts; provision of KVKK (Law on Protection of Personal Data) and MASAK (Financial Crimes Investigation Board) trainings; development / updating of the Bank's internal and external legislation and other processes under the legislation that the Bank is subject to, establishing coordination of business units with independent auditors during the audits of banking processes; and ensuring the coordination of the CBRT surveys and CPMI-IOSCO compliance documents within the scope of payment and securities settlement systems.

Within the framework of the information systems internal control activities conducted under the BRSA, CBRT and CMB information systems legislation; regulatory compliance and control activities were conducted by controlling IS management activities conducted at the Bank as well as the Bank's external service providers, the processes supporting these activities and the IS controls established in terms of their compliance with legislation and the Bank's internal policies, procedures, and standards. Additional activities were conducted for periodic reporting to the Executive Management, Audit Committee and the Internal Control and Compliance Department Manager aimed at notifying the recommendations for improvement to the relevant units and senior management for the purpose of eliminating the deficiencies identified as a result of controls and taking necessary actions, ensuring participation in projects and working groups as well as boards and committees related with the changes and innovations planned in the Bank's services and processes or the critical processes falling within their areas of responsibility and providing suggestions for minimization of risks at the relevant meetings; and ensuring the monitoring of the risks originating from IT management, external services and support services. Within the scope of such activities, system (Identity Sharing System and Credit Risk Center) inquiry controls were performed; studies were conducted on IT security, data leakages, trend micro applications, logs, authorizations, DLP, data inventory, and service catalogue; the business continuity and IT legal requirements document was updated; participation as a supervisor ISO 27001 and ISO 22301 inspections was ensured; and necessary support was provided for the independent audits conducted within the scope of information systems processes.

FINANCIAL DETAILS AND EVALUATIONS ABOUT RISK MANAGEMENT

Information on the Audit Committee's Assessments about the Functioning of Internal Control, Internal Audit and Risk Management Systems, and on their Activities within the Fiscal Period

Audit Committee Report

The "Central Counterparty Credit Risk Stress Test Results" and "Central Counterparty Liquidity Risk Stress Test Results" reports prepared pursuant to article 40 entitled "Stress testing" as specified in the Central Counterparty Regulation of İstanbul Takas ve Saklama Bankası A.Ş. as well as the "Central Counterparty Back Testing Results" prepared pursuant to article 36 of Takasbank Directive on Central Counterparty Risk Management Implementation Principles were also submitted by the Internal Control and Compliance Department to the Board of Directors for information.

In 2021, acting as an independent and objective assurance and consultancy function, Takasbank Internal Audit Department conducted efforts oriented towards risk-based review and auditing of the Bank's business and IT units and the support and external service companies within the framework of the Internal Audit Plan prepared on the basis of the annual Risk Assessment and containing also the information systems (IS) audit plan and the work programs, control lists and IS audit guidelines prepared within the scope of the said plan; identification of deficiencies, errors and misconducts, and prevention of their recurrence; assessment of the accuracy and reliability of the information and reports submitted to the regulatory and supervisory authorities and the Executive Management; and assessment and improvement of the efficiency and adequacy of the Bank's risk management, control, and governance processes. The internal audit activities conducted also include verification of the consistency of the assets stated in the Bank's financial statements with the records, assisting in identification of misconducts, review of the financial accounts and records and documents, identification of the risks and control points in the business processes and conducting the testing on the efficiency of the controls, and performing the control tests on the information systems and processes on which financial and administrative data are used; all of which were conducted within the scope of efforts to ensure the integrity, accuracy, and reliability of accounting records and financial reporting.

The Internal Audit Department also conducted, in 2021, on-site audits at central counterparty members in order to audit the continuity of internal control, risk management, and

internal audit mechanisms as required for central counterparty membership under İstanbul Takas ve Saklama Bankası A.Ş. Central Counterparty Regulation; and the reports prepared as a result of audits were assessed in our Committee meetings and submitted to the Board of Directors.

Within the scope of the management statement, as a result of the efforts and activities conducted by the business and IS internal control and internal audit functions, an assessment is made to identify all major control deficiencies about such controls independently from the reviews of the Bank's business and IS controls and the activities performed by independent audit companies; and in this context, assurance is provided that there are no major control deficiencies in the Bank's business and IS controls which would hinder efficiency, adequacy or compliance; that there is no situation likely to materially affect the continuity of the activities and the integrity, consistency, reliability, and if necessary, confidentiality of the data which causes a material misstatement in the financial statements or requires sensitivity in terms of the bank, including, financial data, in particular, and there is no misconduct or corruption involving managers and other officials with critical roles in the internal control system; and that all issues identified have been reported to our Committee and the Board of Directors. The efforts and activities constituting the basis of the Management Statement in 2021 were jointly conducted by the Internal Audit Department and Internal Control and Compliance Department, within the scope of the plan approved by our Committee; and the reports prepared were evaluated in our Committee meetings and submitted to the Board of Directors.

Takasbank operations are conducted in compliance with the provisions of applicable regulations and the Bank's general policies and internal legislation; and the Internal Audit, Internal Control and Compliance, and Risk Management Departments structured and operating efficiently and adequately in accordance with the provisions of the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process create a significant added value in line with Takasbank's fundamental goals and policies.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. AUDIT COMMITTEE

Murat TACİR

**Audit Committee Member
Board Member**

Münevver ÇETİN

**Audit Committee Chairperson
Board Member**

Independent Auditor's Report on the Board of Directors' Annual Report

To the General Assembly of İstanbul Takas ve Saklama Bankası A.Ş.;

1) Opinion

We have audited the annual report of İstanbul Takas ve Saklama Bankası A.Ş. ("Bank") for the fiscal period of 1 January 2021 – 31 December 2021.

In our opinion, the unconsolidated financial data provided in the board of directors' annual report and the Board of Directors' assessments about the Bank's position are consistent with the fully audited, unconsolidated financial statements and the information obtained during the independent audit and are presented fairly and accurately in all material respects.

2) Basis of the Opinion

Our independent audit was conducted in accordance with the "Regulation on Independent Audit of Banks" ("BRSA Auditing Regulation") published in the Official Gazette no. 29314 dated 2 April 2015 and the Independent Auditing Standards (IAS) that are a part of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under these Standards are explained in detail in the section entitled as the Independent Auditor's Responsibilities for the Independent Audit of the Annual Report.

We declare that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors published by the POA (Code of Ethics) and the ethical provisions stipulated in the legislation governing independent auditing. We have also fulfilled other responsibilities on ethics within the scope of the Code of Ethics and applicable legislation. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our audit opinion.

3) Our Auditors' Opinion on the Complete Set of Unconsolidated Financial Statements

In our audit report dated 16 February 2022, we have reported our positive opinion on the Bank's complete set of unconsolidated financial statements for the fiscal year of 1 January 2021 – 31 December 2021.

4) The Board of Directors' Responsibility regarding the Annual Report

The Bank management has the following responsibilities with respect to the annual report pursuant to articles 514 and 516 of the Turkish Commercial Code no. 6102 (TCC) and the "Regulation on the Procedures and Principles regarding Preparation and Publication of Annual Reports by Banks":

- Prepares the annual report within the first three months following the balance sheet date and submits it to the general assembly;
- Prepares the annual report in a way to reflect the flow of the Bank's operations in the relevant year and its financial position in an accurate, complete, straightforward, realistic and honest and integral manner in all respects. In this report, the financial position is assessed based on the unconsolidated financial statements. The report also clearly indicates the Bank's growth and the potential risks likely to be encountered. The Board of Directors' assessment about these issues is also provided in the report.
- The annual report also contains the following:
 - Material events that have occurred at the Bank after the end of the fiscal year;
 - The Bank's research and development activities;

- Financial rights and benefits including remuneration, premiums and bonuses, as well as the allowances, travel, accommodation, and representation expenses, real and cash allowances, insurances, and other guarantees paid or given to the Board Members and senior managing officials.

-Other issues determined pursuant to the "Regulation on Procedures and Principles regarding Preparation and Publication of Annual Reports by Banks" as published in the Official Gazette no. 26333 dated 1 November 2006.

While preparing the annual report, the Board of Directors also takes into consideration the secondary laws and regulations issued by the Ministry of Trade and other relevant institutions.

While preparing the annual report, The Board of Directors also takes into consideration the secondary laws and regulations issued by the Ministry of Customs and Trade and other relevant institutions.

5) Independent Auditor's Responsibility regarding the Independent Auditing of the Annual Report

Our purpose is to provide an opinion about whether the unconsolidated financial data provided and the reviews made by the Board of Directors within the annual report are consistent with the Bank's unconsolidated financial statements and the information that we have obtained during our independent audit and whether they reflect the facts within the framework of the "BRSA Accounting and Financial Reporting Legislation", including the provisions of the TCC and the "Regulation on Procedures and Principles regarding Preparation and Publication of Annual Reports by Banks" as published in the Official Gazette no. 26333 dated 1 November 2006, the "Regulation on Procedures and Principles regarding Accounting Practices and Retention of Documents by Banks" as published in the Official Gazette no. 36333 dated 1 November 2006, other regulations published by the Banking Regulation and Supervision Board with respect to banks' accounting, record-keeping and documentation, the circulars and explanations of the Banking Regulation and Supervision Agency ("BRSA"), and the provisions of the Turkish Accounting Standards applicable for any issues not specified in any of the aforesaid regulations; and to issue a report that includes our opinion formed as such.

Our independent audit has been conducted in accordance with the BRSA Auditing Regulations and IAS standards. These standards require compliance with ethical provisions and planning and performance of the independent audit in a way to obtain reasonable assurance about whether the unconsolidated financial data provided and the reviews made by the Board of Directors in the annual report are consistent with the unconsolidated financial statements and the information that we have collected during the audit and whether they fairly reflect the facts.

Fatih Polat has been the responsible auditor conducting and concluding this independent audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Şirketi

A member firm of Ernst & Young Global Limited

(Seal & Signature)

Fatih Polat, CPA

Responsible Auditor

9 March 2022 İstanbul, Türkiye

Evaluation of the Financial Status, Profitability, and Solvency and Achievement of Strategic Targets

As of 31 December 2021, Takasbank's assets have increased by 77,34% compared to the year-end of the previous year, thus, reaching 45,024,011 thousand TL.

In line with the previous period data, Banks account item also constituted a significant portion of the Bank's assets in the current period. Banks account for 86,29% (38,852,237 thousand TL) and Other Financial Assets and loans measured at their redeemed value account for 12,01% (5,408,398 thousand TL) of the Bank's assets.

By year-end of 2021, Takasbank has borrowed domestic loans at the amount of 3,416,560 thousand TL; accounting for 7,59% of the liabilities on the balance sheet. It has not borrowed any loans from abroad by the balance sheet date. The Funds item, which is primarily comprised of member cash collaterals account for 84,30% of the liabilities. The Bank's paid-up capital is 600,000 thousand TL; and by the end of 2021, its shareholders' equity has reached 3,236,902 thousand TL.

The Bank's profit before tax has been recorded as 1,178,025 thousand TL. The Bank acts according to the principle of maintaining a high amount of liquid assets against its balance sheet obligations in order to be able to manage its liquidity risk.

The Bank has achieved its strategic goals set in the previous periods and fulfilled its general assembly decisions.

Information on the Risk Management Policies applied by Risk Types

Management of the Pillar I Risks

Takasbank Risk Management Regulation approved by the Board of Directors has established, in detail, the procedures and principles regarding the functioning of our Bank's risk management system, risk management policies and implementing procedures, risk management activities, and the organizational structure and duties, authorities, and responsibilities of the Risk Management Department. The Bank's overall risk policy is to maintain the Bank's operations by assuming reasonable risks at a manageable and controllable level so as to establish an income-expense balance. The Bank's risk capacity is determined in accordance with the capital adequacy policy.

The Bank manages its risks by ensuring that they remain above/below the minimum/maximum limits stated in all applicable legal regulations and below the risk appetites approved by the Board of Directors. The results of activities related for risk management are taken into account in the Bank's strategic decision-making processes. Prior to offering new products and services, the Bank performs a risk assessment together with all relevant departments and under the coordination of the Risk Management Department, taking into consideration all of the risks that the Bank is exposed to.

The principle of proportionality was taken into account pursuant to the statutory regulations and best practices guidelines in establishing and implementing the Bank's risk management system and internal capital adequacy assessment process (ICAAP).

The year-end of 2020 the Stress Test Report and the ICAAP Report prepared by in coordination with the Risk Management Department and its attachment, the Validation Report prepared by the Internal Control and Compliance Department and the Examination Report prepared by the Internal Audit Department were submitted to the Banking Regulation and Supervision Agency following their approval at the Board of Directors meeting no. 413 dated 19 March 2021.

The Bank's risk appetite structure is reviewed at least once a year, and its general risk and risk type-based risk limits and signal values are reviewed according to the changes in market conditions and the Bank strategies. In cases where the risk appetites, risk limits and signal are exceeded that are allocated, the relevant authorities are notified thereof.

The Risk Management Department manages and coordinates operations involved with identifying, measuring, assessing, monitoring, and reporting the risks the Bank is exposed to, in accordance with the banking regulation, under the supervision of the Audit Committee and within the scope of the regulations approved by the Board of Directors.

Credit Risk Management

Credit transactions involve the possibility that members or guarantors who use the credit cannot fulfil their obligations in time and according to their prior written commitments and agreements; in other words, it involves the credit risk. The counterparty credit risk is considered within the scope of the credit risk.

The cash credit transactions of Takasbank consist of the credits extended to intermediary institutions. Takasbank Money Market (TMM), these transactions are considered as non-cash loans in accordance with the banking legislation, since the Bank has guarantees for the obligations of the members to each other in accordance with the guarantees received from the members, the allocated and committed capital. Takasbank provides Central Counterparty service to the Securities Lending Market (SLM), Futures and Options Market (VIOP), Money Market, Equity Market, Debt Securities Market, SWAP Market and over-the-counter derivative transactions incorporated in the Bank. The obligations arising from such transactions are also considered non-cash credits.

Credit limits are updated according to the changes in members' financial positions. The implementation of limit, risk and collateral controls electronically and continuously on an individual transaction basis minimizes operational errors.

Internal credit rating scores are used in determination of the credit or position limits to be allocated to members and the membership types of the members that will execute transactions in the markets or capital market instruments for which central counterparty services are provided; and the said limits enter into force following approval by the Board of Directors. Credit risk is managed with the presence of an efficient and strong collateralization mechanism and allocation of appropriate limits.

FINANCIAL DETAILS AND EVALUATIONS ABOUT RISK MANAGEMENT

Information on the Audit Committee's Assessments about the Functioning of Internal Control, Internal Audit and Risk Management Systems, and on their Activities within the Fiscal Period

Information on the Risk Management Policies applied by Risk Types

The Bank manages the credit risk that it is exposed to by taking account of the credit risk appetite, credit risk limits established, signal values determined under the early warning system, and the legal and internal capital requirements.

Pursuant to the regulations published by the Banking Regulation and Supervision Agency, the credit risk amount is calculated according to the standard approach by the end of months and the results are reported to the BRSA.

Market Risk Management

Market risk is defined as the probability of loss that may be caused by the Bank's exposure to on- and off-balance sheet positions due to foreign currency risk and interest rate risk arising from the movements in market prices.

The Bank's fund management operations are mostly carried out with state banks and the banks the Board of Directors allocates the limits to. The Government Domestic Debt Securities issued by the Republic of Türkiye Ministry of Treasury and Finance, and the debt securities and lease certificates issued by the banks established in Türkiye are included by the Bank in its securities portfolio. In addition, the Bank may use derivative products for hedging purposes and for risk-mitigating transactions for the positions assumed as a result of CCP services.

The Treasury Team and Senior Management constantly monitor Takasbank's portfolio distribution in terms of maturity and instruments, and revise fund management strategy according to market developments.

The Bank manages the market risk to which it is exposed by taking into consideration risk appetite, established market risk limits, signal values determined within the early warning system, and the legal and internal capital requirements.

The amount subject to market risk at is calculated at the Bank using the standard method in accordance with the regulations published by the Banking Regulation and Supervision Agency, and reported to the BRSA on a monthly basis. In addition, market risk is also measured daily using the internal model; in this context, the value at market risk and the economic capital requirement are calculated, and back testing, stress testing and scenario analyses are performed. The reports prepared are periodically reported to the Senior Management and Executive Management.

Operational Risk Management

Operational risk is defined as the possibility of loss arising from insufficient or unsuccessful internal processes, people, and systems, or external events, and including, also, the legal risk.

While Takasbank considers employees as its most important resource; it has adopted the fundamental principle of conducting its activities with a focus on systems and processes, rather than people in order to ensure the establishment of its institutional structure.

The practices such as keeping software and hardware used at Takasbank always ready and available for use together with their alternatives, simultaneous copying of data onto different media; keeping communications, energy, human resources and their backups ready and available; and ensuring business continuity and emergency planning allow for efficient management of operational risks that may arise from information systems.

At Takasbank, the authorities and responsibilities regarding critical transactions are separated from each other. Management controls are applied during execution of transactions through the approval authorization mechanisms applied. In addition to these controls performed by management levels in a hierarchical structure; the transactions executed are controlled by the Internal Control and Compliance Department conducting the control function and reporting to the Board of Directors within the framework of the Internal Control Lists approved by the Audit Committee; and they are also periodically audited by the Internal Audit Department.

The loss or damages arising from operational, reputational and strategic risks that the Bank is exposed to, the information technologies risk considered within the scope of operational risks, and the legal risks are monitored with the "Operational Risk Loss Database". The Bank's service- and subservice-based risks related with all business and information technologies are also monitored using the "Operational Risk Database", and the records related with this database also provide input for the management statement efforts.

The actions recommended for the risks with net risk level equal to or above the operational risk appetite approved by the Board of Directors and key risk indicators are monitored by the Internal Control and Compliance Department in the Operational Risk Database; and necessary actions taken by the Senior Management. In addition, the possible risks that may be caused by any disruptions in the activities and their potential impacts are evaluated with business impact analyses.

Self-assessments are performed for the purposes of developing a common operational risk culture among Bank employees, ensuring the adoption of risk management practices throughout the bank structure, enabling inter-departmental communications, and meeting the needs for revision and updating of the databases, which will enable the Senior Management to take swift actions.

The risks that may arise from service procurements are assessed by the Bank in order to ensure the continuity of support services and the services procured from external service organizations. The operational risks that Takasbank is/ may be exposed to are substantially secured with insurance policies taken out to that effect.

The Bank manages the operational risk that it is exposed to by taking account of the operational risk appetite, the signal value determined under the early warning system, and its legal and internal capital requirement. The amount subject to operational risk is calculated using the basic indicator method on an annual basis and the results are reported to the BRSA in accordance with the regulations published by the Banking Regulation and Supervision Agency.

Management of Pillar II Risks

The Bank's Pillar II risks include liquidity risk, the interest rate risk in the banking book, and the central counterparty general business risk.

The guarantee funds and trading guarantee provisions in various payables or temporary liability accounts due to Takasbank operations are held and available as active liquid values. When the factors such as Takasbank's assets, credit quality and concentrations related with credit collaterals are assessed together with the source structure and the depth of securities market; it is observed that there is a low possibility of experiencing liquidity problem in meeting obligations.

Liquidity planning is made by taking account of Takasbank's existing and under-stress liquidity needs and its risk appetite and capacity. Liquidity planning is intended to prevent Takasbank from falling below the statutory rates even under stress conditions. Takasbank manages the liquidity risk that it is subject to as well as the interest rate risk in the banking books by taking account of the limits stipulated in all statutory regulations in practice, its risk appetite, its risk limits established, its signal values determined under the early warning system, and its internal capital requirements.

The Risk Management Department regularly monitors the distribution of the Bank's asset and liability based on particular currencies and maturities/repricing periods, liquidity deficit/surplus, resources that may be created in case of a possible liquidity crisis, and available shareholders' equity. In addition, Takasbank also follows up local and global changes in macroeconomic variables, money and capital markets, banking industry, and settlement and custody issues within the scope of country risk.

The Bank conducts the remaining maturity and liquidity gap analyses with regard to the liquidity risk, and duration and repricing gap analyses with regard to the interest rate risk in the banking book. In addition, partial stress tests are conducted on a monthly and yearly basis in order to calculate the amounts of possible losses that may arise from the liquidity risk at Takasbank's certain statistical confidence levels, and the results of such tests are reported to Takasbank Senior Management. The stress tests conducted with respect to the interest rate risk arising from the banking accounts and the central counterparty general business risk are handled within the scope of ICAAP.

Early Detection and Management of Risks Committee Activities

The Bank has not established an Early Detection and Management of Risks Committee.

Future Risks on Sales, Efficiency, Revenue Generation, Profitability, Debt/Shareholders' Equity Ratio and Similar Matters:

The internal capital adequacy ratio is calculated based on the budget, strategic plan and financial models approved by the Board of Directors for the next three-year period for Pillar I and II risks that the Bank is exposed to pursuant to the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks published by the BRSA; and the operations are conducted and maintained by taking both legal and internal capital adequacy ratios into account.

Ratings given to Takasbank by International Rating Agencies

The Bank's international ratings were provided by Fitch Ratings; and the related rating summary details are provided below.

Fitch Ratings (December 2021)	
Long-Term Foreign Currency (FC)	BB-
Outlook	Negative
Short-Term FC	B
Long-Term TL	BB-
Outlook	Negative
Short-Term TL	B
National Long-Term	AAA (tur)
Outlook	Stable
Support	3
Support Rating Floor	BB-
Financial Capacity Rating	b+

Five-Year Summary Financial Data including the Reporting Period

(Thousand TL)	2021	2020	2019	2018	2017
Total Assets	45,024,011	25,388,236	16,734,560	11,795,183	10,564,429
Shareholders' Equity	3,236,902	2,562,447	2,308,095	1,745,485	1,246,262
Paid-in Capital	600,000	600,000	600,000	600,000	600,000
Operating Profit	1,178,025	686,446	772,335	612,723	348,648
Interest and Portfolio Income	821,002	515,931	732,323	684,568	405,708
Net Profit	890,757	539,374	612,346	479,740	276,371

(Thousand USD)*	2021	2020	2019	2018	2017
Total Assets	3,469,390	3,458,652	2,817,171	2,242,047	2,800,824
Shareholders' Equity	249,424	349,083	388,555	331,784	330,407
Paid-in Capital	46,234	81,738	101,007	114,049	159,071
Operating Profit	90,774	93,515	130,018	116,467	92,433
Interest and Portfolio Income	63,263	70,286	123,283	130,124	107,561
Net Profit	68,639	73,479	103,085	91,190	73,271

Financial Ratios (%)	2021	2020	2019	2018	2017
Operating Profit/Total Assets	2.62	2.70	4.62	5.19	3.30
Shareholders' Equity/Total Assets	7.19	10.09	13.79	14.80	11.80
Operating Profit/Shareholders' Equity	36.39	26.79	33.46	35.10	27.98
Growth in Assets	77.34	51.71	41.66	11.65	31.95

Key Indicators

(Thousand TL)	2021	2020
Total Assets	45,024,011	25,388,236
Shareholders' Equity	3,236,902	2,562,447
Paid-in Capital	600,000	600,000
Operating Profit	1,178,025	686,446
Interest and Portfolio Income	821,002	515,931
Net Profit	890,757	539,374

(Thousand USD)	2021	2020
Total Assets	3,469,390	3,458,652
Shareholders' Equity	249,424	349,083
Paid-in Capital	46,234	81,738
Operating Profit	90,774	93,515
Interest and Portfolio Income	63,263	70,286
Net Profit	68,639	73,479
CBRT USD Exchange Rates used in Assessment	12.9775	7.3405

Financial Ratios (%)	2021	2020
Operating Profit/Total Assets	2.62	2.70
Shareholders' Equity/Total Assets	7.19	10.09

Dividend Distribution Policy

Our Bank's dividend distributions and payments are made in accordance with the decisions taken at its general assembly meetings. Proposals prepared in accordance with the Dividend Policy determined by the Board of Directors are submitted to the general assembly agenda; and the Dividend Policy is not published on the corporate website. There are no privileges specified in relation to the distribution of dividends among the shares. Each shareholder is entitled to receive dividends in proportion with their shareholding ratio. In 2021, 216 million TL was distributed among our shareholders as dividends from the profit of 2020.

Information on the Own Shares acquired by the Bank

The Bank has not acquired or redeemed any of its shares.

Information on the Legal Actions filed against the Company and likely to affect the Company's Financial Situation and Operations, and Their Possible Outcomes

There are no lawsuits filed against the Company which are likely to affect its financial position.

Information on the Aids and Donations and the Expenditures made under Social Responsibility Projects:

The Bank has made donations at the amount of TL 692,308.- due to the flood and fire disasters experienced in our country and at the amount of TL 669,159.- donated to the associations and foundations established for public benefit to support education and for charity purposes.

Information on Financial Structure:

The information on financial structure is generally provided in detail in the audit report.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Independent Auditor's Report, Unconsolidated Financial Statements and Notes For the Year Ended December 31, 2021

(Convenience translation of publicly announced unconsolidated financial statements and Independent Auditor's Report originally issued in Turkish,
See Note.I. of Section three.)

Independent Auditor's Report

To the Board of Directors of İstanbul Takas ve Saklama Bankası Anonim Şirketi,

A) Report on the Audit of the Unconsolidated Financial Statements

1) Opinion

We have audited the unconsolidated financial statements of İstanbul Takas ve Saklama Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated statement of financial position as at 31 December 2021 and the unconsolidated statement of income, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of İstanbul Takas ve Saklama Bankası Anonim Şirketi and its subsidiaries as at 31 December 2021, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

2) Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the POA's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Fees and Commissions Received

Key audit matters	How the matter is addressed in our audit
<p>The Bank has a total amount of TL 668,942 revenue recognized as “fees and commissions received” in the statement of profit or loss and other comprehensive income for the period 1 January - 31 December 2021.</p> <p>The Bank’s revenue mainly consists of banking service revenues.</p> <p>Recognition of fees and commissions received was considered to be a key audit matter, due to the nature of the Bank’s operations, the variety of operations and the high volume of transactions in the process of determining the amount of fees and commissions and performing check clearing activities at the Bank.</p> <p>Explanations on the accounting policies and amounts of the Bank regarding “fees and commission income received” are included in the Notes of Section 3, Section VI and Section IV.</p>	<p>Our audit procedures in this area include the following: The compliance of the accounting policies applied by the bank management with TFRS has been evaluated.</p> <p>By understanding the fee and commission process of the Bank; The design, implementation and operational effectiveness of the management’s internal controls over the process of accounting for the amount of fee and commission income received were evaluated together with information systems experts.</p> <p>In addition, the commission fee schedule was examined and expectation analyzes were carried out for banking commission incomes.</p> <p>In order to evaluate whether the income amount has been properly accounted for, the supporting documents received on the basis of the transaction on the basis of a sample selected from the transactions carried out during the accounting period have been tested by comparing the details of these transactions.</p>

4) Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the BRSAs Accounting and Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank’s financial reporting process.

5) Auditors’ Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s internal control.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

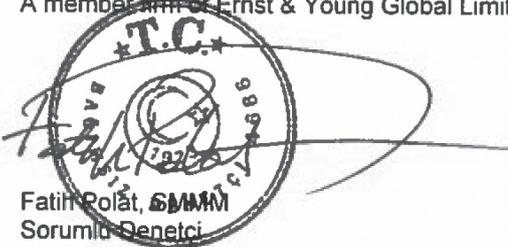
- 1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") No. 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2021 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

Fatih Polat is the responsible auditor who conducted and finalized this independent audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited


Fatih Polat, SMMM
Sorumlu Denetçi

16 February 2022
İstanbul, Türkiye

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

The Unconsolidated Financial Report of İstanbul Takas ve Saklama Bankası A.Ş. As at and the Year Ended of 31 December 2021

Address of the Bank's Headquarters : Takasbank Genel Müdürlüğü
Reşitpaşa Mahallesi, Borsa İstanbul Caddesi, No: 4
Sarıyer 34467 İstanbul

Telephone of the Bank : (0 212) 315 25 25

Fax of the Bank : (0 212) 315 25 26

Web site of the Bank : www.takasbank.com.tr

E-mail for correspondence : rap@takasbank.com.tr

The unconsolidated year end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND NOTES
- INDEPENDENT AUDITOR'S REPORT

The accompanying year end unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira ("TL")**, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited.

Mahmut KAYACIK

Chairman of the Management Board

Münevver ÇETİN

Head of the Audit Committee

Murat TACİR

Member of the Audit Committee

Avşar R. SUNGURLU

General Manager
Board Member

Murat GÖRGÜN

Executive Vice President

Oya DEMİRDAĞ

Director

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : Zülal Tarı/Chief Specialist
Telephone Number : (0 212) 315 23 15
Fax Number : (0 212) 315 22 34

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank's establishment date, start-up statute, history about the changes in this mentioned statute:

The Bank was originally set up as a department of the Borsa İstanbul A.Ş. ("BİAŞ") (formerly "İstanbul Menkul Kıymetler Borsası") and reorganized under a separate company named İMKB Takas ve Saklama A.Ş. on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş., as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the decision made in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into İstanbul Takas ve Saklama Bankası A.Ş. (Here in after referred to as "Takasbank" or the "Bank") and this title change was approved in 11 April 2013. The name of the Bank has been renovated as "Takasbank" or "Takas İstanbul" with the resolution of the ordinary general meeting dated 9 June 2017 and numbered 22.

II. Explanation about the Bank's capital structure, shareholders who directly or indirectly, solely or jointly undertake the management and control of the Bank, any changes in the period, and information on the Bank's risk group:

As of 31 December 2021 and 31 December 2020, the shareholders' structure and their respective ownerships are summarized as follows:

No	Name of Shareholders	Current Period			Prior Period		
		Paid in Capital	(%)	Number	Paid in Capital	(%)	Number
1	Borsa İstanbul A.Ş.	385,067	64.18	1	385,067	64.18	1
2	Tacirler Yatırım Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
3	Phillip Capital Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
4	Türkiye Garanti Bankası A.Ş.	29,685	4.95	1	29,685	4.95	1
5	Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38	1	26,280	4.38	1
6	Türkiye Vakıflar Bankası T.A.O.	26,235	4.37	1	26,235	4.37	1
7	Türkiye İş Bankası A.Ş.	26,235	4.37	1	26,235	4.37	1
8	Diğer (Aracı kurum)	26,397	4.40	24	26,397	4.40	24
9	Diğer (Banka)	20,101	3.35	8	20,101	3.35	8
Total		600,000	100.00	39	600,000	100.00	39

64.18% of the Bank's share belongs to BİAŞ. BİAŞ was established on the date of the entry into force of the Law to carry out stock market activities in accordance with Article 138 of the Capital Markets Law No. 6362, which was published in the Official Gazette on 30 December 2012 and entered into force. BİAŞ shall ensure that capital market instruments, foreign exchange and precious metals and precious stones and other contracts, documents and valuables deemed appropriate by the Capital Markets Board can be bought and sold in a transparent, effective, competitive, honest and stable environment easily and safely under the conditions of free competition markets, platforms and systems and other organized market places to facilitate the gathering of these orders and to determine and announce the prices that are formed and to establish and establish and maintain these and other stock exchanges or other market places is an institution with private legal entity established on the basis of the Capital Markets Law No. 6362 to manage and/or operate the markets of the stock exchanges.

Dividend payment

The General Assembly meeting was held on 29 March 2021. The Bank has decided to pay a dividend of TL 216,000 to shareholders. The dividend payments were made on 30 April 2021.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters and shares of the Bank they possess:

Chairman and Members of the Board of Directors

Name Surname	Area of Responsibility	Education Status
Mahmut Kayacık	Chairman	Boğaziçi University/Faculty of Economics and Administrative Sciences/ Political Science and International Relations/Bachelor's Degree Marmara University/Institute of Social Sciences International/ Economics/Master's Degree
Korkmaz Ergun	Deputy Chairman of the Board	Ankara University/Faculty of Political Sciences/Business Administration/ Bachelor's Degree Marmara University/Institute of Middle East Studies/Middle East Economics/Master's Degree Marmara University/Institute of Social Sciences/History of Economics/ PhD
Avşar R. Sungurlu	General Manager Chairman of the Credit Committee	Middle East Technical University/Faculty of Engineering/Aerospace Engineering/Bachelor's Degree Middle East Technical University/Institute of Natural and Applied Sciences/Aeronautical Engineering/Master's Degree Long Island University/Graduate School/Business Administration/ Master's Degree
Murat Tacir	Member (Chairman of the Risk Committee - Member of the Audit Committee)	Istanbul University/Faculty of Business Administration/Business Administration/Bachelor's Degree
Murat Onuk	Member (Noble Member of the Credit Committee - Member of the Corporate Governance Committee)	Istanbul University/Faculty of Economics/International Relations/ Bachelor's Degree
Bekir Bayrakdar	Member (Chairman of the Remuneration Committee - Reserve Member of the Credit Committee)	Istanbul University/Faculty of Political Sciences/International Relations/ Bachelor's Degree
Yusuf Karaloğlu	Member (Member of the Remuneration Committee - Reserve Member of the Credit Committee)	Uludag University/Faculty of Economics and Administrative Sciences/ Business Administration/Bachelor's Degree Erzincan University/Institute of Social Sciences/Public Law/Master's Degree
Münevver Çetin	Member (Chairman of the Audit Committee - Member of the Risk Committee)	Ankara University/Department of Economics Management/ Undergraduate Ankara University/Institute of Social Sciences/Educational Administration and Planning/Graduate Istanbul University/Institute of Social Sciences/Money and Monetary Policy/PhD
Gülseren Topuz	Member (Chairman of the Corporate Governance Committee - Noble Member of the Credit Committee)	Ankara University/Faculty of Economics/Economics/Graduate Marmara University/Institute of Social Sciences/Statistics/Postgraduate Istanbul University/Institute of Social Sciences/Money and Monetary Policy/Postgraduate

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters and shares of the Bank they possess: (Continued)

General Manager and Assistant General Managers

Name-Surname	Area of Responsibility	Education Status
Avşar R. Sungurlu	General Manager Chairman of the Credit Committee	Middle East Technical University/Faculty of Engineering/Aerospace Engineering/Bachelor's Degree Middle East Technical University/Institute of Natural and Applied Sciences/Aeronautical Engineering/Master's Degree Long Island University/Graduate School/Business Administration/Master's Degree
Gökhan Elibol	Vice President - Markets and Operations	Ankara University/Faculty of Political Sciences/Finance/Bachelor's Degree Beykent University/Faculty of Law/Law/Bachelor's Degree
Murat Görgün	Vice President - Central Counterparty and Financial Services	Middle East Technical University/Faculty of Economics and Administrative Sciences/International Relations/Bachelor's Degree Marmara University/Institute of Banking and Insurance/Banking/Master's Degree
Taşkın Öker	Vice President - Information Technologies	İstanbul University/Faculty of Engineering/Department of Electrical Electronics/Graduate

*At the General Assembly held on March 29, 2021, Board Members Ekrem Kerem Korur, Hüseyin Melih Akosman and Suat Sangül resigned from their duties, and Mahmut Kayacık, Korkmaz Ergun, Murat Tacir and Murat Onuk were elected as members of the board of directors.

*On March 29, 2021, Avşar R. Sungurlu was appointed as the General Manager.

*On May 04, 2021, Serkan Aşkar, Deputy General Manager responsible for Central Counterparty and Financial Services, resigned from his post.

*On May 07 2021, Murat Görgün was appointed as the Executive Vice President and Central Counterparty and Financial Services by the board of directors resolution.

IV. Information on the Bank's qualified shareholders:

Shareholding in the Bank's shares, except BİAŞ, does not exceed 5% as stated in the Articles of Association of the Bank. 64.18% of the Bank belongs to BİAŞ. The Bank has no preferred shares as of 31 December 2021 (31 December 2020: None).

Name Surname/Business Name	Share Amount	Share Proportions	Paid-in Shares	Unpaid Shares
BİAŞ	385,067	64.18%	385,067	-

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

V. Information on the Bank's function and areas of activity:

The main purpose of the Bank is to increase our country's market competitiveness by providing settlement and custody services, providing financial services, and performing all types of economic activities within the scope of the relevant legislation.

The areas of activity that are specified in the Bank's Articles of Association, in general, are as follows:

- Providing all financial services, and primarily central bartering services and central counterparty services, activity of settlement and custody, market management, establishing and making payments, transfer and reconciliation systems, and banking activities;
- Financial services related to international markets including all kinds of payments, transfers, settlements, custody, and reconciliation services;
- Performing judiciary activities and signing all agreements related to its subject, signing written contracts, notes, and miscellaneous notes, acquiring all kinds of rights and receivables and binding debts;
- Purchasing, manufacturing, constructing, acquiring in other ways, renting, partially or completely, selling when necessary, transferring and leasing, and establishing all kinds of real rights on moveable and immoveable goods or removing all kinds of moveable and immoveable goods as well as all kinds of rights associated with them;
- All kinds of loaning and borrowing required by its activities, in line with corporate management principles as determined by banking and capital market legislation, as well as providing and obtaining personal in cash or in kind guarantees such as sureties, pledges, mortgages, and enterprise pledges in its favour or in favour of others, and transferring or cancelling these;
- Exporting all types of capital market instruments within the framework of Capital Markets legislation;
- Establish partnerships with domestic and foreign organizations and join existing partnerships.

VI. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the bank and its subsidiaries:

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Master Accounts Statement
- III. Profit or Loss Statement
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Equity Changes Table
- VI. Cash Flow Statement

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position)

At 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION TWO

I. UNCONSOLIDATED BALANCE SHEET

ASSETS	Note	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		32,144,284	6,702,999	38,847,283	18,119,439	4,364,896	22,484,335
1.1 Cash and Cash Equivalents		32,140,613	6,702,338	38,842,951	18,115,768	4,364,235	22,480,003
1.1.1 Cash and Balances with Central Bank	I-(1)	67	-	67	290	-	290
1.1.2 Banks	I-(3)	32,149,899	6,702,338	38,852,237	18,116,660	4,364,235	22,480,895
1.1.3 Money Markets	I-(3)	35,961	-	35,961	25,827	-	25,827
1.1.4 Expected Loss Provision (-)	I-(6)	45,314	-	45,314	27,009	-	27,009
1.2 Financial Assets at Fair Value Through Profit or Loss	I-(2)	-	-	-	-	-	-
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	I-(4)	3,671	661	4,332	3,671	661	4,332
1.3.1 Government Debt Securities		-	-	-	-	-	-
1.3.2 Equity Instruments		3,671	661	4,332	3,671	661	4,332
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-(5)	-	-	-	-	-	-
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,200,885	4,207,513	5,408,398	1,122,738	1,411,751	2,534,489
2.1 Loans	I-(6)	573,749	-	573,749	99,886	-	99,886
2.2 Lease Receivables	I-(11)	-	-	-	-	-	-
2.3 Factoring Receivables	-	-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	I-(7)	628,467	4,207,513	4,835,980	1,023,303	1,411,751	2,435,054
2.4.1 Government Debt Securities		628,467	4,207,513	4,835,980	1,023,303	1,411,751	2,435,054
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Loss Provision (-)	-	1,331	-	1,331	451	-	451
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	I-(15)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		4,825	-	4,825	4,825	-	4,825
4.1 Investments in Associates (Net)	I-(8)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)	I-(9)	4,825	-	4,825	4,825	-	4,825
4.2.1 Unconsolidated Financial Subsidiaries		4,825	-	4,825	4,825	-	4,825
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)	I-(10)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	I-(13)	7,621	-	7,621	10,296	-	10,296
VI. INTANGIBLE ASSETS (Net)	I-(14)	116,214	-	116,214	106,908	-	106,908
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		116,214	-	116,214	106,908	-	106,908
VII. INVESTMENT PROPERTY (Net)	I-(12)	46,250	-	46,250	35,730	-	35,730
VIII. CURRENT TAX ASSET	-	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	I-(16)	9,066	-	9,066	-	-	-
X. OTHER ASSETS (NET)	I-(17)	583,426	928	584,354	209,206	2,447	211,653
TOTAL ASSETS		34,112,571	10,911,440	45,024,011	19,609,142	5,779,094	25,388,236

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position)

At 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

I. UNCONSOLIDATED BALANCE SHEET

LIABILITIES	Notes	Audited		Audited			
		Current Period		Prior Period			
		31 December 2021		31 December 2020			
		TL	FC	TL	FC	TL	FC
I. FUNDS COLLECTED	II-(1)	-	-	-	-	-	-
II. FUNDS BORROWED	II-(3)	21,008	3,395,552	3,416,560	57,026	1,786,447	1,843,473
III. MONEY MARKETS DEBTS		218,904	-	218,904	203,020	-	203,020
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS	II-(4)	30,460,007	7,495,950	37,955,957	16,670,784	3,972,382	20,643,166
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		30,460,007	7,495,950	37,955,957	16,670,784	3,972,382	20,643,166
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-(2)	-	-	-	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	II-(5)	2,033	-	2,033	2,042	-	2,042
X. PROVISIONS	II-(6)	87,149	-	87,149	68,894	-	68,894
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		20,409	-	20,409	15,395	-	15,395
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		66,740	-	66,740	53,499	-	53,499
XI. CURRENT TAX LIABILITY	II-(7)	106,506	-	106,506	64,282	-	64,282
XII. DEFERRED TAX LIABILITY	II-(7)	-	-	-	912	-	912
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-(8)	3,236,902	-	3,236,902	2,562,447	-	2,562,447
16.1 Paid-in capital		600,000	-	600,000	600,000	-	600,000
16.2 Capital Reserves		36,280	-	36,280	36,280	-	36,280
16.2.1 Share Premium		33,019	-	33,019	33,019	-	33,019
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserve		3,261	-	3,261	3,261	-	3,261
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(596)	-	(596)	(294)	-	(294)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
16.5 Profit Reserves		1,687,658	-	1,687,658	1,364,284	-	1,364,284
16.5.1 Legal Reserves		199,063	-	199,063	164,767	-	164,767
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1,485,951	-	1,485,951	1,196,873	-	1,196,873
16.5.4 Other Profit Reserves		2,644	-	2,644	2,644	-	2,644
16.6 Income or (Loss)		913,560	-	913,560	562,177	-	562,177
16.6.1 Prior Periods' Income or (Loss)		22,803	-	22,803	22,803	-	22,803
16.6.2 Current Period Income or (Loss)		890,757	-	890,757	539,374	-	539,374
16.7 Share Premium		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		34,132,509	10,891,502	45,024,011	19,629,407	5,758,829	25,388,236

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Off-Balance Sheet Commitments As of 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

II. OFF-BALANCE SHEET

OFF-BALANCE SHEET COMMITMENTS	Notes	Audited Current Period			Audited Prior Period		
		31 December 2021			31 December 2020		
		TL	PC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		40,081,926	-	40,081,926	28,651,331	-	28,651,331
I. GUARANTEES AND WARRANTIES	III-(1)	39,299,417	-	39,299,417	28,063,370	-	28,063,370
1.1. Letters of Guarantee		-	-	-	-	-	-
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		-	-	-	-	-	-
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	-	-	-	-	-
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	-	-	-	-	-
1.7. Other Collaterals		-	-	-	-	-	-
1.8. Import Letter of Acceptance		39,299,417	-	39,299,417	28,063,370	-	28,063,370
1.9. Other Bank Acceptances		-	-	-	-	-	-
II. COMMITMENTS	III-(1)	782,509	-	782,509	587,961	-	587,961
2.1. Irrevocable Commitments		782,509	-	782,509	587,961	-	587,961
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		782,509	-	782,509	587,961	-	587,961
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Fair value hedge		-	-	-	-	-	-
3.1.2. Cash flow hedge		-	-	-	-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-	-	-	-

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Off-Balance Sheet Commitments As of 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

II. OFF-BALANCE SHEET

OFF-BALANCE SHEET COMMITMENTS	Notes	Audited			Audited		
		Current Period			Prior Period		
		31 December 2021			31 December 2020		
		TL	PC	Total	TL	FC	Total
3.2	Trading Derivative Financial Instruments	-	-	-	-	-	-
3.2.1	Forward Foreign Currency Buy/Sell Transactions	-	-	-	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy	-	-	-	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell	-	-	-	-	-	-
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	-	-	-	-	-	-
3.2.2.1	Foreign Currency Swap-Buy	-	-	-	-	-	-
3.2.2.2	Foreign Currency Swap-Sell	-	-	-	-	-	-
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy	-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell	-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	4,941,116,912	9,499,345	4,950,616,257	4,652,173,747	9,395,379	4,661,569,126
IV.	ITEMS HELD IN CUSTODY	4,895,527,426	-	4,895,527,426	4,617,130,394	-	4,617,130,394
4.1.	Customer Fund and Portfolio Balances	1,831	-	1,831	1,959	-	1,959
4.2.	Investment Securities Held in Custody	4,895,524,095	-	4,895,524,095	4,617,126,935	-	4,617,126,935
4.3.	Checks Received for Collection	-	-	-	-	-	-
4.4.	Commercial Notes Received for Collection	-	-	-	-	-	-
4.5.	Other Assets Received for Collection	-	-	-	-	-	-
4.6.	Assets Received for Public Offering	-	-	-	-	-	-
4.7.	Other Items Under Custody	1,500	-	1,500	1,500	-	1,500
4.8.	Custodians	-	-	-	-	-	-
V.	PLEDGES RECEIVED	45,589,486	9,499,345	55,088,831	35,043,353	9,395,379	44,438,732
5.1.	Marketable Securities	21,900,065	9,499,345	31,399,410	17,395,948	9,395,379	26,791,327
5.2.	Guarantee Notes	-	-	-	-	-	-
5.3.	Commodity	-	-	-	-	-	-
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	-	-	-	-	-	-
5.6.	Other Pledged Items	23,689,421	-	23,689,421	17,647,405	-	17,647,405
5.7.	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		4,981,198,838	9,499,345	4,990,698,183	4,680,825,078	9,395,379	4,690,220,457

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

III. STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS	Notes	Audited	Audited
		Current Period 1 January 2021 - 31 December 2021	Prior Period Restated 1 January 2020 - 31 December 2020
I. INTEREST INCOME		821,002	515,931
1.1 Interest on Loans	IV-(1)	24,600	17,720
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks	IV-(1)	677,928	379,977
1.4 Interest Received from Money Market Transactions		-	-
1.5 Interest Received from Marketable Securities Portfolio	IV-(1)	117,500	116,760
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		-	-
1.5.3 Financial Assets Measured at Amortised Cost		117,500	116,760
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		974	1,474
II. INTEREST EXPENSE	IV-(2)	30,650	61,340
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		20,837	50,209
2.3 Interest Expense on Money Market Transactions		9,505	10,825
2.4 Interest on Securities Issued		-	-
2.5 Lease Interest Expenses		308	306
2.6 Other Interest Expenses		-	-
III. NET INTEREST INCOME (I - II)		790,352	454,591
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		604,122	403,113
4.1 Fees and Commissions Received		668,942	446,501
4.1.1 Non-cash Loans		54,819	38,497
4.1.2 Other	IV-(11)	614,123	408,004
4.2 Fees and Commissions Paid	IV-(12)	64,820	43,388
4.2.1 Non-cash Loans		-	-
4.2.2 Other		64,820	43,388
V. DIVIDEND INCOME	IV-(3)	15,213	10,739
VI. TRADING INCOME/LOSS (Net)	IV-(4)	13,694	14,678
6.1 Trading Gains/Losses on Securities		-	-
6.2 Trading Gains/Losses on Derivative Financial Instruments		2,739	(42,129)
6.3 Foreign Exchange Gains/Losses		10,955	56,807
VII. OTHER OPERATING INCOME	IV-(5)	11,824	6,767
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1,435,205	889,888
IX. EXPECTED CREDIT LOSS (-)	IV-(6)	26,338	26,050
X. OTHER PROVISION EXPENSES (-)	IV-(7)	37,331	21,395
XI. PERSONNEL EXPENSES (-)	IV-(7)	118,907	92,847
XII. OTHER OPERATING EXPENSES (-)	IV-(7)	74,604	63,151
XIII. NET OPERATING INCOME/LOSS (VIII+...+XII)		1,178,025	686,445
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI. INCOME/LOSS ON NET MONETARY POSITION		-	-
XVII. INCOME/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (XIII+...+XVI)		1,178,025	686,445
XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	IV-(8)	(287,268)	(147,071)
18.1 Current Tax Provision		(297,170)	(154,328)
18.2 Deferred Tax Income Effect (+)		9,902	-
18.3 Deferred Tax Expense Effect (-)		-	7,257
XIX. NET INCOME/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-(9)	890,757	539,374
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-Current Assets Held for Resale		-	-
20.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
20.3 Other Income from Discontinued Operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expense from Non-Current Assets Held for Resale		-	-
21.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
21.3 Other Expenses from Discontinued Operations		-	-
XXII. INCOME/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Income Effect (+)		-	-
23.3 Deferred Tax Expense Effect (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	IV-(10)	890,757	539,374
Earnings/(Loss) Per Share in (Full TL)		1.4846	0.8989

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited	Audited
	Current Period 1 January- 31 December 2021	Prior Period Restated 1 January- 31 December 2020
I. CURRENT PERIOD INCOME/LOSS	890,757	539,374
II. OTHER COMPREHENSIVE INCOME	(302)	(22)
2.1 Not Reclassified Through Profit or Loss	(302)	(22)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(378)	(28)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	76	6
2.2 Reclassified Through Profit or Loss	-	-
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	-	-
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	890,455	539,352

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Changes in Shareholders' Equity For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss							
	Audited	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other
Current Period 1 January 2021- 31 December 2021								
I. Prior Period End Balance	600,000	33,019	-	3,261	-	(294)	-	
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	
2.1 Effects of Corrections	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	
III. Adjusted Beginning Balance (I+II)	600,000	33,019	-	3,261	-	(294)	-	
IV. Total Comprehensive Income	-	-	-	-	-	(302)	-	
V. Capital Increase by Cash	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	
XI. Profit Distribution	-	-	-	-	-	-	-	
11.1 Dividends paid	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	-	-	-	
11.3 Other	-	-	-	-	-	-	-	
Period-End Balance (III+IV+...+X+XI)	600,000	33,019	-	3,261	-	(596)	-	

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

**Accumulated Other Comprehensive
Income or Expense Reclassified
through Profit or Loss**

Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
-	-	-	1,364,284	562,177	-	-	-	2,562,447
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,364,284	562,177	-	-	-	2,562,447
-	-	-	-	-	890,757	-	-	890,455
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	323,374	(539,374)	-	-	-	(216,000)
-	-	-	-	(216,000)	-	-	-	(216,000)
-	-	-	323,374	(323,374)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,687,658	22,803	890,757	-	-	3,236,902

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Changes in Shareholders' Equity For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss							
	Audited	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other
Prior Period								
1 January 2020- 31 December 2020								
I. Prior Period End Balance	600,000	33,019	-	-	3,261	-	(272)	-
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	600,000	33,019	-	-	3,261	-	(272)	-
IV. Total Comprehensive Income	-	-	-	-	-	-	(22)	-
V. Capital Increase by Cash	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+...+X+XI)	600,000	33,019	-	-	3,261	-	(294)	-

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

**Accumulated Other Comprehensive
Income or Expense Reclassified
through Profit or Loss**

Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
-	-	-	1,033,296	638,791	-	-	-	2,308,095
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,033,296	638,791	-	-	-	2,308,095
-	-	-	-	-	539,374	-	-	539,352
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	330,988	(615,988)	-	-	-	(285,000)
-	-	-	-	(285,000)	-	-	-	(285,000)
-	-	-	330,988	(330,988)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,364,284	22,803	539,374	-	-	2,562,447

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Statement of Cash Flows For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Audited	
	Current Period	Audited Prior Period
	1 January - 31 December 2021	1 January - 31 December 2020
	Noted	
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating Profit/(Loss) Before Changes in Operating Assets and Liabilities	(1,770,349)	(431,511)
1.1.1 Interest Received	794,245	462,509
1.1.2 Interest Paid	(30,942)	(60,655)
1.1.3 Dividend Received	15,213	10,739
1.1.4 Fees and Commissions Received	666,726	446,274
1.1.5 Other Income	11,824	6,767
1.1.6 Collections from Previously Written-off Loans and Other Receivables	-	-
1.1.7 Payments to Personnel and Service Suppliers	(124,208)	(95,867)
1.1.8 Taxes Paid	(215,613)	(124,343)
1.1.9 Other	(2,887,594)	(1,076,935)
1.2 Changes in Operating Assets and Liabilities	16,675,589	7,494,624
1.2.1 Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.2 Net (increase)/decrease in Due from Banks and Other Financial Institutions	(18,637)	(11,976)
1.2.3 Net (increase)/decrease in Loans	(468,420)	57,770
1.2.4 Net (increase)/decrease in Other Assets	(370,485)	(174,539)
1.2.5 Net increase/(decrease) in Bank Deposits	-	-
1.2.6 Net increase/(decrease) in Other Deposits	-	-
1.2.7 Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.8 Net increase/(decrease) in Funds Borrowed	1,588,715	(2,058,733)
1.2.9 Net increase/(decrease) in Payables	-	-
1.2.10 Net increase/(decrease) in Other Liabilities	15,944,416	9,682,102
I. Net Cash Provided from Banking Operations	14,905,240	7,063,113
B. CASH FLOWS FROM INVESTING ACTIVITIES	-	-
II. Net Cash Provided from Investing Activities	(1,097,232)	(936,776)
2.1 Cash Paid for Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Cash Obtained from Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(13,074)	(5,675)
2.4 Disposals of Property and Equipment	147	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	-	(1,250)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.7 Purchase of Financial Assets Measured at Amortised Cost	(3,399,687)	(2,477,069)
2.8 Sale of Financial Assets Measured at Amortised Cost	2,339,027	1,564,499
2.9 Other	(23,645)	(17,281)
C. CASH FLOWS FROM FINANCING ACTIVITIES	-	-
III. Net Cash Provided from Financing Activities	(187,684)	(271,566)
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	(216,000)	(285,000)
3.5 Payments for Leases	(4,540)	(306)
3.6 Other	32,856	13,740
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	2,742,292	970,724
V. Net Decrease in Cash and Cash Equivalents (I+II+III+IV)	16,362,616	6,825,495
VI. Cash and Cash Equivalents at Beginning of the Period	22,485,537	15,660,042
VII. Cash and Cash Equivalents at End of the Period	V-2 38,848,153	22,485,537

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Unconsolidated Statement of Profit Distribution For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

	Audited Current Period 31 December 2021 ⁽¹⁾	Audited Prior Period 31 December 2020
I. DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1 CURRENT PERIOD PROFIT	1,178,025	686,445
1.2 TAXES AND LEGAL DUTIES PAYABLE (-)	(287,268)	(147,071)
1.2.1 Corporate tax (income tax)	(297,170)	(154,328)
1.2.2 Withholding tax	-	-
1.2.3 Other taxes and duties	9,902	7,257
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	890,757	539,374
1.3 ACCUMULATED LOSSES (-)	-	-
1.4 LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]⁽¹⁾	890,757	539,374
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	216,000
1.6.1 To owners of ordinary shares	-	216,000
1.6.2 To owners of privileged shares	-	-
1.6.3 To owners of redeemed shares	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDENDS TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of privileged shares	-	-
1.9.3 To owners of redeemed shares	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUS RESERVES (-)	-	289,079
1.12 EXTRAORDINARY RESERVES	-	34,295
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of redeemed shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	1.4846	0.8990
3.2 TO OWNERS OF ORDINARY SHARES (%)	148.46	89.90
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDENDS PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

⁽¹⁾ The General Assembly is the authorized body of the Company regarding the distribution of the profit for the current period. As of the date these financial statements were prepared, the Company's annual Ordinary General Assembly meeting has not been held yet.

^(1*) According to the circular of BRSA, if there is an income balance as a result of netting of deferred tax assets and debts, deferred tax revenues are not subject to dividend distribution and capital increase.

^(1**) Previous period adjustments have not been reflected in the third section Note on other matters.

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation

Presentation of financial statements

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation" which includes the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated 28 June 2012, and "Communiqué Pertaining to Public Disclosure of Risk Management in Banks" amendments to these Communiqués. The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The preparation of financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles

Benchmark Rate Reform - Phase 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020, allowing early application of the changes. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes are effective from 1 January 2021. Loans given from items indexed to benchmark interest rates and securities assets in the Bank's financial statements; Securities issued, derivative transactions and loans obtained through repurchase agreements constitute liabilities. These changes did not have a significant impact on the financial position or performance of the Bank. The process for the Benchmark Interest Rate Reform has been completed, and the bank has no hedging transactions based on the benchmark interest rate as of December 31, 2021.

The accounting policies and valuation principles used in the preparation of the financial statements, the regulation, notification, explanation and circulars issued by the BRSA regarding the accounting and financial reporting principles, and TFRS (all "BRSA Accounting and Financial Reporting Legislation"), which have been put into effect by the POA.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, [consolidated] financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank places its funds in domestic and foreign banks, in interbank money markets, Eurobonds and treasury bills and government bonds. These instruments are assumed to have higher yields compared to other financial instruments and bear lower risk. For the purposes of maintaining sufficient liquidity to meet all claims that might fall due, the Bank makes overnight or weekly placements in money markets. The most significant financing resources are guarantees of the members, short term placements and the shareholders' equity of the Bank. In making long-term placements, the high yield principle is considered, and accordingly, the Bank invests in government debt securities and Eurobonds.

The Bank does not engage in derivative or structured products defined as off-balance sheet to provide balance sheet management or to make profit.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions (Continued)

The bank operates in the money and capital markets. In order to manage currency and interest risks in the trading areas, attention is paid to asset-liability equality on the basis of maturity, currency and amount in the asset-liability balance in the on-balance sheet transactions. In order to provide balance sheet management or to generate profit, the Bank can perform transactions in derivatives or structured products that are defined as off-balance sheet. Regarding the transactions made in the money and capital markets, the transaction limits determined in these markets have been determined as risk limitations. The Bank does not have any transactions that create liabilities in other foreign currency transactions or adversely affect its net asset position.

Coronavirus pandemic, which has recently emerged in China, spread to various countries in the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as it causes disruptions in operations, especially in countries exposed to the pandemic. As a result of the spread of COVID-19 throughout the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and still continue to be taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

Since the year-end financial statements prepared as of 31 December 2021 are intended to update the financial information in the latest annual financial statements, taking into account the magnitude of the economic changes due to COVID-19, the Bank will update its assumptions as necessary in the coming periods and re-evaluate the realization of its retrospective forecasts.

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

Investments in associates and subsidiaries are accounted in accordance with the "Turkish Accounting Standard on Separate Financial Statements" ("TAS 27") and non-financial associates, subsidiaries are stated with their cost values at the financial statements after the provision for impairment deducted.

IV. Explanations on Forward and Option Contracts and Derivative Instruments

Bank's derivative instruments mainly consist of swap transactions for hedging purposes. The Bank has no derivative financial instruments designated as hedging instruments or embedded derivative financial instruments.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values.

Derivative instruments are remeasured at fair value after initial recognition. In accordance with the classification of the derivative instrument, if the fair value of a derivative financial instrument is positive, it is recorded to the account "Derivative Financial Assets Measured at Fair Value Through Profit and Loss" or "Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income"; if the fair value difference is negative, it is disclosed in "Derivative Financial Liabilities Measured at Fair Value Through Profit and Loss" or "Derivative Financial Liabilities Measured at Fair Value Through Other Comprehensive Income". Differences in the fair value of trading derivative instruments are accounted as income/loss from derivative financial transactions under "trading income/loss" item in the income statement.

Explanations on Derivative Instruments for Hedging Purpose

The Bank can perform cross currency swap transactions in order to avoid changes in the fair value of fixed-rate financial instruments.

V. Explanations on Interest Income and Expenses

Interest income is accounted according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. Explanations on Fees and Commission Income and Expenses

Fees and commissions, excluding those that are an integral part of the effective interest rate of financial instruments measured at amortized cost, are accounted for in accordance with the "IFRS 15-Revenue from Contracts with Customers" standard. Fees and commission income/expenses are accounted for on the accrual basis or the effective interest method, depending on the nature of the transaction. Income received in return for services rendered through contracts or transactions such as asset purchase or asset sale for a third natural or legal person are transferred to income accounts in the period they are collected. The Bank performs banking services by establishing and operating central clearing and central counterparty services, custody activities, market operation, payment, transfer and settlement systems.

The Bank provides custody, clearing, collateral management services, market operation, gold transfer, crowdfunding trustee, biga platform, securities and cash transfer, numbering, data broadcasting, cash correspondence, cash loan, leveraged trading transactions, collects fees and commissions from its customers for exchange traded fund and private pension fund transactions, Interbank Card Center (BKM) Collateral Storage, account transactions, TEFAS and BEFAS services and other services, and collects fees and commissions on an accrual basis on a monthly basis. Revenues are recognized under the account item.

VII. Explanations and Disclosures on Financial Assets

The Bank recognizes its financial assets as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to IFRS 9 Financial Instruments. The Bank recognizes a financial asset or financial liability on its balance sheet only when it is party to the contractual provisions of the financial lease. The Bank derecognizes a financial asset only when the contractual rights to cash flows from the financial asset have expired or the financial assets have been transferred and the conditions for derecognition have been met. A financial liability (or part of a financial liability) is only recognized when the liability has expired; in other words, it is written off the statement of financial position when the obligation specified in the contract is fulfilled, canceled or time out.

The Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost" based on the matters below:

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

When the business model determined by the Bank management is changed, all financial assets affected by this change are reclassified. Reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, there no adjustment to earnings, losses (including impairment gain or loss) or interest received previously in the financial statements is made.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit/loss are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are recognized in the statement of profit or loss.

b. Financial assets at fair value through other comprehensive income

Financial assets are classified as fair value through other comprehensive income if the assets are being held in line with a business model that aims collection of contractual cash flows or sale of assets and additionally if the contractual terms of the financial asset lead to cash flows that solely include the payments of principal and interest on certain dates.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

b. Financial assets at fair value through other comprehensive income (Continued)

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recognized to statement of profit or loss. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are reflected to the income statement.

c. Financial Assets Measured at Amortised Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

d. Loans

Loans are financial assets which have fixed payment terms and are not traded in an active market.

The Bank provides cash loans to the brokerage houses at maximum one month maturity however mostly overnight maturity in order to provide efficiency and convenience in capital market transactions within the limits determined by the Board of Directors. Cash loans are classified under the heading "financial assets measured at amortized cost" in the context of "being held for the purpose of obtaining contractual cash flows" and "contractual cash flows representing interest only on principal and principal balance" criteria.

Loans recognized at cost and are valued at amortized cost using the effective interest method.

Explanations on the Impairment of Financial Assets Recognition of Financial Statements of Expected Credit Losses

In accordance with the "Regulation on Procedures and Principles for the Classification of Loans and Provisions to be Issued" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Bank calculates the expected credit loss provision in accordance with TFRS 9 and indicates in its financial statements. Expected credit losses related to cash and cash equivalents under financial assets, other receivables, loans and non-cash loans are calculated and accounted.

Provisions provided by the Bank under TFRS 9; the expected credit loss provision amounts for 12 months and the expected credit loss provision amounts due to a significant increase in the credit risk of the borrower and the expected lifetime credit loss provisions for the default of the debts are considered as special provisions.

For non-impaired financial assets, the expected credit loss provision for twelve months is calculated and set aside for the initial recognition stage. For these financial assets, effective interest rate is used over the gross book value.

Although not available for the reporting period, the expected lifetime credit loss is calculated and set aside for non-impaired financial assets that have significant increase in credit risk after initial recognition. For these financial assets, effective interest rate is used over the gross book value.

The expected lifetime credit loss provision is calculated and set aside for financial assets that are purchased or created with impaired loans. For these financial assets, effective interest rate is applied through net book value.

The definition of default is included in the Communiqué on the calculation of the credit risk amount based on the internal rating approach. It is assumed that the debtor defaults in the event that the debtor is unable to fully pay the debts to the Bank without applying for collateral or if the debtor has delayed more than 90 days to fulfill his significant liabilities to the Bank.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

d. Loans (Continued)

Expected credit losses for financial assets, other receivables and loans under the title Cash and cash equivalents are recognized under "Expected loss reserves (-)" on the asset side of the balance sheet. The total provision for credit losses under TFRS 9 is classified under "12 Months Expected Loss Equivalent- (First Stage)". There is no allowance for credit losses classified under "Significant Increase in Credit Risk (Second Stage)".

The expected credit loss provisions calculated for the transactions classified as non-cash loans due to the market where the Bank is the Central Opposite Party and the guarantor are listed under the "Other Provisions" heading on the liabilities of the balance sheet.

Expected credit losses for financial assets, other receivables and loans under the title Cash and cash equivalents are recognized under "Expected loss reserves (-)" on the asset side of the balance sheet. The total provision for credit losses under TFRS 9 is classified under "12 Months Expected Loss Equivalent- (First Stage)". There is no allowance for credit losses classified under "Significant Increase in Credit Risk (Second Stage)".

The basic principles for calculating the Bank "Expected credit loss provisions" are as follows:

- Information considered in the expected credit loss accounting should be reasonable, reliable and supportable.
- Country risk is also taken into account when calculating provisions for expected credit losses.
- Provision for loans can be higher than their loan-based counterparts, taking into account the size, type, currency, currency, interest rate structure, borrowing sector, collaterals and similar concentrations over time, credit risk level and management.
- The approach used to assess expected credit losses is consistent with the bank's credit risk management.
- The information used should include the borrower-specific factors, the general economic conditions and the assessment of the effects of these factors and circumstances at the reporting date on the current and future periods. Potential sources of information include the Bank's credit disposal experience, internal or external credit ratings, reports and statistics.
- If the financial instrument is determined to have low credit risk at the reporting date, the Bank may assume that the credit risk in the financial instrument has not increased substantially since the first time it was recognized.

In accordance with the BRSA Decision numbered 8948 dated 17 March 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days according to assembly's resolution dated on March 17, 2020. This measure will be effective until December 31, 2020. In accordance with BRSA decision decision number 8970 dated 27 March 2020, It is allowed that a loss allowance for loans which have days past due between 30 to 90 and classified under Stage 1 at an amount equal to 12-month expected credit losses until 31 December 2020. In accordance with BRSA decision decision number 9312 dated 8 December 2020, this measure will be effective until June 30, 2021.

In accordance with BRSA decisions, The Bank has no any credit for such classification explained above.

VIII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets has suffered an impairment and whether it meets the classification requirements in accordance with TFRS 9. The Bank determines the amount of the impairment if such indicator exist as mentioned. Related accounting policy is explained in footnote VII.

IX. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made with respect to financial assets and liabilities.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Repurchase agreements are classified as their purposes on the securities portfolio and evaluated by the principals of the portfolio which they belong to. The Bank has no repurchase transaction as of the balance sheet date.

Receivables from reverse repurchase agreements are accounted for under "Receivables from Reverse Repurchase Agreements" account in the balance sheet. The difference between purchase and sale price determined by these agreements is accrued over the life of agreements according to effective interest rate method.

XI. Explanations on Assets Held for Sale and Discontinued Operations

Assets which satisfy to be classified as held for sale are measured by the lower of carrying value and fair value less costs to sell and these assets are not amortized; and are separately presented in the financial statements. For an asset (or else the group of assets) to be classified as held for sale; the asset should be ready for immediate sale in frequently seen and accustomed terms and the probability of sale should be high. For the probability of sale to be high, appropriate level of management should have made a plan for the sale of the asset (or else the group of assets) and a program should have been initiated in order to determine buyers as well as complete the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low. Certain events and conditions may extend the duration of completion of sale to more than one year.

If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets). A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

A discontinued operation is a part of a bank classified as held for sale or held for sale. The results of discontinued operations are presented separately in statement of profit or loss.

The Bank has no assets held for sale as of the balance sheet date. The Bank has no discontinued operations during the period.

XII. Explanations on Goodwill and Other Intangible Assets

As of the balance sheet date, there is no goodwill in the accompanying un-consolidated financial statements of the Bank.

The intangible assets which have been bought before 1 January 2005 are amortized based on historical cost which has been revised according to inflation effects dated 31 December 2004 and the items which have been bought in the following dates are amortized based on purchase cost with the allocation of accumulated depreciation and impairments. The intangible assets are amortized based on straight line amortization regarding useful life periods. The amortization method and period are revised periodically every year.

Intangible assets of the Bank are basically software license costs. Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economic benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Depreciation period is 5 years (20% annual depreciation rate) for establishment/formation expenses for other intangible assets with uncertain leasing period or leasing period over five years and depreciation rate is proportional with period for those with certain leasing period. Economic useful lives determined are in accordance with the criteria stated in the Turkish Accounting Standards-TAS 38-Intangible Assets. Computer programs widely used in the Bank are generated within the Bank by the personnel of the Bank and the expenses related to those assets are not capitalized. Computer software is only purchased in case of urgent need and special projects.

Within the scope of the agreement made between Borsa İstanbul and NASDAQ, new BISTECH technology, which was developed under Borsa İstanbul's processing system; data distribution; index calculation; market surveillance; reporting systems; and also the Bank's swap and risk management systems, has a useful life of 20 years.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. Explanations on Tangible Assets

Tangible assets are initially recognized at acquisition cost and any other cost incurred so as to get the fixed asset ready for use.

Tangible assets are depreciated with straight-line method. Tangible assets are depreciated with the rates determined by the Ministry of Finance based on useful lives. These useful lives are in line with the criteria stated in "TAS 16 - Tangible Assets" released by Turkish Accounting and Auditing Standards Authority (POA). Depreciation Rates for Tangible Fixed Assets are as following:

	Estimated Economic Life (Years)
Building	36-50 Years
Plant and Machinery	4 Years
Vehicles	-
Equipments	5 Years
Copyright	5 Years
Patents/goodwill	3 Years
Self-Develop Softwares	5 Years

Tangible assets are accounted for at cost less accumulated depreciation and impairment, if any.

Gain or loss resulting from disposals of the tangible assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed. There are no pledges, mortgages or other restrictions on the tangible assets.

XIV. Explanations on Leasing Transactions

The Bank measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Bank's alternative incremental borrowing rate.

After the date lease actually started, the Bank increases book value to reflect the interest on lease liability, decreases book value to reflect lease payments that is made and remeasures to reflect the changes made in lease or revised fixed lease payments.

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

The Bank applies a discount rate that reflects the changes in the interest rate in a scenario where the Bank used purchase option at the initial lease term.

The Bank remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. Explanations on Provisions and Contingent Liabilities

Provisions and contingent liabilities are accounted in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions on financial statements, if an existing obligation resulting from past events, it is probable that the obligation will be met and the obligation can be reliably measured. Provisions are calculated based on the Bank management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to the fair value where the effect is material.

XVI. Explanations on Liabilities Regarding Employee Benefits

Obligations related to employment termination and vacation rights "Turkey Accounting Standards Regarding Employee Benefits" ("TAS 19") are accounted for in accordance with the provisions.

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No: 19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are audited annually. The carrying value of provision for employee termination benefits as of 31 December 2021 is TL 8,254.51 (31 December 2020: TL 7,117.17).

Communiqué on "Turkish Accounting Standard (TAS 19) about Benefits for Employee (No: 9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2013 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January - 31 December 2021, actuarial loss after deferred tax effect amounting to TL 378 (31 December 2020: TL 28 actuarial loss) was classified as "Other Capital Reserves".

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit at enacted tax rates, and it is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized as taxable profit.

The carrying amount of a deferred tax asset shall be reviewed at the end of the reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled is recognized in income statement as income or expense. Deferred tax that relates to items that are recognized directly in equity, in the same or a different period, is recognized directly in equity. Deferred tax assets and liabilities are netted off.

The current taxes payable and advance taxes are offset since they relate to each other.

The Bank has adjusted its statutory financial statements with inflation accounting as of 1 January 2004 in accordance with Law No. 298. Some modifications have been made in the tax legislation with Law 4842 published in the Official Gazette number 25088 on 24 April 2003. Under these modifications, investment and development banks, which are not allowed to accept deposit, are allowed to deduct loan loss provisions from the tax base in accordance with item 2 of the article 20 of Banking Law and the amendment introduced by the article 35 of the Law numbered 4842.

As of 31 December 2021, a tax rate of 23% is used for temporary differences expected to be realized/closed within 2022, and 20% for temporary differences expected to be realized/closed after 2022 in the calculation of deferred tax.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxations (Continued)

Current Tax

The corporate tax rate of 20% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205, will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, council of ministers has the authority to decrease this ratio to 20% from 22%. The Bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which were not accrued on time because of the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Additional Explanations on Funds Borrowed

The Bank has not issued any convertible bonds.

The Bank has not also issued any borrowing instruments.

Cash Warrants Received

BİAŞ Guarantee Fund, BİAŞ Debt and Equity Markets, Takasbank Money Market (TMM), Over-the-Counter Derivatives Market, Stock Lending Market (ÖPP), Natural Gas Market, Renewable Energy Resource Guarantee Market (YEK-G), Forward Natural Gas Market (VGP), Natural Gas Market, BİAŞ Futures and Options Market (VIOP), Electricity Market, Electricity Futures Market, BİAŞ Money Market and Precious Metals Market, BİAŞ Swap Market, Investor Compensation Center membership and pledge guarantees, check clearing, vehicle swapping, crowdfunding platform, TEFAS, public guarantee management service and other services related to cash guarantees are monitored in Banks in assets and in Funds in liabilities. These funds ensure that in case of cash default of the debtor members, the creditor members are not affected by the delay. Cash guarantee mechanisms have been established to serve the purpose of ensuring a continuous cash flow in the market by making the payments on time and accurately.

XIX. Explanations on Issuance of Equity Securities

The Bank does not have any shares issued in the current period.

XX. Explanations on Acceptances

The Bank performs acceptances with its customers simultaneously and follows them in off balance sheet liabilities.

The Bank has no acceptances that have been included as a liability against an asset.

XXI. Explanations on Government Incentives

There are no government incentives utilized by the Bank as of the balance sheet date.

XXII. Explanations on Segment Reportings

Operational segment is distinguishable section of the Bank that has different characteristics from other operational segments per earning and conducts the presentation of service group, associated bank products or a unique product. Reporting on operating segments is disclosed in Note XIII in Section Four.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. Related Parties

For the purpose of these financial statements, shareholders, key management personnel and board members associated with companies controlled by their families and themselves or affiliated companies, associates and joint ventures are referred to as related parties in accordance with TAS 24 - Related Party Disclosures.

XXIV. Cash and Cash Equivalents

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXV. Investment Properties

Investment property consist of the asset that held to earn rentals and/or for capital appreciation and recognized with cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) "Investment Property". Investment properties are recognized at its cost less any accumulated depreciation. Investment property is amortized by normal depreciation method and useful life basis. Gains and losses arising from disposal of an investment property or removal of a tangible asset are determined as the difference between the sales proceeds and the carrying amount of the asset and are included in the income statement.

XXVI. Reclassifications

None.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders' Equity

The Bank's current period equity capital is TL 3,204,332 (31 December 2020: TL 2,512,824), capital adequacy standard ratio is 19.66% (31 December 2020: 23.46%). The Bank's capital adequacy standard ratio is above the minimum rate defined by legislation.

Summary information related to the capital shareholders' equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	600,000	600,000
Share issue premiums	33,019	33,019
Reserves	1,690,919	1,367,545
Gains recognized in equity as per TAS	-	-
Profit	913,560	562,177
Current Period Profit	890,757	539,374
Prior Period Profit	22,803	22,803
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	3,237,498	2,562,741
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	596	294
Improvement costs for operating leasing	9	30
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	116,214	106,908
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	4,825	4,825
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	121,644	112,057
Total Common Equity Tier 1 Capital	3,115,854	2,450,684

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders' Equity (Continued)

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL	-	-
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity Tier 1 Capital+Additional Tier I Capital)	3,115,854	2,450,684
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	88,478	62,140
Tier II Capital Before Deductions	88,478	62,140
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	88,478	62,140

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders' Equity (Continued)

	Current Period	Prior Period
Total Capital (The sum of Tier I Capital and Tier II Capital)	3,204,332	2,512,824
Deductions from Total Capital	3,204,332	2,512,824
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	-
Other items to be defined by the BRSA	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)	3,204,332	2,512,824
Total risk weighted amounts	16,298,780	10,712,864
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	19.12	22.88
Tier 1 Capital Adequacy Ratio (%)	19.12	22.88
Capital Adequacy Ratio (%)	19.66	23.46
BUFFERS		
Bank specific total Common Equity Tier 1 Capital requirement (%)	2.5	2.5
a) Capital conservation buffer requirement (%)	2.5	2.5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic significant bank buffer ratio	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Remaining Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	88,478	62,140
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	88,478	62,140
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

⁽¹⁾ "The amounts to be taken into account at the end of the transition period are shown for the items subject to the transition provisions under the Provisional Articles of the "Regulation on Shareholders' Equity of Banks".

⁽²⁾ The previous period adjustments are not reflected in the Third Section XXVII. Other matters.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders' Equity (Continued)

Information on addition debt instruments to shareholders' equity calculating:

None.

Information on applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

The evaluation period for internal capital adequacy in the Bank has been designed within in accordance with the principle of proportionality and is consistent with the Guidelines on ISEDES Report and Guidelines on Stress Tests To Be Used By Banks For Capital and Liquidity Planning which is published by the Banking Regulation and Supervision Agency, and with the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process (ISEDES) which entered into effect upon being published in Official Gazette No. 29057 dated 11 July 2014.

The Bank is in compliance with the said regulation and good practice guidelines in line with its small-scale structure, task environment, and requirements. In accordance with ISEDES, it is aimed for the Bank to internally determine a level of capital which covers the risks it has faced or is likely to face and to continue its operations with capital above that level. Maximum attention is paid to the ISEDES processes so that they are implemented with a long-term view and are risk focused, internalized within the Bank and that its consequences are used in the decision-making process.

Evaluations of the Bank's capital and liquidity adequacy are done from a risk-based perspective, considering the strategic plan, three-year budget projections, bank policies on capital adequacy, liquidity and funding, risk measurement outcomes for risks that the company is exposed to ISEDES and stress test reports. Within this scope, activities performed and services provided by the Bank are considered.

The Bank determines its capital level in such a way that it is above the minimum level and legal ratios required by the legal regulations of the Banking Regulation and Supervision Agency, and so that it is able to continue all its operations.

Also, scenario analyses, and particular, plenary, and reverse-stress tests are done in order to measure the effects of parameters that affect the financial power of the Bank at the capital level. In addition, via sensitivity analyses, primary and secondary structural block risks that the Bank is exposed to are determined within the scope of the proportionality principle.

The Bank takes stress tests, scenario analyses, risk appetites, the capital plan, the strategic plan and budget, the emergency and unexpected situation action plan for various risks, and other issues deemed necessary into consideration, and calculates and establishes a capital planning buffer, which is designed to prevent the capital adequacy level from becoming lower than the internal and legal minimum capital adequacy over the next three years as a result of possible negative situations and losses. The capital planning buffer is determined by considering worst case scenarios. However, the legal capital adequacy ratio determined by the BRSA as at least 12% and the ratio of the internal capital requirement calculated under the stress test are compared. The larger of these ratios is considered as the target ratio and it is evaluated whether the current capital adequacy ratio of the Bank is above the target rate.

According to the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks", the ISEDES report and the Stress Test report are prepared annually with the participation of all relevant units of the Bank and the coordination of the Risk Management Unit. These reports are approved by the Board of Management or the Bank after being examined.

The senior management of the Bank and members of the Board of Management are jointly responsible for designing ISEDES and its implementation within the Bank. All units of the Bank execute their duties, authorities, and responsibilities which are within the scope of ISEDES in accordance with their own regulations. The inspection report regarding the data, systems, and processes is prepared by the Internal Audit Unit, and the validation report regarding the models and/or methods that are used for risk measurement within the scope of the internal capital adequacy calculation is prepared by the Internal Control and Compliance Unit.

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk

The Board of Management is responsible for Bank operations performed within the scope of credit risk management and these operations are performed in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing Capital Adequacy of Banks". When calculating capital adequacy rates, the amount which is taken as a basis for credit risk and which is calculated via a standard method is considered.

The Bank also calculates counterparty credit risk for banking accounts due to reverse-repo transactions, and these amounts are taken into consideration in the amount used as a basis for credit risk.

The debtors of the cash and non-cash loans extended by the Bank are financial sector companies.

The Bank operates as a central counterparty in the Securities Lending Market, the Futures and Options Market, Borsa İstanbul Equity Market, Borsa İstanbul Debt Securities Market and BİAŞ Swap Market and over the counter derivative market (OTC), Borsa İstanbul Money Market and the liabilities in the related markets are also non-cash loans in terms of the Bank.

Credit transactions bear credit risk. This risk can be defined as the possibility that the members and guarantors who use the credit do not fulfil the liabilities defined in agreements and that they have undertaken beforehand in written form.

The risk limits and allocations determined for daily transactions and concentrations related to off-balance sheet risks are monitored daily.

The credit worthiness of borrowers is monitored regularly in accordance with the related legislation. Independently audited financial statements of the borrowers prepared as per the regulation of Capital Markets Board are examined for the loans extended. The credit limits are amended according to the financial positions of the companies and collaterals against loans are taken in accordance with the application principles for lending operations. After the financial analysis, investigation and other examinations performed on the companies applying for loans, loan limits are proposed to the Board of Directors for approval. Loan limits become effective after approved by the Board of Directors. Limit change requests are revised on a six monthly basis unless substantive changes occur in the financial positions of customers.

The Bank has not been exposed to credit risk since the risk is minimized by receiving collaterals and determining loan limits according to the financial strength of the companies. Therefore, in the short term, there is no specific need to enter into any transaction to decrease or terminate its credit exposure.

The Bank has no liquidated non-cash loans, restructured loans or long-term commitments.

The Bank has no lending and banking transactions in foreign countries.

The Bank calculates general provisions for credit risk and receives cash and/or cash equivalent collaterals.

As of the balance sheet date;

Number of cash loan customer	7	Loans
Number of non cash loan customers	138	Loans
Amount of general provisions for credit risks	678	TL
Amount of specific provisions for credits under follow-up	-	TL

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

Total amount of incurred risks after offsetting transactions (before credit risk reduction), regardless of the credit risk reduction (deducting from provisions), and average amount of risks separated according to different risk classes and types for the related period:

Risk Classifications	Current Period Risk Amount	Average Risk Amount
Contingent and non-contingent receivables from central governments or central banks	11,975,557	7,201,412
Contingent and non-contingent receivables from regional or local governments	-	-
Contingent and non-contingent receivables from Administrative Units and non-commercial enterprises	-	-
Contingent and non-contingent receivables from international organizations	-	-
Contingent and non-contingent receivables from banks and intermediary institutions	59,893,066	45,120,490
Contingent and uncontingent corporate receivables	12,465,517	9,168,018
Contingent and uncontingent retail receivables	-	-
Receivables secured by contingent and non-contingent real estate mortgages	-	-
Overdue receivables	-	-
Receivables determined as high risk by the Board	-	-
Collateralized securities	-	-
securitization positions	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-
Investments in the Qualification of Collective Investment Institutions	-	-
Other receivables	918,767	933,253
Risk Classifications	Prior Period Risk Amount	Average Risk Amount
Contingent and non-contingent receivables from central governments or central banks	7,558,561	8,214,367
Contingent and non-contingent receivables from regional or local governments	-	-
Contingent and non-contingent receivables from Administrative Units and non-commercial enterprises	-	-
Contingent and non-contingent receivables from multilateral development banks	-	-
Contingent and non-contingent receivables from international organizations	-	-
Contingent and non-contingent receivables from banks and intermediary institutions	37,340,951	30,827,665
Contingent and uncontingent corporate receivables	8,369,648	5,842,674
Contingent and uncontingent retail receivables	-	-
Receivables secured by contingent and non-contingent real estate mortgages	-	-
Overdue receivables	-	-
Receivables determined as high risk by the Board	-	-
Collateralized securities	-	-
Securitization positions	-	-
Short-term receivables from banks and intermediary institutions and short-term corporate receivables	-	-
Investments in the Qualification of Collective Investment Institutions	-	-
Other receivables	795,347	688,760

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

Geographical distribution of risk amounts decomposed as part of significant risk group

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to international organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates
Current Period							
Domestic	11,975,557	-	-	-	-	59,292,161,00	12,465,517
European Union Countries	-	-	-	-	-	596,897	-
OECD Countries ⁽¹⁾	-	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	4,008	-
Other Countries	-	-	-	-	-	-	-
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	11,975,557	-	-	-	-	59,893,066	12,465,517
Prior Period							
Domestic	7,558,561	-	-	-	-	37,106,658	8,369,648
European Union Countries	-	-	-	-	-	200,750	-
OECD Countries ⁽¹⁾	-	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	33,543	-
Other Countries	-	-	-	-	-	-	-
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ⁽²⁾	-	-	-	-	-	-	-
Total	7,558,561	-	-	-	-	37,340,951	8,369,648

⁽¹⁾ OECD Countries excluding European countries, USA and Canada⁽²⁾ Assets and liabilities that cannot be allocated on a consistent basis

Conditional and unconditional retail exposures	Conditional and unconditional exposures secured by real estate property	Past due receivables	Receivables defined in high risk category by BRSA	Exposures in the form of bonds secured by mortgages	Securitized Positions	Short term exposures to banks, brokerage houses and corporates	Exposures in the form of collective investment undertakings	Other Receivables	Total
-	-	-	-	-	-	-	-	918,767	84,652,002
-	-	-	-	-	-	-	-	-	596,897
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	4,008
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	918,767	85,252,907
-	-	-	-	-	-	-	-	795,347	53,830,214
-	-	-	-	-	-	-	-	-	200,750
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	33,543
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	795,347	54,064,507

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

Risk profile by sector or counterparties

	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to International organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates
Current Period							
Agriculture	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-
Mining and Quarry	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Services	-	-	-	-	-	59,893,066	12,465,517
Wholesale and Retail Trade	-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-
Transportation and Telecom	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	59,893,066	12,465,517
Real Estate and Rental Services	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-
Other	11,975,557	-	-	-	-	-	-
Total	11,975,557	-	-	-	-	59,893,066	12,465,517

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

Risk profile by sector or counterparties

Prior Period	Conditional and unconditional exposures to central governments or central banks	Conditional and unconditional exposures to regional governments or local authorities	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional exposures to multilateral development banks	Conditional and unconditional exposures to International organisations	Conditional and unconditional exposures to banks and brokerage houses	Conditional and unconditional exposures to corporates
Agriculture	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-
Mining and Quarry	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Services	-	-	-	-	-	37,340,951	8,369,648
Wholesale and Retail Trade	-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-
Transportation and Telecom	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	37,340,951	8,369,648
Real Estate and Rental Services	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-
Other ⁽²⁾	7,558,561	-	-	-	-	-	-
Total	7,558,561	-	-	-	-	37,340,951	8,369,648

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

Analysis of maturity-bearing exposures according to remaining maturities

Exposures Classifications-Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
1 Conditional and unconditional exposures to central governments or central banks	8,782,703	1,068,882	18,597	363,811	1,741,564
2 Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
3 Conditional and unconditional receivables from administrative units and noncommercial enterprises	-	-	-	-	-
4 Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
5 Conditional and unconditional exposures to international organisations	-	-	-	-	-
6 Conditional and unconditional exposures to banks and brokerage houses	58,035,986	464,064	1,266,823	126,193	-
7 Conditional and unconditional exposures to corporates	9,293,813	2,422,300	749,404	-	-
8 Conditional and unconditional retail exposures	-	-	-	-	-
9 Conditional and unconditional exposures secured by real estate property	-	-	-	-	-
10 Past due receivables	-	-	-	-	-
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Exposures in the form of bonds secured by mortgages	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-
14 Short term exposures and corporate exposures from banks and brokerage houses	-	-	-	-	-
15 Exposures in the form of collective investment undertakings	-	-	-	-	-
16 Other receivables	918,767	-	-	-	-
Total	77,031,269	3,955,246	2,034,824	490,004	1,741,564

Exposures Classifications-Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 year
1 Conditional and unconditional exposures to central governments or central banks	5,296,084	1,464,491	523,498	134,408	140,080
2 Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
3 Conditional and unconditional receivables from administrative units and noncommercial enterprises	-	-	-	-	-
4 Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
5 Conditional and unconditional exposures to international organisations	-	-	-	-	-
6 Conditional and unconditional exposures to banks and brokerage houses	35,897,606	1,406,560	34,880	1,905	-
7 Conditional and unconditional exposures to corporates	5,798,883	1,703,752	867,013	-	-
8 Conditional and unconditional retail exposures	-	-	-	-	-
9 Conditional and unconditional exposures secured by real estate property	-	-	-	-	-
10 Past due receivables	-	-	-	-	-
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Exposures in the form of bonds secured by mortgages	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-
14 Short term exposures and corporate exposures from banks and brokerage houses	-	-	-	-	-
15 Exposures in the form of collective investment undertakings	-	-	-	-	-
16 Other receivables	795,347	-	-	-	-
Total	47,787,920	4,574,803	1,425,391	136,313	140,080

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

Information about the risk exposure categories:

The credit rating of Banks, intermediary institutions and other financial institutions are inspected via the Takasbank Internal Credit Evaluation System and credit or position limits based on the maximum nominal limits or value at risk limits, which can be assigned within the scope of banking or central counterparty actions are determined. The membership types of banks and intermediary institutions which will perform the transaction in the market, or the capital market instruments that are provided by the central counterparty service, are also determined by this system.

There are no financial assets, the maturity or contract conditions of which are revised again (31 December 2020: None).

Details on the Bank's overdue depreciated financial assets are provided in the fifth chapter, first part, and footnote Note 5 of the report.

Exposures by risk weights:

Risk Weights - Current Period	0%	10%	20%	50%	75%	100%	150%	250%	Other risk weights	Deductions from Equity
Exposures before credit risk mitigation	4,963,359	-	75,537,660	3,735,484	-	1,016,404	-	-	-	121,048
Exposures after credit risk mitigation	21,312,292	-	59,425,408	3,501,155	-	1,014,052	-	-	-	121,048

Risk Weights - Prior Period	0%	10%	20%	50%	75%	100%	150%	250%	Other risk weights	Deductions from Equity
Exposures before credit risk mitigation	2,693,201	-	47,686,921	2,889,065	-	795,320	-	-	-	111,763
Exposures after credit risk mitigation	13,972,097	-	37,060,441	2,236,649	-	795,320	-	-	-	111,763

Informations in terms of major sectors and type of counterparties:

None.

Information related to impairment and loan loss provisions

Current Period	Opening Balance	Charge for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific Provisions	122	556	-	-	678
General Provisions	-	-	-	-	-

Prior Period	Opening Balance	Charge for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific Provisions	203	-	(83)	-	122
General Provisions	-	-	-	-	-

Risks of Cyclical Capital Buffer Calculation

None.

III. Explanations Related to Market Risk

The Bank's market risk management operations are conducted in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing Capital Adequacy of Banks" and within the scope of the responsibility of the Board of Directors.

In the in-balance sheet and off-balance sheet accounts, interest and currency risks that arise from the fluctuations of the positions held by the Bank in financial markets are measured. When calculating capital adequacy rates, the amount which is taken as a basis for market risk, which is calculated using the standard method shown in the table below, is taken into consideration.

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Market Risk (Continued)

Information on market risk

	Current Period	Prior Period
(I) Capital Requirement against General Market Risk - Standard Method	-	-
(II) Capital Requirement against Specific Risks - Standard Method	-	-
Capital requirement against Specific Risks of Securitisation Positions- Standard Method	-	-
(III) Capital Requirement against Currency Exchange Risk - Standard Method	1,595	1,621
(IV) Capital Requirement against Commodity Risks - Standard Method	-	-
(V) Capital Requirement against Exchange Risks - Standard Method	-	-
(VI) Capital Requirement against Market Risks of Options - Standard Method	-	-
(VII) Capital requirement against Counterparty Credit Risks - Standard Method	-	-
(VIII) Capital Requirement against Market Risks of Banks applying Risk Measurement Model	-	-
(IX) Total Capital Requirement against Market Risk (I+II+III+IV+V+VI+VII)	1,595	1,621
(X) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	19,938	20,263

Average Market Risk Table for the Market Risk Calculated by the End of the Month in the Period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest rate risk	2	20	-	-	-	-
Equity risk	-	-	-	-	-	-
Foreign exchange risk	2,524	4,265	781	2,518	3,687	609
Commodity risk	-	-	-	-	-	-
Swap risk	-	-	-	-	-	-
Option risk	-	-	-	-	-	-
Counterparty credit risk	-	-	-	-	-	-
Total Value at Risk	2,526	4,285	781	2,518	3,687	609

Information on counterparty credit risk:

The Bank has no counterparty credit risk for purchase and sell accounts as of 31 December 2021 (31 December 2020: None).

IV. Explanations Related to the Operational Risk

The Bank's market operational risk management activities are conducted in compliance with the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks" and the "Regulation on Measuring and Reviewing the Capital Adequacy of Banks" and within the scope of the responsibility of the Board of Directors. When calculating the capital adequacy rates, the amount which is taken as a basis for operational risk is calculated using the basic indicator approach method. Balance subject to operational risk is calculated by considering gross income of prior three fiscal years 2020, 2019 and 2018. The amount subject to Operational Risk for the current period is TL 1,629,131 (31 December 2020: TL 1,366,869).

a) Operational risk amount is measured by basic indicator approach on a yearly basis.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations Related to the Operational Risk (Continued)

b) In case of basic indicator approach is used, information in below table should be used:

Current Period	31 December 2018	31 December 2019	31 December 2020	Total/Total number of years	Rate (%)	Total
Gross Income	758,583	958,185	889,842	868,870	15	130,331
Amount subject to operational risk (Total*12.5)						1,629,131
Prior Period	31 December 2018	31 December 2019	31 December 2020	Total/Total number of years	Rate (%)	Total
Gross Income	470,222	758,583	958,185	728,997	15	109,350
Amount subject to operational risk (Total*12.5)						1,366,869

c) The Bank is not using standard method.

d) The Bank is not using alternative execution in standard method.

e) The Bank is not using advanced measurement method.

V. Explanations Related to Currency Risk

Except for the foreign currency that the Bank holds for its own transactions pursuant to foreign exchange and settlement and custody transactions, foreign exchange contracts, Takasbank Money Market, Swap Market, Debt Securities Market, Over-the-Counter Derivatives Market, Equity Lending Market, Natural Gas Market Renewable Energy Resource Guarantee Market (YEK) -G), Natural Gas Futures Market (VGP), Natural Gas Market, Futures and Options Market (VIOP), Electricity Market, Precious Metals Market, BİAŞ Money Market, Equity Market, Leveraged Trading Transactions, investor compensation center, check clearing The Bank is exposed to foreign exchange risk due to the guarantees received for TEFAS and cash loans and other foreign currencies deposited in the Bank's accounts, as well as the foreign currency remaining in the free accounts of its customers consisting of intermediary institutions, banks and other financial institutions, and market risk is calculated in this context. However, with the Communiqué on Required Reserves numbered 2013/15, the liabilities subject to required reserves have been amended, and since the liabilities specified in the new communiqué are not in the Bank, required reserves are not established at the CBRT.

The Bank calculated a net long foreign exchange of TL 19,938 (31 December 2020: TL 20,265) for the net position between assets and liabilities in foreign currency, and recognised it in the amount basis to market risk.

Recognizing FX transactions of the Bank, the risk management policy that is also regarded in TL transactions is used and asset liability is managed so as not to be exposed to foreign exchange risk in transactions that affect FX assets and liabilities.

The Bank's foreign CBRT exchange bid rates as of the date of the financial statements and five working days prior to that date:

Current Period	1 USD	1 EURO	1 GBP	100 JPY
Current Exchange Rate on Balance Sheet Date	12.9775	14.6823	17.4530	11.2434
1 st Business Day's Current Exchange Rate	12.2219	13.8011	16.3800	10.6071
2 nd Business Day's Current Exchange Rate	11.8302	13.4000	15.8766	10.2769
3 rd Business Day's Current Exchange Rate	11.3900	12.8903	15.2412	9.9154
4 th Business Day's Current Exchange Rate	11.7278	13.2926	15.6985	10.2285
5 th Business Day's Current Exchange Rate	11.4508	12.9683	15.3095	9.9954
Simple arithmetic averages for last 31 days	13.5285	15.2896	17.9600	11.8566

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Currency Risk (Continued)

Information on the foreign currency risk of the Bank:

Current Period	EURO	USD	Other	Total
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with The Central Bank of the Republic of Turkey	-	-	-	-
Banks	2,910,554	3,723,634	68,150	6,702,338
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	661	-	-	661
-Loans	-	-	-	-
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	1,361,708	2,845,805	-	4,207,513
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	198	730	-	928
Total Assets	4,273,121	6,570,169	68,150	10,911,440
Liabilities				
Bank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market funds	-	-	-	-
Funds provided from other financial institutions	1,178,989	2,216,563	-	3,395,552
Securities issued	-	-	-	-
Funds	3,092,459	4,335,547	67,944	7,495,950
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	4,271,448	6,552,110	67,944	10,891,502
Net Balance Sheet Position	1,673	18,059	206	19,938
Net Off-Balance Sheet Position				
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	-
Prior Period				
Total assets	2,624,031	3,122,290	32,773	5,779,094
Total liabilities	2,615,177	3,111,001	32,651	5,758,829
Net Balance Sheet Position	8,854	11,289	122	20,265
Net Off-Balance Sheet Position				
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	-

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Currency Risk (Continued)

Information on the foreign currency risk of the Bank (continued)

Exposure to currency rate risk

The Bank is mainly exposed to currency risk in EUR, USD and other currencies. The following table shows the Bank's sensitivity to the 10% increase and decrease in the related currencies. The relevant rate indicates the possible change in the exchange rate of the Bank's management.

This analysis is based on the assumption that all other variables, especially interest rates, remain stable.

	Current Period		Prior Period	
	EURO	USD	EUR	USD
Change in net asset value when the TL depreciated by 10% against the related FX	167	1,806	885	1,129
Change in net asset value when the TL gains 10% against the related FX	(167)	(1,806)	(885)	(1,129)

VI. Explanations Related to Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyses. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

To evaluate its funding resources, the Bank enters into foreign currency and TL depot transactions, repurchase agreements, time and demand deposit transactions and foreign exchange transactions with the Central Bank of Turkey or other banks. The related transactions undertaken by the Fund Management Department are made with the banks having transaction limits designated by the Board of Directors under the regulations set out in "Treasury Transaction Limits".

The Bank's portfolio of government securities included Eurobonds issued by the Ministry of Finance, financial and leasing certificates issued by the Treasury, and debt securities issued by banks domiciled in Turkey in 2021. The Bank has no derivative obligations in its transactions aimed at evaluating the sources of funds.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):

End of Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽²⁾	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey Banks ⁽²⁾	-	-	-	-	-	67	67
	38,205,853	-	-	-	-	601,070	38,806,923
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Money market placements	35,961	-	-	-	-	-	35,961
Financial assets at fair value through other comprehensive income	-	-	-	-	-	4,332	4,332
Loans ⁽³⁾	573,071	-	-	-	-	-	573,071
Financial assets measured at amortised cost ⁽⁴⁾	-	1,312,182	1,727,412	1,795,733	-	-	4,835,327
Other assets ⁽¹⁾	2,911	-	-	-	-	765,419	768,330
Total Assets	38,817,796	1,312,182	1,727,412	1,795,733	-	1,370,888	45,024,011
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market funds	218,904	-	-	-	-	-	218,904
Miscellaneous payables	8,573,386	-	-	-	-	29,382,571	37,955,957
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	3,416,560	-	-	-	-	-	3,416,560
Other liabilities ⁽¹⁾	-	-	-	-	-	3,432,590	3,432,590
Total Liabilities	12,208,850	-	-	-	-	32,815,161	45,024,011
Balance sheet long position	26,608,947	1,312,182	1,727,412	1,795,733	-	-	31,444,274
Balance sheet short position	-	-	-	-	-	(31,444,274)	(31,444,274)
Off-balance sheet long position	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
Total Position	26,608,947	1,312,182	1,727,412	1,795,733	-	(31,444,274)	-

⁽¹⁾ Explanations of other assets and other liabilities are provided below.

⁽²⁾ Expected credit loss provisions recognized under TFRS 9 are presented in the "Non-interest bearing" column

⁽³⁾ Expected credit loss provisions recognized under TFRS 9 are presented in the "Up to 1 month" column

⁽⁴⁾ Expected credit loss provisions recognized under TFRS 9 are presented in the "3-12 months" column

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates): (Continued)

End of Previous Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽²⁾	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	290	290
Banks	21,342,898	876,368	-	-	-	234,620	22,453,886
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Money market placements	25,827	-	-	-	-	-	25,827
Financial assets available-for-sale	-	-	-	-	-	4,332	4,332
Loans	99,764	-	-	-	-	-	99,764
Held-to-maturity investments	-	1,646,439	648,208	140,078	-	-	2,434,725
Other assets ⁽¹⁾	695	-	-	-	-	368,717	369,412
Total Assets	21,469,184	2,522,807	648,208	140,078	-	607,959	25,388,236
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market funds	203,020	-	-	-	-	-	203,020
Miscellaneous payables	4,573,770	-	-	-	-	16,069,396	20,643,166
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	1,843,395	-	-	-	-	78	1,843,473
Other liabilities ⁽¹⁾	-	-	-	-	-	2,698,577	2,698,577
Total Liabilities	6,620,185	-	-	-	-	18,768,051	25,388,236
Balance sheet long position	14,848,999	2,522,807	648,208	140,078	-	-	18,160,092
Balance sheet short position	-	-	-	-	-	(18,160,092)	(18,160,092)
Off-balance sheet long position	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
Net Position	14,848,999	2,522,807	648,208	140,078	-	(18,160,092)	-

⁽¹⁾ Explanations of other assets and other liabilities are provided below.

⁽²⁾ Expected credit loss provisions recognized under IFRS 9 are presented in the "Non-interest bearing" column.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates): (Continued)

Other Assets	Current Period	Prior Period
Miscellaneous receivables	513,365	166,530
Intangible assets	116,214	106,908
Custody services comission rediscount	67,655	38,242
Investment properties	46,250	35,730
Intangible assets	7,621	10,296
Temporary accounts	3,201	6,760
Subsidiaries	4,825	4,825
Stationary supplies	133	121
Deferred tax asset	9,066	-
Total	768,330	369,412
Other Liabilities	Current Period	Prior Period
Shareholder's equity	3,236,902	2,562,447
Provisions	87,149	68,894
Current tax liability	106,506	65,194
Lease liabilities	2,033	2,042
Total	3,432,590	2,698,577

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments (%):

Current Period End Balance	EURO	USD	TL
Assets			
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-
Due from other banks	0.80	1.27	14.52
Financial assets at fair value through profit and loss	-	-	-
Money market placements	-	-	12.09
Financial assets at fair value through other comprehensive income	-	-	-
Loans	-	-	17.47
Financial assets measured at amortized cost	1.80	3.02	16.73
Liabilities			
Bank deposits	-	-	-
Other deposits	-	-	-
Money market borrowings	-	-	14.00
Funds	-	-	14.22
Securities issued	-	-	-
Funds borrowed	0.01	0.10	1.16
Prior Period End Balance			
Assets			
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-
Due from other banks	2.64	3.16	18.03
Financial assets at fair value through profit and loss	-	-	-
Money market placements	-	-	15.27
Financial assets available-for-sale	-	-	-
Loans	-	-	20.15
Financial assets measured at amortized cost	2.32	4.10	11.54
Liabilities			
Bank deposits	-	-	-
Other deposits	-	-	-
Money market borrowings	-	-	15.00
Securities issued	-	-	17.98
Funds borrowed	0.01	0.19	3.36

Interest rate risk on banking accounts:

Type of Currency	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity (Losses)/Equity
TRY	(+) 500 bp	(83,924)	(0.026)
TRY	(-) 400 bp	70,882	0.022
EUR	(+) 200 bp	(41,213)	(0.013)
EUR	(-) 200 bp	43,287	0.014
USD	(+) 200 bp	(22,219)	(0.007)
USD	(-) 200 bp	22,887	0.007
Total (of negative shocks)		137,055	0.043
Total (of positive shocks)		(147,355)	(0.046)

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Equity share position risk in banking accounts

As of 31 December 2021, the Bank has no equity share position risk arising from the equity share and banking accounts (31 December 2020: None).

VIII. Explanations Related to Liquidity Risk

The Bank pays attention to work under guarantees and committed to keeping most of its TL funds in liquid to meet the risks arising from transactions with Takasbank Money Market, Debt Securities Market, Futures and Options Market, Securities Lending Market, BIST Money Market, Share Market, BİAŞ Swap Market *and over the counter derivative market (OTC)*, and other transactions.

The Bank's main liquidity management strategy is to effectively manage all money market instruments and the potential risks that these instruments may pose to the Bank's balance sheet. In this direction, the highest attention is paid to the diversity of instruments, matching maturity structures and maintaining liquidity at an optimal level in order to reduce the risks associated with market products. Transactions with other banks in the over-the-counter market are carried out within the limits set by the Board of Directors. Compliance with these limits is regularly reviewed by the Internal Control and Compliance department.

The interest rates of payments, assets and liabilities are matched. Since there is no mismatch, there is no need for the measurement of the effect on profitability.

The Bank's short and long-term liquidity needs are met by internal and external resources.

The Bank's cash flows, its own funds and amounts remaining in members' free accounts, Takasbank money market (TMM), OTC derivatives market, stock lending market (PPP), natural gas market, renewable energy guarantee market (YEK-G), natural gas market (VGP), natural gas market, BİAŞ futures and options market (VIOP), electricity market, electricity futures market, BİAŞ money market and precious metals market, BİAŞ swap market, investor compensation center membership and pledge guarantees, check clearing, cash collateral received for reasons such as vehicle swap, crowdfunding platform, TEFAS, cash collateral for other services related to public guarantee management, are valued overnight at other banks in the over-the-counter market to manage liquidity risk.

The Bank manages its liquidity risk by having enough cash and cash equivalent resources in order to meet present and probable debt obligations, by being able to close short positions and by being able to fund loan requirements.

Liquidity position is assessed and managed considering the market-wide and Bank-specific factors. The most important scenario among these scenarios is to maintain the ratio of net liquid assets/payables to clients in limits.

According to the Decree of the Banking Regulation and Supervision Board dated 24 December 2015 and numbered 6613, for development and investment banks, it has been decided to apply the total and foreign currency liquidity adequacy ratios related to the first and second maturity brackets according to the first paragraph of Article 13 of the Regulation Regarding the Measurement and Evaluation of Banking Liquidity Adequacy and to continue to report to the Authority.

According to the fifth section of Article 4 of the Regulation on the Calculation of Liquidity Cover Ratio of Banks, it was decided that the ratio of consolidated and unconsolidated total and foreign currency liquidity coverage ratios shall be zero percentage.

Ratios throughout the period are as below:

	Current Period (%)	Prior Period (%)
Period Average	266	221
Highest	340	253
Lowest	247	200

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Undistributed ⁽¹⁾	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	67	-	-	-	-	-	-	67
Banks	601,070	38,205,853	-	-	-	-	-	38,806,923
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Money market placements	-	35,961	-	-	-	-	-	35,961
Fair value with changes in other comprehensive income	4,332	-	-	-	-	-	-	4,332
Loans	-	573,071	-	-	-	-	-	573,071
Financial assets measured at amortized cost	-	-	1,312,182	1,727,412	1,795,733	-	-	4,835,327
Other assets ⁽¹⁾	-	2,911	-	-	-	-	765,419	768,330
Total Assets	605,469	38,817,796	1,312,182	1,727,412	1,795,733	-	765,419	45,024,011
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed	-	3,416,560	-	-	-	-	-	3,416,560
Money market borrowings	-	218,904	-	-	-	-	-	218,904
Securities issued	-	-	-	-	-	-	-	-
Funds	29,382,571	8,573,386	-	-	-	-	-	37,955,957
Other liabilities	2,033	30,574	-	101,966	-	-	3,298,017	3,432,590
Total Liabilities	29,384,604	12,239,424	-	101,966	-	-	3,298,017	45,024,011
Liquidity gap	(28,779,135)	26,578,373	1,312,182	1,625,446	1,795,733	-	(2,532,599)	-
Net position								
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-
Liabilities from derivative financial instruments	-	-	-	-	-	-	-	-
Non-Cash Loans	-	35,597,855	2,375,066	1,326,496	-	-	-	39,299,417
Prior period								
Total assets	239,242	21,469,184	2,522,807	648,208	140,078	-	368,717	25,388,236
Total liabilities	16,071,438	6,641,668	-	62,847	-	-	2,612,283	25,388,236
Liquidity gap	(15,832,196)	14,827,516	2,522,807	585,361	140,078	-	(2,243,566)	-
Net position								
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-
Liabilities from derivative financial instruments	-	-	-	-	-	-	-	-
Non-Cash Loans	-	24,034,548	2,591,779	1,437,044	-	-	-	28,063,371

⁽¹⁾ Accounts that constitute the balance sheet assets such as fixed assets, participation and subsidiaries, prepaid expenses, receivables for follow up those are required to maintain banking operations and are not convertible to cash in short term period are recorded into this account.

Securitization positions:

The Bank does not apply securitisation as of 31 December 2021 (31 December 2020: None).

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Leverage Ratio:

a) Information on issues that cause differences between current period and previous period leverage ratios:

The leverage ratio calculated by the Bank in accordance with the "Regulation on Measurement and Assessment of Leverage of Banks" is 3.91% (31 December 2020: 4.35%). This ratio is above the minimum ratio and the regulation stipulates the minimum leverage ratio as 3%. The increase in the off-balance sheet transactions is the main reason for the change in the leverage ratio compared to the previous period.

b) Leverage ratio:

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Assets on the balance sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	40,152,948	27,207,408
(Assets deducted from core capital)	(119,603)	(111,317)
Total risk amount for assets on the balance sheet	40,033,345	27,096,091
Derivative financial instruments and credit derivatives		
Renewal cost of derivative financial instruments and loan derivatives	-	-
Potential credit risk amount of derivative financial instruments and loan derivatives	-	-
Total risk amount of derivative financial instruments and loan derivatives	-	-
Financing transactions with securities or goods warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	-	-
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	-	-
Off-the-balance sheet transactions		
Gross nominal amount of the off-balance sheet transactions	37,586,290	27,746,232
(Adjustment amount arising from multiplying by the credit conversion rate)		
Total risk amount for off-balance sheet transactions	37,586,290	27,746,232
Capital and total risk		
Tier 1 capital	3,031,349	2,383,680
Total risk amount	77,619,635	54,842,323
Leverage ratio		
Leverage ratio (%)	3.91	4.35

⁽¹⁾ The amounts in the table are calculated by using the quarterly average amounts.

Credit risk mitigation techniques

The Bank does not perform in-and off-balance sheet netting. The Bank's cash credit transactions consist of loans extended to intermediary firms. Equity securities, treasury bills, government bonds, a letter of guarantee, investment fund participation certificates and cash blockage collateral may be obtained for extended cash credits.

Takasbank Money Market (TMM) transactions are regarded as non-cash loans due to the guarantorship of the Bank in TMM. In the Futures Option Market (VIOP), the Borsa Istanbul Money Market, the Borsa Istanbul Equity Market, the Borsa Istanbul Debt Securities Market and the BİAŞ Swap Market and over the counter derivative market (OTC), due to the Bank being the counterparty, transactions are considered as non-cash loans and services are provided within the scope of guarantees.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

Credit risk mitigation techniques (continued)

Cash (TL, USD, EUR), guarantee letter, treasury bills, government debt securities, investment bond participation certificates, shares traded on the stock market and determined by Takasbank, Euro bonds, bank bonds and bills issued by the Ministry of Treasury and Finance, lease certificates issued by Hazine Müsteşarlığı Varlık Kiralama A.Ş., gold that can be traded on stock market are considered as collateral in Takasbank Money Market (TMM).

Cash (TL, US dollar, Euro, GBP), government domestic debt securities, Euro bonds (USD/EUR) issued by the Ministry of Treasury and Finance, Hazine Müsteşarlığı Varlık Kiralama A.Ş. lease certificates issued by the company, gold standard in the stock exchange, fund participation shares attached to the Stock Umbrella Fund, Borrowing Instruments Umbrella Fund related fund participation shares, Mortgage-backed securities, mortgage-backed securities, asset-backed securities and asset-backed securities. Stocks in BIST 100 index and Borsa İstanbul A.Ş. shares are given as collateral.

Cash (TL, USD, EUR, GBP), government domestic debt stock, as transaction collateral in VIOP, Euro bonds issued by the Ministry of Treasury and Finance, shares in BIST 100 index, fund participation shares affiliated to the Stock Umbrella Fund, fund participation shares of debt instruments umbrella fund, Undersecretariat of Treasury Varlık Kiralama A.Ş. Gold, mortgage-backed securities, mortgage-backed securities, asset-backed securities, and asset-backed securities are purchased.

Cash TL, convertible foreign currencies (USD, EUR, GBP), government domestic debt securities, T.R. Eurobonds issued by the Ministry of Treasury and Finance, T.R. Treasury Varlık Kiralama A.Ş. Lease bills issued by Borsa İstanbul A.Ş., gold in exchange-traded standards, shares in the BIST 100 index, fund shares affiliated to the Equity Umbrella Fund, fund shares affiliated to the Debt Securities Umbrella Fund, Borsa İstanbul A.Ş. Mortgage-backed securities, mortgage-backed securities, asset-backed securities and asset-backed securities are accepted as collateral. In addition, domestic debt securities issued by Germany and the U.S. can be accepted as transaction collateral in the BİAŞ swap market.

In Borsa İstanbul Stock Market and Borsa İstanbul Borrowing Instruments Market, cash TL, convertible foreign currency (USD, EUR, GBP), government domestic debt securities and Hazine Müsteşarlığı Varlık Kiralama A.Ş. Lease certificates issued by Euro bonds issued by the Ministry of Treasury and Finance, shares in BIST 100 index, Fund participation shares attached to the Stock Umbrella Fund, Borrowing Instruments Fund participation shares attached to the Umbrella Fund, Gold in the Stock Market Standard, Mortgage-backed securities, mortgage-backed securities, asset-backed securities and asset-backed securities, Borsa İstanbul A.Ş. shares are accepted as collateral.

Cash (TL, USD, EUR, GBP) as transaction collateral in OTC, government domestic debt stock, Euro bond issued by the Ministry of Treasury and Finance, Hazine Müsteşarlığı Varlık Kiralama A.Ş. Lease certificates issued by the Company, domestic debt securities issued by Germany and the USA, and mortgage-backed securities, mortgage-backed securities, asset-backed securities and asset-backed securities.

At the end of each day, Takasbank evaluates the collaterals at the prices stated below. In consequence of guarantee valuation carried out every day, in the event that the depreciation of the guarantees exceeds the limits determined by the Bank, a margin call is made to ensure that the guarantees are brought to the level of the initial guarantee.

- For foreign exchange: The average of the interbank rates throughout the day, including the time of risk calculation at 6:00 p.m. at the end of the day, and the bid rate published by CBRT at 3:30 p.m. at the time of risk calculation at the end of the day.
- For shares: the theoretical rate determined by Takasbank if no transaction has taken place on the stock exchange. For traded securities, the last transaction price may also be used, if the unmatched buy and sell orders arrive later than the last transaction price (in case of simultaneous purchase and sale), the average of the buy and sell prices.
- For government bonds, treasury bills and leasing certificates: the theoretical price determined using the Takasbank yield curve for the day of valuation, if these prices cannot be obtained, the indicative daily values determined by the CBRT for domestic government debt securities and the traded prices for domestic debt securities issued by the U.S. and Germany,

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

Credit risk mitigation techniques (continued)

- ç) For foreign currencies: the foreign exchange buying rate determined by the CBRT on the day of the valuation for the next day,
- d) For mutual funds: the price announced by the issuer on the day of the valuation,
- e) For Eurobonds: the prices calculated using the yield curve consisting of the traded Eurobonds and the price determined by Takasbank if the yield curve cannot be produced,
- f) For banknotes and bonds: The theoretical price calculated by Takasbank,
- g) For gold; In the last session of the Borsa Istanbul Precious Metals and Precious Stones Market on the day of valuation, the price calculated using the USD/ONS rate for transactions with a value date of T+0 and the CBRT foreign exchange buying rate, if the transaction has not taken place, the weighted average price formed in the previous session, if the transaction has not taken place, the theoretical price, or the weighted average price of the previous session
- ğ) For mortgage-backed securities, mortgage-backed securities, asset-backed securities and asset-backed securities; Theoretical price determined by Takasbank yield curve or the price determined by Takasbank.
- h) For the stock exchange share: the price determined by the protocol concluded between the stock exchange and Takasbank. After dividend payment and capital increase, Borsa İstanbul A.Ş. If the price is determined separately by the Company, the guarantees will be revalued with the price.
- ı) The price announced by the issuer for equity umbrella fund units and debt umbrella fund units.

Collaterals in terms of risk categories:

Exposure classifications - Current Period	Amount	Financial Collaterals	Other/ Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	4,963,298	7,012,259	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	50,979,240	8,913,826	-	-
Conditional and unconditional corporate receivables	12,042,669	422,848	-	-
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional secured mortgage receivables	-	-	-	-
Past due receivables	-	-	-	-
Receivables in high risk category defined by BRSA	-	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	918,767	-	-	-
Total	68,903,974	16,348,933	-	-

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

Credit risk mitigation techniques (continued)

Exposure classifications - Prior Period	Amount	Financial Collaterals	Other/ Physical Collaterals	Guarantees and Credit Derivatives
Conditional and unconditional receivables from central governments or central banks	2,693,174	4,865,387	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	31,204,274	6,136,677	-	-
Conditional and unconditional corporate receivables	8,092,816	276,832	-	-
Conditional and unconditional retail receivables	-	-	-	-
Conditional and unconditional secured mortgage receivables	-	-	-	-
Past due receivables	-	-	-	-
Receivables in high risk category defined by BRSA	-	-	-	-
Securities collateralised by mortgages	-	-	-	-
Securitisation positions	-	-	-	-
Short-term receivables from banks, stockbrokers and corporates	-	-	-	-
Investments of natured collective investment enterprise	-	-	-	-
Other receivables	795,347	-	-	-
Total	42,785,611	11,278,896	-	-

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk management objectives and policies

The purpose of the risk management system is to define, measure, track, and report the risks, through policies, implementing procedures, and limitations identified to track, control, and, when necessary, change the risk-gain structure of future cash flows of the Bank and therefore the nature and level of its activities.

The purpose of the internal capital adequacy assessment process (ISEDES) is to internally determine the capital level which is adequate to compensate for the risks that the Bank is or is likely to be exposed to and to enable the Bank to continue its operations with capital above this level.

When establishing and implementing the Risk Management System and ISEDES, the proportionality principle is considered, in accordance with BRSA legislation and good practice guidelines.

The general risk policy of the Bank is to perform its activities taking manageable, controllable, and reasonable risks, which maintain the balance between income and expenses. The Bank manages its risks in such a way that they stay above the minimum and below the maximum levels stated in the regulations published by the BRSA and below the risk appetite confirmed by the Board of Directors.

The fund management strategy of the Bank is designed to avoid any liquidity problems, to sustain optimization of the risk-income balance, and to obtain maximum benefits from resources while taking a reasonable level of risk.

The footnotes and related explanations prepared in accordance with the Communiqué on "Public Disclosures related with Banks' Risk Management Regulations" published in Official Gazette No. 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. The following tables, which should be given in six months periods in accordance with the related communiqué, have not been presented as of 31 December 2021 because the standard approach is used in the calculation of Bank's capital adequacy and there are no credit derivatives and securitization position.

- The Change Table of Risk Weighted Assets (RWA) under the Internal Grading Based (IGB) approach
- RWA changes for Counterparty Credit Risk under the Internal Capital Method
- The market risk RWA change table, according to the internal model approach
- Quantitative information to be made public for banks using internal model approach
- Internal model approach for trading account
- Comparison of VaR estimates with profit/loss
- IRB - Credit risk exposures by portfolio and PD range
- IRB (specialized lending and equities under the simple risk weight method)
- IRB (specialized lending and equities under the simple risk weight method)
- IRB - Retrospective test of default probabilities in each risk class
- Change table of RWA under IRB approach
- CVA capital charge
- IRB - CCR exposures by portfolio and PD scale
- Credit Derivatives
- Exposures to central counterparties
- Securitization exposures in the banking book
- Securitization exposures in the trading book
- Securitization exposures in the banking book and associated regulatory capital requirements - bank acting as originator or as sponsor
- Securitization exposures in the banking book and associated capital requirements - bank acting as investor

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk management objectives and policies (Continued)

1. Risk management approach and risk weighted amounts

1.1 Bank's risk management approach

a) How the business model determines and interacts with the overall risk profile (e.g. the key risks related to the business model and how each of these risks is reflected and described in the risk disclosures) and how the risk profile of the bank interacts with the risk tolerance approved by the board:

The Bank's activities basically consist of settlement, custody, collateral management, banking, central counterparty services (CCP), treasury operations and other transactions executed at the markets operated by the Bank. The risks exposed due to these activities are credit risk, market risk, operational risk, liquidity risk and interest rate risk in the banking book. Risks arising from information technologies and business continuity are evaluated in the operational risk framework. Capital is also allocated by the Bank to the covered risks under central counterparty general business risk with respect to CCP.

With regard to information technology risks, the development of key indicators such as business interruptions is tracked by the IT risk management and compliance team and reported to senior management. In addition, recommended actions and key risk indicators for risks at or above the operational risk appetite are monitored by the Internal Control and Compliance department and reported to senior management by the Risk Management department.

Specific significance is attributed to business continuity risks as a possible disruption in services provided by the Bank align with its structure and operations, may be to the extent of affecting entire capital markets. Effectiveness and its compliance with international standards of the Bank's business continuity management system and information security management system operations have been registered within this scope ISO 22301- Business Continuity Management System Certificate and ISO 27001- Information Security Management System Certificate were received by the Bank. In determining the risk profile, the risk factors and relationship between them that the Bank may be sensitive due to its structure and operations, are taken into account. Risk appetites have been set by the Bank Board of Directors for the entire risk exposure, and risk limits and signal values have been established based on general and critical risk types to control the current risk profile, which is in turn to prevent exceeding overall risk appetite and risk appetites based on risk types determined by the Board of Directors. The development of the risk limits and signal values are monitored regularly by the Risk Management Department and reported to Executive Management.

The Bank's risk appetite is reviewed according to results of internal capital adequacy assessment process (ICAAP) at least once a year, risk limits and signal values determined in terms of general and risk types are reviewed according to the changes in market conditions and Bank's strategies. The review process is conducted to determine if the limits are significant and sufficient with respect to risks and the Bank's risk appetite. The primary responsibility for the review of limits, and overseeing that the risks assumed by the Bank are within the risk limits and monitored by the Executive Management lies with the Board of Directors.

Signal value overflows are reported via e-mail by the Risk Management Department to the Audit Committee, Senior Management and unit managers who perform the respective process at the management of the business line. If the overflows occur in the allocated risk appetites and risk limits, written information is provided to the Audit Committee by the Risk Management Department to notify the Senior Management and Board of Directors ensuring that the necessary measures to be taken.

In the markets, where the Bank provides CCP service, there are trade limits allocated to members in order to limit risks of the members against the Bank. The maximum risk limits are determined using the shareholder's equity and/or ratings issued by the internal rating and assessment system of the Bank. Risk limits can be set over nominal open position amounts or another indicator (e.g. value at risk) that measures member risks, such as initial margin. Along with this, there are also liquidity risk, credit risk and concentration risk limits based on markets, where CCP service is provided.

Credit risk exposure of the Bank by the reason of the CCP service is monitored by comparing existing (deposited) margin with the required margin. Concentration risk is monitored to based on the ratio of required margin level for each member to total margin requirement in the respective market, and the limit is monitored on daily basis by the Central Counterparty Department of the Bank. However, if in any market the ratio of the risks belonging to members outside the top 3, to total risk doesn't exceed a certain rate (if the market does not have enough depth) and/or, if there are members that use less than a certain ratio of the allocated limit in the respective market, the limit cannot be applied.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

1. Risk management approach and risk weighted amounts

1.1 Bank's risk management approach

a) How the business model determines and interacts with the overall risk profile (e.g. the key risks related to the business model and how each of these risks is reflected and described in the risk disclosures) and how the risk profile of the bank interacts with the risk tolerance approved by the board (continued):

If concentration limits are exceeded by any member, the member may be prevented from taking an additional position, the member may be demanded for additional trade margin, and its trade limits may be reduced until the end of a period to be set with the approval of the General Manager of the Bank and if required with the decision of Board of Directors.

It is essential that the ratio of the sum of liquid trade margins of the top 2 members with highest risk at each market, where the Bank is CCP, liquid assets in the respective market's guarantee fund and the highly liquid assets that the Bank allocates and commits from its own capital, to the risk amount of these members is not below a certain limit.

b) The risk governance structure: responsibilities attributed throughout the bank (e.g. oversight and delegation of authority; breakdown of responsibilities by type of risk, business unit etc.); relationships between the structures involved in risk management processes (e.g. board of directors, executive management, separate risk committee, risk management structure, compliance function, internal audit function):

Duties, authorities and responsibilities within the scope of risk management system are performed by Executive Management in accordance with the legislation and by all the units of the Bank as part of the framework of communiqués, procedures and directives. It is mandatory to ensure that risk management policy and implementing procedures adapt to the changing conditions. The Board of Directors assesses regularly the sufficiency of such policy and implementing procedures and makes the necessary changes. Bank Senior Management is jointly and Board Members are severally responsible for the design and its application within the Bank of ICAAP. ICAAP Report and Stress Test Report are prepared in coordination with Risk Management Department with the participation of all respective units, and the results of the reports are used in the Bank's decision-making processes.

Three line of defence approach that comprising of business line management, central risk management function and independent review, is employed in risk management. Accordingly;

- Under the management of the business line, risks arising from product and services provided by each unit of the Bank, employed process, human resource and systems are determined, process and sub-process based risks and controls are defined, and Senior Management is informed ensuring that appropriate actions are taken.
- Central risk management function is facilitated by establishing risk and control systems within the Bank, segregation of duties and responsibilities and review of process and functions by Risk Management Department, Internal Control and Compliance Department besides operational units performing such functions. Internal Control and Compliance Department perform activities involving controlling that the banking and capital markets activities offered by the Bank are compliant with respective legal regulations, internal regulations and if necessary international practices in an effective and adequate manner at first line, as "secondary phase protection" element. Such activities and their control periods are determined annually in Internal Control List. Furthermore, Internal Control and Compliance Department and Internal Audit Department conduct tasks related to the Management Statement.
- Independent review process involves assessment of risk management and internal control framework from all aspects. Internal Audit Department provides extensive assurance for Board of Directors and Senior Management, as an element capable of acting in an independent and impartial manner within the organization. During audit activities, first of all, compliance of Bank activities with the regulation, internal strategies, policies, principles and targets are analysed. In addition, reports are submitted to Board of Directors and Senior Management on whether first and second line of defence have reached risk management and risk control targets or not, and on effectiveness and efficiency of risk management and designed controls. Elements such as effectiveness and efficiency of Bank operations, protection of assets, reliability and soundness of reporting processes, risk management and internal control framework, operation units and their functions, infrastructure, asset management and information technology are included into the scope of assurance reported to Board of Directors and Senior Management.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

1. Risk management approach and risk weighted amounts (continued)

1.1. Bank's risk management approach (continued)

b) The risk governance structure: responsibilities attributed throughout the bank (e.g. oversight and delegation of authority; breakdown of responsibilities by type of risk, business unit etc.); relationships between the structures involved in risk management processes (e.g. board of directors, executive management, separate risk committee, risk management structure, compliance function, internal audit function): (continued)

The assumed risks due to CCP activities are managed within a comprehensive risk management framework. The framework of this risk management has been determined within the scope of İstanbul Takas ve Saklama Bankası A.Ş. Incorporation Central Counterparty Regulation. The respective regulation regulates a detailed risk management framework such as membership types and trade limits, margining and guarantee fund, stress tests, risk management practices, model security and back tests, the position of internal system units activities in CCP risk management framework, risk mitigation methods and crisis management tools. Such activities are performed by the Central Counterparty Department within the Bank's organization structure.

The Bank has established a CCP Risk Advisory Committee designated to submit opinion to Board of Directors on CCP regulations and management of CCP risks and relevant matters. The Committee consists of CCP member representatives, representatives CCP members' legal entity clients and independent members of Takasbank Board of Directors and chaired by one of the independent member of Board of Directors. At Risk Advisory Committee, matters that may affect CCP's risk management such as change in risk models used in CCP risk management, default procedures, membership admission criteria, settlement of new type of capital market instruments or usage of insurance or external resource use in the transactions are discussed.

To prevent systemic risk, the Bank allocates capital for risks arising from CCP activities and determines the committed capital from the remaining capital. The stress tests conducted as part of the CCP application assess whether the collateral, guarantee fund, and resources that can be deployed in the event of a Bank default in the markets where CCP services are provided, consisting of the allocated and committed portions of capital, are large enough to cover the funding needs that will arise from the two highest-risk members and their affiliates. In addition, the appropriateness of the models and confidence levels used in the calculation of initial margin in the markets where CCP services are provided is analyzed by the Bank through backtesting. The results of the stress tests and retrospective tests, as well as any recommended actions, are reported quarterly to the Board of Directors via the internal system units and to the Capital Markets Board (CMB) via the CCP department.

c) Channels to communicate, decline and enforce the risk culture within the bank (e.g. code of conduct; manuals containing operating limits or procedures to treat violations or breaches of risk thresholds; procedures to raise and share risk issues between business lines and risk functions):

At least, in order for creating a Bank-wise risk culture through the framework of operational risk management established by the Bank in accordance with Takasbank Operational Risk Management Procedure; Risk Management Department consult on management of risk exposure by the through mutual negotiations with all the risk and control officer or process owners at workshop studies, training documents are sent to the Bank personnel and if required training is provided and operational risk policy and procedures are announced to the relevant Bank staff.

The Bank's risk and control self-assessment process involves assessment of the impacts, possibilities and controls of risks that Bank processes are exposed to, and appropriate actions for risks aligned with or above the Bank's operational risk appetite.

During self-assessment studies, in coordination with Risk Management Department and Internal Control and Compliance Department, sub-processes risks and controls established against these risks are reviewed and updated by holding mutual negotiations with all units. Risks belonging to all units are also screened by Internal Audit Department and Internal Control and Compliance Department for the usage of audit and control activities.

Procedures and principles have been regulated regarding promptly and adequately execution of activities that shall be carried out pursuant to The Bank, Organization and Duties Instruction, Banking Law, Capital Markets Law and provisions of other relevant legislations, determination of the organizational structure and role and realm of authority of the units and facilitation of coordination among units.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

1. Risk management approach and risk weighted amounts (continued)

1.1. Bank's risk management approach (continued)

c) Channels to communicate, decline and enforce the risk culture within the bank (e.g. code of conduct; manuals containing operating limits or procedures to treat violations or breaches of risk thresholds; procedures to raise and share risk issues between business lines and risk functions) (continued)

At least, in order for creating a Bank-wise risk culture through the framework of operational risk management established by the Bank in accordance with Takasbank Operational Risk Management Procedure; Risk Management Department consult on management of risk exposure by the through mutual negotiations with all the risk and control officer or process owners at workshop studies, training documents are sent to the Bank personnel and if required training is provided and operational risk policy and procedures are announced to the relevant Bank staff.

Pursuant to Takasbank Risk Management Communiqué, signal value overflows are reported to the Audit Committee Senior Management and unit managers whose performing the respective process at the business line management via e-mail by the Risk Management Department. In addition to this, if an overflows occur in the allocated risk appetites and risk limits, written information is provided to the Audit Committee by the Risk Management Department to notify the Senior Management and Board of Directors ensuring that the necessary measures are taken. Also Banking Ethical Principles that was published by the BRSA has been adopted by the Bank's personnel and the Takasbank Code of Ethics Instruction has been approved by the Board of Directors.

In the Asset Liability Committee meeting held with the participation of Senior Management, relevant unit managers and Risk Management Department Manager on monthly basis, a consultation is held on the Bank's entire operations and it is ensured that necessary action is taken.

Details of ICAAP process established at the Bank and stress test procedure and principles are provided in the Takasbank ICAAP Instruction and Takasbank Stress Test Program Policy and Implementation Procedures respectively.

d) The scope and main features of risk measurement systems:

Systems, which may be applied in a reliable and integrate with the operations, have been built to measure quantifiable risk exposure of the Bank and assess non-quantifiable risks, procedures and principles are provided in the communiqué and procedures which are endorsed by the Board of Directors.

Board of Directors and Senior Management evaluate assumptions underlying the used models and their limitations, data sources used to measure risks and adequacy and suitability of implementation procedures. Accuracy and reliability of risk measurement methodologies, methods or models are determined by using actual results via back tests. To reflect the changing market conditions, methodologies, methods and models used in risk measurement are updated periodically.

In all risk analysis and assessments as part of principle of proportionality first and second pillar risks are taken into account. Credit risk (counterparty credit risk is included), market risk and operational risk which are part of the first pillar risk measured and reported periodically according to standardised approach, standard method and basic indicator approach respectively and reported pursuant to Communiqué on Measurement and Assessment of Banks' Capital Adequacy and its sub-regulations. Also, credit risk that the Bank is exposed to due to guarantees provided under CCP activities and the transactions causing this risk, are measured under legal credit risk capital requirement. Second pillar risks are assessed within the scope of ICAAP.

Value at market risk and internal market risk capital requirement are calculated on daily basis by using internal method which is determined in the Communiqué on Measurement and Assessment of Banks' Capital Adequacy and its sub-regulations, and the loss amount that the portfolio may be exposed to is reported to Senior Management via stress tests and scenario analysis.

Legal risk, reputational risk, strategic risk, business continuity risk, information technologies risk and risks arising from critical stakeholders and subsidiaries, which may affect the Bank's operations and reputation, are considered as operational risk. As part of operational risk, all quantifiable and non-quantifiable risks are addressed in the Operational Risk Database, and losses, which are quantifiable, and reflected to booking records as expenses are addressed in the Operational Risk Loss Database.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

1. Risk management approach and risk weighted amounts (Continued)

1.1. Bank's risk management approach (continued)

d) The Scope and main features of risk measurement systems: (continued)

Risk assessment is conducted in coordination with Risk Management Department with all the respective units by the Bank in the considering of the entire risk exposure before new product and services are offered. In addition to this, also Risk Analysis Report and Technical Adequacy Report are prepared in accordance with the Communiqué Regarding Banks Receiving Support Service and Takasbank Support Service Purchasing Procedure before support service purchasing contract is signed by the Bank or service contract with the support service provider is renewed and then are submitted for Board of Directors approval annexed to the Audit Committee Assessment Report.

e) Explanations about the process of risk information reporting provided to the board and senior management, in particular the scope and main content of reporting on risk exposure:

The Banks establishes extensive reporting systems and prepares reports to be used in the management of risk exposure, processes involving determination of strategies and decision-making. The reports prepared should at the least include information such as;

- Risk analysis results and development,
- Results of stress tests and scenario analysis are intended to respective risk type and the whole of the Bank,
- Whether there was an overflows of risk limits and signal values,
- Assumptions underlying risk assessment process, parameters and constraints regarding the used models and any changes in these,
- Risk mitigation techniques and risk transfer strategies

The Bank ensures that measurement, assessment, monitoring, stress test and scenario analysis studies aligned with operational structure and complexity are carried out with respect to risk management and the respective results are reported regularly. It is ensured that the reports are submitted at regular intervals to the Board of Directors and via Senior Management to the units responsible for occurrence and monitoring of risk.

f) Qualitative information on stress testing (e.g. portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management):

A stress test program has been built by the Bank to measure that the risks and fragilities may arise from adverse development pertain to the Bank or come to light in economic and financial environment under stress, the procedures and principles related to the process have been provided in the Takasbank Stress Test Program Policy and Implementation Procedures. Stress tests are designed in coherence with the Bank's risk appetite and strategy and with a forward-looking perspective and include risk mitigating management actions.

Risk concentrations existing in different areas are revealed upon application of partial stress test for certain portfolio and/or critical risk types affecting the bank. Holistic stress tests targeting the entire Bank, employed in capital and liquidity planning, are carried out with the participation of all the relevant units of the Bank and in coordination with Risk Management Department in the context of ICAAP at least once a year, and sent to BRSA following Board of Directors approval with ICAAP report. The Bank takes into account stress tests that carried out under ICAAP, scenario analysis and their results in creating budget, strategic plan, fund management strategy and policies. In the stress tests apply fundamentally scenarios such as the increase in interest rates and downgrade of sovereign rating are tackled.

The stress tests conducted as part of the CCP application will assess whether the collateral, guarantee fund, and resources that can be deployed in the event of a bank failure in the markets in which the CCP service is provided, consisting of the allocated and committed portions of capital, are large enough to meet the funding needs that will be created by the two highest risk members and their affiliates. In addition, the appropriateness of the models and confidence levels used in the calculation of initial margin in the markets where CCP services are provided is analyzed by the Bank through backtesting. The results of the stress tests and retrospective tests, as well as any recommended actions, are reported to the Board of Directors via the internal system units and to the CMB by the CCP department on a quarterly basis.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

1. Risk management approach and risk weighted amounts (Continued)

1.1. Bank's risk management approach (continued)

f) Qualitative information on stress testing (e.g. portfolios subject to stress testing, scenarios adopted and methodologies used, and use of stress testing in risk management): (Continued)

Reverse stress tests conducted by the Central Counterparty Services (CCP) Department on a quarterly basis analyze how many CCP member defaults can be covered by total default resources in the event that CCP members that have not defaulted under extreme market conditions fail to meet or fulfill their additional contribution obligations. Reverse stress tests are performed to determine how many CCP members can cover the default of the total default resources under the extreme market conditions defined in the stress tests, and to analyze the market conditions that equate the total default resources to the resource requirements that could result from the default of the two highest risk members and their affiliates.

g) The strategies and processes to manage, hedge and mitigate risks that arise from the bank's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants:

Bank operations basically consist of settlement, custody, collateral management, banking, central counterparty services and treasury operations and other transactions executed at the markets operated by the Bank. The risk exposure due to these operations are credit risk, market risk, operational risk, liquidity risk and interest rate risk in the banking book. Information technologies risks and business continuity risks are considered as operational risk. Capital is also allocated by the Bank to covered risks under central counterparty general business risk with respect to CCP.

The Bank manages its risks ensuring that they remain over/under the minimum/maximum limits in all the governing legal regulations and below the risk appetites endorsed by the Board of Directors based on overall risk and risk types. The Bank has determined signal values under risk limits based on overall risk and risk type, and early warning systems in the name of controlling current risk profile to avoid overflows of overall risk appetite and risk appetites based on risk types endorsed by the Board of Directors and such values are monitored regularly by the Risk Management Department.

Within the scope of Takasbank Restructuring Plan endorsed by the Bank's Board of Directors, required actions are taken by Executive Management to reduce the risk levels that the Bank is exposed to, aforesaid plan is reviewed at least once a year in coordination with Risk Management Department with participation of all related units of the Bank.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

1. Risk management approach and risk weighted amounts (continued)

1.1. Bank's risk management approach (continued)

g) The strategies and processes to manage, hedge and mitigate risks that arise from the bank's business model and the processes for monitoring the continuing effectiveness of hedges and mitigants (continued):

In reducing credit risk level, the Bank may take into account besides risk mitigant effect of collaterals, risk mitigation techniques such as insurance or derivative products for hedging risks. In addition to this, while using margins, guarantee fund contribution shares, and Takasbank resources that may be resorted to in the default event of CCP members pursuant to Article 36 of İstanbul Takas ve Saklama Bankası A.Ş. Incorporation Central Counterparty Regulation, the following priority order should be followed:

- Collaterals in the accounts of the defaulted CCP member itself or in the customer accounts under itself where a deficit of collateral occurs,
- The deposited guarantee fund contribution share of the defaulted CCP member,
- Compensations to be made from insurance policies, if any,
- Allocated capital of Takasbank for covered risks,
- Deposited guarantee fund contributions of the other CCP members,
- Additional guarantee fund contributions which may be requested from the CCP members,
- Commitment made from the remaining capital of Takasbank.

In article 46 and 73 of 6362 no Capital Markets Law, it is legislated that clearing and custody agencies may request collateral from investment institutions and investors under investment services and activities, assets in guarantee fund, established with collaterals kept with clearing agencies to overcome clearing risks, cannot be seized or pledged even for public claims, cannot be included into bankruptcy estate and precautionary measure cannot be exercised over them. This situation legally leaves collaterals provided to the Bank by the members out of bankruptcy and acts as a credit mitigant on the credit risk that the Bank may be exposed to.

The Bank's fund management strategy is designed to avoid liquidity problems, optimize the risk-return ratio, take appropriate risks and use resources with the highest efficiency. The Bank's securities portfolio includes government bonds and Eurobonds issued by the Ministry of Treasury and Finance of the Republic of Turkey, as well as debt securities and leasing certificates issued by banks located in Turkey. In addition, derivative products may be used for hedging purposes and for risk mitigating transactions in relation to positions taken under CCP services.

Actions suggested for risks aligned with or above operational risk appetite and key risk indicators are monitored by Internal Control and Compliance Department and reported by Risk Management Department to Executive Management. Moreover, operational risk losses, process and sub-process risks are monitored periodically. The operational risks that the Bank is/may be exposed to covered to a large extent by purchasing insurance policies.

It is assessed by the Senior Management whether risks shall be accepted or not for risks aligned with or above the Bank's operational risk appetite, for uncontrollable risks and risks that cannot be mitigated, and whether the level of activity in such line of business shall be reduced or not or entirely terminated or not and submitted to the approval of Board of Directors.

Distribution of the Bank's asset and liability items are based on certain currencies and maturity/repricing period, liquidity deficit/surplus, resources that may be generated during possible liquidity crisis situations and free shareholders' equity level are monitored regularly.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk management objectives and policies (Continued)

1. Risk management approach and risk weighted amounts (continued)

1.2 Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum Capital
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk)	14,649,703	9,325,723	1,171,976
Standardised approach	14,649,703	9,325,723	1,171,976
Internal rating-based approach			
Counterparty credit risk	8	10	0.7
Standardised approach for counterparty credit risk	8	10	0.7
Internal model method			
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies-look through approach	-	-	-
Investments made in collective investment companies-mandate-based approach	-	-	-
Investments made in collective investment companies-1250% weighted risk approach	-	-	-
Settlement risk	-	-	-
Securitization exposures in banking book	-	-	-
IRB ratings-based approach	-	-	-
IRB supervisory formula approach	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	19,938	20,263	1,595
Standardised approach	19,938	20,263	1,595
Internal model approaches	-	-	-
Operational risk	1,629,131	1,366,869	130,331
Basic Indicator approach	1,629,131	1,366,869	130,331
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
Floor adjustments	-	-	-
Total	16,298,779	10,712,864	1,303,903

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

2. Linkages between financial statements and regulatory exposures

2.1 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period	Carrying values of items in accordance with TAS				
	Carrying values under scope of regulatory consolidation	Subject of credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and balances at central bank	67	67	-	-	-
Financial assets held for trading	-	-	-	-	-
Financial assets at fair value through profit or loss	4,332	-	-	-	-
Banks	38,806,923	38,852,237	-	6,702,338	-
Receivables from money markets	35,961	-	35,961	-	-
Financial assets available for sale (net)	-	4,332	-	661	-
Loans and receivables	573,071	573,749	-	-	-
Factoring receivables	-	-	-	-	-
Held-to-maturity investments (net)	4,835,327	4,835,327	-	4,207,513	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	4,825	-	-	-	4,825
Investments in joint ventures (net)	-	-	-	-	-
Leasing receivables	-	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-
Tangible assets (net)	7,621	7,612	-	-	9
Intangible assets (net)	116,214	-	-	-	116,214
Investment properties (net)	46,250	46,250	-	-	-
Tax assets	9,066	-	-	-	9,066
Assets held for sale and discontinued operations (net)	-	-	-	-	-
Other assets	584,354	584,354	-	928	-
Total assets	45,024,011	44,903,928	35,961	10,911,440	130,114
Liabilities					
Deposits	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-
Loans	3,416,560	-	-	3,395,552	-
Debts to money markets	218,904	-	-	-	-
Issued securities	-	-	-	-	-
Funds	37,955,957	-	-	7,495,950	-
Miscellaneous debts	-	-	-	-	-
Other liabilities	-	-	-	-	-
Factoring debts	-	-	-	-	-
Debts from leasing transactions	2,033	-	-	-	-
Derivative financial liabilities	-	-	-	-	-
Provisions	87,149	-	-	-	-
Tax liability	106,506	-	-	-	-
Liabilities for assets held for sale and discontinued operations (net)	-	-	-	-	-
Subordinated loans	-	-	-	-	-
Equity	3,236,902	-	-	-	596
Total liabilities	45,024,011	44,903,928	35,961	10,891,502	596

Banks subject to credit risk are included in the market risk column as the foreign currency denominated in financial assets and other assets items whose fair value differences are reflected in other comprehensive income are exposed to foreign exchange risk.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

2. Linkages between financial statements and regulatory exposures (Continued)

2.1 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Continued)

Prior Period	Carrying values of items in accordance with TAS				
	Carrying values under scope of regulatory consolidation	Subject of credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets					
Cash and balances at central bank	290	290	-	-	-
Banks	22,453,886	22,480,895	-	4,364,235	-
Receivables from money markets	25,827	-	25,827	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-
Financial assets at fair value through other comprehensive income	4,332	4,332	-	661	-
Financial assets at fair value through amortized cost	2,434,725	2,435,054	-	1,411,751	-
Derivative financial assets	-	-	-	-	-
Loans (net)	99,764	99,886	-	-	-
Investments in associates (net)	-	-	-	-	-
Investments in subsidiaries (net)	4,825	-	-	-	4,825
Investments in joint ventures (net)	-	-	-	-	-
Leasing receivables	-	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-
Tangible assets (net)	10,296	10,266	-	-	30
Intangible assets (net)	106,908	-	-	-	106,908
Investment properties (net)	35,730	35,730	-	-	-
Tax assets	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	-	-	-	-	-
Other assets	211,653	211,653	-	2,447	-
Total assets	25,388,236	25,278,106	25,827	5,779,094	111,763
Liabilities					
Deposits	-	-	-	-	-
Loans	1,843,473	-	-	1,786,447	-
Debt to money markets	203,020	-	-	-	-
Debt securities in issue	-	-	-	-	-
Funds	20,643,166	-	-	3,972,382	-
Derivative financial liabilities	-	-	-	-	-
Factoring debts	-	-	-	-	-
Other liabilities	-	-	-	-	-
Debts from leasing transactions	2,042	-	-	-	-
Provisions	68,894	-	-	-	-
Tax liability	64,282	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	912	-	-	-	-
Subordinated loans	-	-	-	-	-
Equity	2,562,447	-	-	-	294
Total liabilities	25,388,236	-	-	5,758,829	294

(1) The previous period adjustments are not reflected in the third section note on other matters.

Banks subject to credit risk are included in the market risk column as the foreign currency denominated in financial assets and other assets items whose fair value differences are reflected in other comprehensive income are exposed to foreign exchange risk.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

2. Linkages between financial statements and regulatory exposures (continued)

2.2 Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Asset carrying value amount under scope of regulatory consolidation - Current Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
Liabilities carrying value amount under regulatory scope of consolidation	45,024,011	44,903,928	35,961	10,911,440
Total net amount under regulatory scope of consolidation	45,024,011	-	-	10,891,502
Off-balance sheet amounts	45,024,011	44,903,928	35,961	19,938
Differences in valuations	40,081,926	40,081,926	-	-
Differences due to different netting rules(except placed row 2)	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Exposure amounts considered for regulatory purposes	-	-	-	-
Asset carrying value amount under scope of regulatory consolidation	85,308,806	85,252,907	35,961	19,938

Asset carrying value amount under scope of regulatory consolidation - Prior Period	Total	Items subject to credit risk framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
Liabilities carrying value amount under regulatory scope of consolidation	25,388,236	25,278,106	25,827	5,779,094
Total net amount under regulatory scope of consolidation	25,388,236	-	-	5,758,829
Off-balance sheet amounts	25,388,236	25,278,106	25,827	20,263
Differences in valuations	28,651,331	28,651,331	-	-
Differences due to different netting rules(except placed row 2)	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Exposure amounts considered for regulatory purposes	-	-	-	-
Asset carrying value amount under scope of regulatory consolidation	54,110,597	54,064,507	25,827	20,263

2.3. Explanations of differences between accounting and Regulatory exposure amounts in accordance with TAS:

- Banks explain the origins of any significant differences between the amounts in columns a and b on B1.
There are no significant differences. As there is no difference according to the explanation of the regulation, the table has been filled by merging with the respective column.
- Banks explain the origins of differences between carrying values and amounts considered for regulatory purposes shown in B2.
- In accordance with the implementation of the guidance on prudent valuation (Regulation on Measurement and Evaluation of Capital Adequacy of Banks Annex 3) banks must describe systems and controls to ensure that the valuation estimates are prudent and reliable. Disclosure must include: -Valuation methodologies, including an explanation of how far mark-to-market and mark-to-model methodologies are used. - Description of the independent price verification process. -Procedures for valuation adjustments or reserves (including a description of the process and the methodology for valuing trading positions by type of instrument).

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure

3.1 General information about credit risk

3.1.1 General qualitative information about credit risk

a) How the business model translates into the components of the bank's credit risk profile:

Loan transactions bear the possibility of borrower member or guarantors' inability to perform their obligations that they have committed and undertaken in writing and as per the agreements, meaning credit risk.

The Bank's cash loan transactions consist of loans offered to brokerage houses. Additionally, cash loans may also be offered to members, who are unable to perform their cash obligation at Turkey Electronic Fund Trading Platform on effective date, meaning defaulted members. As the Bank acts as a guarantor in the mutual obligations of members at Takasbank Money Market, these transactions are considered as non-cash loan according to banking regulation. The Bank acts as CCP at Security Lending Market, Futures and Options Market and Borsa Istanbul Money Market, Borsa İstanbul Debt Securities and Borsa İstanbul Debt Securities Market and BİAŞ Swap Market and over the counter derivative market (OTC), obligations in these markets are also of noncash loans.

In addition to this, the Bank may also be exposed to credit risk due to treasury transactions executed as part of fund management operations and transactions executed under the Bank's collateral management functions.

b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits:

Credit risk appetite has been determined by the Bank's Board of Directors taking into account concentration in cash and noncash loan transactions of the Bank that are subject to credit risk. The Bank's credit risk appetite is reviewed at least once a year. In addition to this, to control risk in question, limit and signal values have been set by the Board of Directors to avoid overflow of credit risk appetite and these limits are monitored on daily basis by Risk Management Department.

Audit Committee, Senior Management and unit managers performing the respective process at the management of the business lines are notified by the Risk Management Department via email when the signal value is reached. If the allocated credit risk limits and credit risk appetite is exceeded, written information is provided to the Audit Committee by the Risk Management Department to notify Senior Management and Board of Directors ensuring that required measures are taken.

Credit risk limits and signal values are reviewed according to market conditions and changes in the Bank's strategies, and the review process is handled to determine if limits are significant and sufficient against risks and the Bank's credit risk appetite. The supervisory responsibility regarding reviewing of credit risk limits and overseeing that risks assumed by the Bank are within risk limits and for monitoring by the Executive Management belongs to the Board of Directors.

The Bank has trade limits that allocated to members at markets, where the Bank acts as CCP, to limit members' risks against the Bank. In determining maximum risk limits are used with shareholders' equity and/or ratings issued by the Bank's internal rating and assessment system are used. Risk limits may be set over nominal open position amounts or another indicator such as initial margin that measures member risks (for instance value at risk). In addition, there is also concentration risk limit determined based on CCP markets and in this regard the ratio of required margin for each member to the total requirement at the market is monitored on daily basis by CCP Department.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (Continued)

3.1 General information about credit risk (continued)

3.1.1 General qualitative information about credit risk (continued)

c) Structure and organisation of the credit risk management and control function:

In credit risk management three line of defence consisting of business line management, central risk management function and independent review, is used. Accordingly;

- Under the management of the business line, process and sub-process based risks and controls are defined by Derivatives Clearing and Settlement Team, Debt Securities Clearing and Settlement Team, Treasury and Credits Departments, Markets Department and Central Counterparty Department, and Senior Management is informed ensuring that appropriate actions are taken.
- Central risk management function is facilitated by establishing credit risk and control systems within the Bank, segregation of duties and responsibilities and review of process and functions by Risk Management Department, Internal Control and Compliance Department besides operational units performing such functions. Internal Control and Compliance Department perform activities involving controlling that the banking and capital markets activities offered by the Bank are compliant with respective legal regulations, internal regulations and where necessary compliant with international practices in an effective and adequate manner at first line, as “secondary phase protection” element. Such activities and their control periods are determined annually in Internal Control List. Furthermore, Internal Control and Compliance Department and
- Independent review process involves assessment of risk management and internal control framework from all aspects. Internal Audit Department provides extensive assurance for Board of Directors and Senior Management, as an element capable of acting in an independent and impartial manner within the organization. During audit activities, first of all, compliance of Bank activities with the regulation, internal strategies, policies, principles and targets are analysed. In addition, reports are submitted to Board of Directors and Senior Management on whether first and second line of defence have reached credit risk management and risk control targets or not, and on effectiveness and efficiency of credit risk management and designed controls. Elements such as effectiveness and efficiency of Bank operations, protection of assets, reliability and soundness of reporting processes, credit risk management and internal control framework, operation units and their functions, infrastructure, asset management and information technology are included into the scope of assurance reported to Board of Directors and Senior Management.

Roles, authorities and responsibilities as part of credit risk management are performed by the Executive Management in line with the governing regulation, and by all of the Bank’s units subject to their own communiqué, procedure and directives.

In cases where credit risk limit and signal values are overflowed, and members fail to perform their obligations at markets, where CCP service is provided by the Bank, required actions are put into effect by Executive Management in accordance with Takasbank Restructuring Plan. In particular for CCP activities, liquidity risk is related to credit risk and in this regard in terms of cashing in margins liquidity risk is evaluated specifically and at the same time restructuring tools include actions against liquidity crunch that the Bank may face due to the CCP service it provides. These action are chosen as to minimize financial risk that the Bank faces, and at the same time to have minimal negative impact on the market, and systemic risk is evaluated in terms of providing assurance to the market, and its impacts on member/clients.

An authorized CCP Risk Advisory Committee has been established by the Bank to provide advice to the Board of Directors on CCP risks management related issues, in such committee matters, which may affect CCP’s risk management such as changes in risk models used in CCP risk management, default procedures, member admission criteria, settlement of new type of capital market instrument or use of insurance or external resources in transactions, are discussed.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (Continued)

3.1 General information about credit risk (continued)

3.1.1 General qualitative information about credit risk (continued)

d) Relationships between the credit risk management, risk control, compliance and internal audit functions:

Credit risk related to operations are maintained by business lines with a perspective focused on risk. At the first line of defence; credit risk is managed through the existence of an effective and strong collateral mechanism and allocation of appropriate limits. In determining credit or position limits to be allocated to financial institutions and membership types of members, who shall execute trades at CCP markets or CCP- enabled capital market instruments, ratings resulting from internal credit rating and assessment system study and representing credit worthiness of the financial institutions and their strength to serve their existing or future commitments to the Bank, are used after such limits entry into force following Board of Directors approval.

Credit worthiness of the members is monitored by the Bank at regular intervals, and credit limits are updated according to the changes in the members' financial structures. Continuous and transaction basis execution of limits, risk and collateral controls in electronic environment for minimizing operational errors.

Liquid and/or near-liquid collateral shall be taken at the time of loan disbursement in accordance with the relevant rules and guidelines developed by the Derivative Instruments Settlement Department, Equity and Debt Settlement Department, Credit Department, Markets Department, and Central Counterparty Department. Collateral is valued at the end of each day, and valuation coefficients are used in calculating the collateral values of non-cash assets to avoid impairment or liquidity problems when the collateral is converted into cash as needed.

In article 46 and 73 of 6362 no Capital Markets Law, it is legislated that clearing and custody agencies may request collateral from investment institutions and investors under investment services and activities, assets in guarantee fund, established with collaterals kept with clearing agencies to overcome clearing risks, cannot be seized or pledged even for public claims, cannot be included into bankruptcy estate and precautionary measure cannot be exercised over them. In this regard, collaterals entrusted to Takasbank are taken under legal protection and this situation creates a risk mitigating effect for the Bank's credit risk exposure.

In all CCP markets ensure that members perform their obligations promptly and in full to Takasbank, it is essential that risks are measured in an effective manner and monitored. In this regard;

- Initial margin level is calculated at regular intervals to include the recently experiences financial volatilities and monitored continuously in considering of market conditions and revised when required.
- Guarantee fund size is created used confidence levels, which describe very strong financial volatilities but of low possibility.
- Trade margin sufficiency should be followed to the extent of intraday price movement and position changes.
- Trade margins, guarantee fund contributions shares, sufficiency of resources allocated and committed from the Bank capital to CCP risks are followed at regular intervals via stress tests.
- Financial strength of members is monitored continuously and their trades are limited via established limits in light of financial strength.

The Bank, Incorporation Central Counterparty Regulation regulates a detailed risk management framework such as membership types and trade limits, margining and guarantee fund, stress tests, risk management applications, model security and back test, position of internal system units activities within CCP risk management framework, risk mitigation methods and crisis management tools.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (Continued)

3.1 General information about credit risk (continued)

3.1.1 General qualitative information about credit risk (continued).

d) Relationships between the credit risk management, risk control, compliance and internal audit functions: (Continued)

In the second line of defence; within the scope of Takasbank Risk Management Communiqué the Bank manages credit risk by taking into account credit risk appetite, credit risk limits, signal values that set under early warning system, partial and holistic stress test and scenario analysis and internal capital adequacy assessment process. Measurement, monitoring, limit, stress test and scenario analysis studies are conducted at the bank by Risk Management Department subject to principle of proportionality and in alignment with the volume, nature and complexity of the operations in the three line of defence. It is essential that to reveal the credit risk that the Bank may face, risk measurement and monitoring activities are performed and the results are taken into consideration in the Bank's strategic decision-making processes. Furthermore, Internal Control and Compliance Department must control transaction of units that may cause credit risk, in line with legal regulations and internal regulation. Such control activities and control periods of the operations are determined annually in the Internal Control List. In addition to the related studies, Internal Control and Compliance Department and Internal Audit Department perform studies related to the Management Statement.

In the third line of defence, operations of these units are audited periodically by the Internal Audit Department, which inspects and audits on behalf of the Board of Directors. As an element, which has the ability to act independently and impartially within the organization, Internal Audit Department provides extensive assurance to Board of Directors and Senior Management. Audit provides assurance as to whether first and second lines of defence have reached credit risk management and risk control targets or not, on governance, credit risk management and effectiveness and efficiency of the designed controls. Factors such as the general effectiveness and efficiency of activities, the protection of assets, the reliability and robustness of reporting processes, the framework of credit risk management and internal control, operations units and their functions, infrastructure, asset management and information technology are included in the scope of the assurance reported to the Board of Directors and Senior Management. In this regard, the compliance of Bank's activities with the legislation, internal strategies, policies, principles and targets are examined.

Pursuant to article 46, paragraph 2 of The Bank Incorporation Central Counterparty Regulation is titled "Infrastructure of internal systems and information technologies" the soundness of the Bank's risk management and information technology infrastructures are audited semi-annually and the final report is sent to Capital Markets Board. In addition to this, subject to article 12 of again the respective regulation is titled "General obligations of CCP members" the task of overseeing and auditing whether CCP members serve their obligation or not, has been assigned to Takasbank, and the members must ensure the continuity of essential internal control, risk management and internal audit mechanisms to be a party to this service at CCP markets or CCP capital market instruments. In this regard on-site CCP member audits are conducted by Internal Audit Department.

e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the board of directors:

The report containing credit risk based amount (including counterparty credit risk based amount as well) calculated according to standardised approach on monthly basis pursuant to Communiqué on Measurement and Assessment of Banks' Capital Adequacy and their sub-regulations, and the progress of credit risk appetite, credit risk limit and signal values and credit risk concentrations, are reported by Risk Management Department on daily basis to the Senior Management, monthly basis to the Audit Committee and Senior Management and on quarterly basis to the Executive Management.

Stress Test Report containing credit risk stress test and scenario analysis results, and ICAAP report are submitted to Executive Management annually by the Risk Management Department, and reported to the BRSA. In addition, adequacy of model employed in calculation of initial margin at CCP markets, and confidence level are analysed with back tests by the Bank. Results of stress tests and back tests performed by CCP Department, and if there are, suggested measures, are reported on quarterly basis via internal system units to the Board of Directors.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (Continued)

3.1 General information about credit risk (continued)

3.1.2 Credit quality of assets:

Default represents the non-performing loans that recognized first paragraph of fifth article of Regulation on Identification and Provision against Non-Performing Loans and Other Receivables.

Current Period	a		b	c	d
	Gross amount valued in accordance with TMS		Non-defaulted exposures	Provisions	Net values (a+b-c)
	Defaulted				
Loans	-	573,749		678	573,071
Debt securities	-	4,835,980		653	4,835,327
Off-balance sheet exposures	-	40,081,926		33,161	40,048,765
Total	-	45,491,655		34,492	45,457,163
Prior Period	a		b	c	d
	Gross amount valued in accordance with TMS		Non-defaulted exposures	Provisions	Net values (a+b-c)
	Defaulted				
Loans	-	99,886		122	99,764
Debt securities	-	2,435,054		329	2,434,725
Off-balance sheet exposures	-	28,651,331		31,619	28,619,712
Total	-	31,186,271		32,070	31,154,201

3.1.3 Changes in stock of default loans and debt securities

	Current Period	Prior Period
Defaulted loans and debt securities at end of the previous reporting period	-	-
Loans and debt securities defaulted since the last reporting period	-	-
Receivables back to non-defaulted status	-	-
Amounts written off	-	-
Other changes	-	-
Defaulted loans and debt securities at end of the reporting period	-	-

3.1.4 Additional disclosure related to the credit quality

- The scope and definitions of "past due" and "impaired" exposures used for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes: None.
- The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this. 100% provision is allocated for the above mentioned receivable. None.
- Description of methods used for determining impairments: The bank's own definition of a restructured exposure: The Bank does not have restructured receivables.
- Breakdown of exposures by geographical areas, industry and residual maturity: None.
The respective amount is classified under non-performing loans.
- Breakdown of exposures by geographical areas, industry and residual maturity: None.
- Amounts of impaired exposures (according to the definition used by the bank for accounting purposes) and related allowances and write-offs, broken down by geographical areas and industry: None.
- Ageing analysis of accounting past-due exposures: None.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (continued)

3.1 General information about credit risk (continued)

3.1.4 Additional disclosure related to the credit quality (continued)

h) Breakdown of restructured exposures between impaired and not impaired exposures:

There is no restructured receivable.

3.2 Credit risk mitigation

3.2.1 Qualitative disclosure requirements related to credit risk mitigation techniques

a) Core features of policies and processes for, and an indication of the extent to which the bank makes use of, on and off-balance sheet netting.

On-balance sheet and off-balance sheet nettings are not applied at the Bank.

b) Core features of policies and processes for collateral evaluation and management.

Trade margins and guarantee funds include trade and membership collaterals received at markets where service is provided, guarantee funds and assets kept by the Bank due to collateral agency service and invested by the Bank at best effort. Under the best performance effort criteria framework minimize credit risk, the method involving depositing at the outset CBRT with state banks and large scale banks, are chosen. In determining investment maturities, the collateral or guarantee fund structure of markets, where service is provided, and those markets' needs to use, are taken into account. Best efforts within the framework of performance criteria, the credit primarily for the purpose of minimizing the risk to public banks, including the CBRT and the methods of large-scale lending to banks is selected. For the determination of investment terms, the needs of the markets served for collateral, guarantee fund or Borsa İstanbul Swap Market foreign exchange liabilities regarding the structure and usage of the foreign currency amounts (USD, Euro) deposited to Takasbank one day before.

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e. by guarantor type, collateral and credit derivative providers)

In credit risk mitigation, cash collateral and Government Debt Securities issued by the Ministry of Treasury and Finance of Turkey considered as liquid assets are used as collateral.

3.2.2 Credit risk mitigation techniques

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Current Period							
Loans	573,071	-	-	-	-	-	-
Debt securities	4,835,327	-	-	-	-	-	-
Total	5,408,398	-	-	-	-	-	-
Of which defaulted	-	-	-	-	-	-	-
Prior Period							
Loans	99,764	-	-	-	-	-	-
Debt securities	2,434,725	-	-	-	-	-	-
Total	2,534,489	-	-	-	-	-	-
Of which defaulted	-	-	-	-	-	-	-

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (continued)

3.3 Credit risk under standardised approach

3.3.1 Disclosures on banks' use of credit ratings under the standard approach for credit risk

- a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) used by the bank, and the reasons for any changes over the reporting period:
As of 31 December 2021, in the calculation of the Bank's credit risk based amount, "Fitch Ratings" and "Japan Credit Rating Agency/(JCR)" and "Islamic International Rating Agency/(IIRA)" ratings are used for determining risk weights for "Receivables from Central Governments or Central Banks" risk class. Export credit agency ratings are not used by the Bank.
- b) The asset classes for which each ECAI or ECA is used:
External credit ratings are used by the Bank for "Receivables from Central Governments or Central Banks" risk class. Export credit agency ratings are not used by the Bank.
- c) A description of the process used to transfer the issuer to issue credit ratings onto comparable assets in the banking book:
In credit risk based amount calculation of the Bank, external credit ratings are not used except for the "Receivables from Central Governments or Central Banks" risk class.
- d) The alignment of the alphanumeric scale of each agency used with risk buckets (except where Agency (BRSA) publishes a standard mapping with which the bank has to comply):

External credit rating agency ratings that are not on the organization's matching table, are not used.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (continued)

3.3 Credit risk under standardised approach (continued)

3.3.2 Credit risk exposure and credit risk mitigation techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Risk classes	On-balance sheet amount	Off-balance sheet amount
Risk classes						
Exposures to sovereigns and their central banks	4,113,364	849,934	4,113,364	7,862,193	-	0,0%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	40,921,359	25,841,049	42,965,843	16,927,223	10,633,842	72,6%
Exposures to corporates	-	12,608,434	279,931	12,185,586	3,097,163	21,1%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	136,258	782,509	136,258	782,509	918,706	6,3%
Equity share investments	-	-	-	-	-	-
Total	45,170,981	40,081,926	47,495,396	37,757,511	14,649,711,1	100,0%

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (continued)

3.3 Credit risk under standardised approach (continued)

3.3.2 Credit risk exposure and credit risk mitigation techniques (continued)

Prior Period	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Risk classes	On-balance sheet amount	Off-balance sheet amount
Risk classes						
Exposures to sovereigns and their central banks	2,323,249	369,925	2,323,249	5,235,312	-	0.0%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	22,882,541	18,998,576	22,882,541	14,458,410	6,399,473	68.6%
Exposures to corporates	-	8,694,869	-	8,369,648	2,130,940	22.9%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	207,386	587,961	207,386	587,961	795,320	8.5%
Equity share investments	-	-	-	-	-	-
Total	25,413,176	28,651,331	25,413,176	28,651,331	9,325,733	100.0%

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (continued)

3.3 Credit risk under standardised approach

3.3.3 Receivables by Risk Classes and Risk Weights

Current Period:

Asset Classes/Risk Weights	0%	10%	20% ⁽¹⁾	50% ⁽¹⁾	75%	100% ⁽¹⁾	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
Exposures to central governments or central banks	11,975,557	-	-	-	-	-	-	-	-	11,975,557
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Exposures to brokerage houses and banks	8,913,826	-	49,519,259	1,459,981	-	-	-	-	-	59,893,066
Exposures to corporates	422,848	-	9,906,149	2,041,174	-	95,346	-	-	-	12,465,517
Retail exposures	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-
Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equity shares	-	-	-	-	-	-	-	-	-	-
Other assets	61	-	-	-	-	918,706	-	-	-	918,767
Total	21,312,292	-	59,425,408	3,501,155	-	1,014,052	-	-	-	85,252,907

⁽¹⁾ Means unrated receivables.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

3. Credit Risk Disclosure (continued)

3.3 Credit risk under standardised approach (continued)

3.3.3 Receivables by Risk Classes and Risk Weights (continued)

Prior Period:

Asset Classes/Risk Weights	0%	10%	20% ⁽¹⁾	50% ⁽¹⁾	75%	100% ⁽¹⁾	150%	200%	Other risk weights	Total credit risk exposure amount (after CCF and CRM)
Exposures to central governments or central banks	7,558,561	-	-	-	-	-	-	-	-	7,558,561
Exposures to regional governments or local authorities	-	-	-	-	-	-	-	-	-	-
Exposures to public sector entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-	-	-	-
Exposures to brokerage houses and banks	6,136,677	-	30,675,547	528,727	-	-	-	-	-	37,340,951
Exposures to corporates	276,832	-	6,384,894	1,707,922	-	-	-	-	-	8,369,648
Retail exposures	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-
Exposures secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
Investments in equity shares	-	-	-	-	-	-	-	-	-	-
Other assets	27	-	-	-	-	795,320	-	-	-	795,347
Total	13,972,097	-	37,060,441	2,236,649	-	795,320	-	-	-	54,064,507

⁽¹⁾ Means unrated receivables.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

4. Qualitative Disclosure Related to Counterparty Credit Risk

Transactions subject to counterparty credit risk are considered as credit risk. These transactions consist of reverse repo transactions executed on behalf of closed brokerage houses depending on assignment by CMB.

Performance of The Bank's operation within the limits of legal and internal capital limits and below the credit risk appetite established by the Board of Directors, constitutes credit risk policy of the Bank.

4.1 Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Replacement cost	Potential future exposure	EEPE ⁽¹⁾	Alpha used for computing regulatory EAD	EAD post CRM	Risk Weighted Amounts
Standardised approach-CCR (for derivatives)	-	-		1.4	-	-
Internal model method (derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, for long time swap transactions with credit securities transactions)			-	-	-	-
Simple approach for credit risk mitigation(repo transactions, securities or commodity lending or borrowing transactions, for a long time swap transactions with credit securities transactions)					42	8.4
Comprehensive approach for credit risk mitigation (repo transactions, securities or commodity lending or borrowing transactions, for a long time swap transactions with credit securities transactions)					-	-
Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions of swaps and risk exposure for credit securities transactions					-	-
Total						8.4

⁽¹⁾ Effective Expected Positive Exposure

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

4. Qualitative Disclosure Related to Counterparty Credit Risk (Continued)

4.1 Analysis of counterparty credit risk (CCR) exposure by approach (Continued)

Prior Period	Replacement cost	Potential future exposure	EEPE ⁽¹⁾	Alpha used for computing regulatory EAD	EAD post CRM	Risk Weighted Amounts
Standardised approach-CCR (for derivatives)	-	-		1.4	-	-
Internal model method (derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, for long time swap transactions with credit securities transactions)			-	-	-	-
Simple approach for credit risk mitigation(repo transactions, securities or commodity lending or borrowing transactions, for a long time swap transactions with credit securities transactions)					51	10.2
Comprehensive approach for credit risk mitigation (repo transactions, securities or commodity lending or borrowing transactions, for a long time swap transactions with credit securities transactions)					-	-
Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions of swaps and risk exposure for credit securities transactions					-	-
Total						10.2

⁽¹⁾ Effective Expected Positive Exposure

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

4. Qualitative Disclosure Related to Counterparty Credit Risk (Continued)

4.2 Capital Requirement for KDA

None.

4.3 Analysis of counterparty credit risk (CCR) exposure by approach

Current period:

Risk Weight/Regulatory portfolio	0%	10%	20% ⁽¹⁾	50% ⁽¹⁾	75%	100%	150%	Others	Total credit exposure
Exposures to sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	42	-	-	-	-	-	42
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertaking	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	42	-	-	-	-	-	42

⁽¹⁾ It expresses the non-rated receivables.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

4. Qualitative Disclosure Related to Counterparty Credit Risk (Continued)

4.3 Analysis of counterparty credit risk (CCR) exposure by approach (continued)

Prior period:

Risk Weight/Regulatory portfolio	0%	10%	20% ⁽¹⁾	50% ⁽¹⁾	75%	100%	150%	Others	Total credit exposure
Exposures to sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Exposures to regional and local government	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	51	-	-	-	-	-	51
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertaking	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	51	-	-	-	-	-	51

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

4. Qualitative Disclosure Related to Counterparty Credit Risk (Continued)

4.4 Collaterals for counterparty credit risk

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Sovereign debts- domestic	-	-	-	-	35,919	-
Sovereign debts -other	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	35,919	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Sovereign debts- domestic	-	-	-	-	25,776	-
Sovereign debts -other	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	25,776	-

4.5 Credit derivatives

None (31 December 2020: None).

4.6 Central counterparty risk

None (31 December 2020: None).

5. Securitization Disclosures

Since the Bank does not have any securitization, the relevant tables and explanations that should be prepared within the scope of "Communiqués on Public Disclosure of Risk Management of Banks" are not given.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

6. Market Risk Disclosures

6.1 Qualitative disclosure requirements related to market risk

a) Strategies and processes of the bank: this must include an explanation of Bank management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the bank's market risks, including policies for hedging risk and strategies/processes for monitoring the continuing effectiveness of hedges.

Market risk is defined as the loss that the Bank's on-balance and off-balance sheet positions may be exposed to in the context of FX risk and interest rate risk arising from movements on market prices.

The Bank's fund management strategy has been devised in alignment with the objectives to avoid any liquidity issue, ensure optimization on the risk-return balance and invest resources at highest return rates by taking reasonable level of risk. It is essential that fund management operations remain within legal limits and is executed in light of the Bank's market risk appetite and market risk limits and signal values.

In accordance with the fund management strategy in effect, treasury operations are executed with banks to whom limits have been allocated by the Board of Directors and largely with state owned banks, only highly liquid government debt securities are issued by the Ministry of Treasury and Finance of Turkey are purchased for the Bank's securities portfolio. Nevertheless, derivative products may be used for hedging purposes. In the balance sheet composition, it is shown attention to match of asset and liability by the maturity and currency.

Capital requirement is calculated for FX risk over foreign currency on-balance sheet and off-balance sheet net position amounts. Market risk is measured by the Bank with standard method, subject to the Communiqué on Measurement and Assessment of Banks' Capital Adequacy and the points as per its sub-regulations.

Value at market risk and internal capital requirement for market risk are calculated on daily basis to inform Senior Management, using internal method specified in Communiqué on Measurement and Assessment of Banks' Capital Adequacy and its sub-regulations. Moreover, with respect to market risk, partial stress tests are conducted on daily and monthly basis, whereas holistic stress tests and scenario analyses are executed on annually basis, and FX net general position/shareholders' equity standard ratio trend is followed.

Market risk appetite has been determined by the Board of Directors and is reviewed at least once a year. Moreover, to control market risk, market risk limit and signal value have been established by the Board of Directors to avoid overflows of the market risk appetite. Market risk limit is monitored on daily basis by Risk Management Department.

Audit Committee, Senior Management and unit managers performing the respective process at the management of the business lines are notified by the Risk Management Department via email when the signal value is reached. If the allocated market risk limit and market risk appetite is exceeded, written information is provided to the Audit Committee by the Risk Management Department to notify Senior Management and Board of Directors ensuring that required measures are taken.

Details regarding risk management activities and actions performed under market risk, take part in the Takasbank Restructuring Plan endorsed by the Board of Directors.

b) Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management.

In market risk management three-line of defence approach consisting of business line management, central risk management function and independent review is used. Accordingly;

- Under the management of the business line, process and sub-process based risks and controls are defined by Treasury Management Team and Payment and Transfer Services Department, and Senior Management is informed ensuring that appropriate actions are taken.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

6. Market Risk Disclosures (Continued)

6.1 Qualitative disclosure requirements related to market risk (continued)

b) Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management. (continued)

- Central risk management function is facilitated by establishing market risk and control systems within the Bank, segregation of duties and responsibilities and review of process and functions by Internal Control and Compliance Department besides operational units performing such functions. Internal Control and Compliance Department perform activities involving controlling that the banking and capital markets activities offered by the Bank are compliant with respective legal regulations, internal regulations and where necessary compliant with international practices in an effective and adequate manner at first line, as "secondary phase protection" element. Such activities and their control periods are determined annually in the Internal Control List. Furthermore, Internal Control and Compliance Department and Internal Audit Department conduct tasks related to the Management Statement.
- Independent review process involves assessment of risk management and internal control framework from all aspects. Internal Audit Department provides extensive assurance for Board of Directors and Senior Management, as an element capable of acting independently and impartially within the organization. During audit activities, primarily compliance of the Bank activities with the regulations, internal strategies, policies, principles and targets are analysed. In addition, reports are submitted to Board of Directors and Senior Management on whether first and second line of defence have reached market risk management and risk control targets or not, and on effectiveness and efficiency of market risk management and designed controls. Elements such as effectiveness and efficiency of Bank operations, protection of assets, reliability and soundness of reporting processes, market risk management and internal control framework, operation units and their functions, infrastructure, asset management and information technology are included into the scope of assurance reported to Board of Directors and Senior Management.

Market risk related to operations are maintained by business lines with a perspective focused on risk. At the first line of defence; distribution of the Bank portfolio based on maturity and instrument and market developments are monitored constantly by Fund Management Team and Executive Management, the strategy in question is reviewed at least once a year in light of the Bank's business and trade volume and area of activity. Segregation of duties principle is applied at authority and responsibility level in front office and back office practices.

To be able to manage effectively market risk exposure arising from CCP operations, in determining collateral valuation coefficients at the outset market risk and the risk exposure that shall be faced during conversion of collateral to cash are taken into account, variation margins are calculated on daily basis and settlement prices are set in a healthy manner. Position and margins are valued at intraday and end of day market prices, thus margin-risk balance is monitored by CCP Department close to real-time.

At the second line of defence; within the Takasbank Risk Management Communiqué framework, the Bank manages market risk by taking into account market risk appetite, established market risk limit, signal value determined within the scope of early warning system and internal capital requirement. Moreover, on daily basis the portfolio's value at risk is calculated; the amount of loss that the portfolio may face in the utmost adverse market conditions is calculated using partial and holistic stress tests and scenario analyses monitored by internal capital requirement calculation, and results are reported on daily and monthly basis to Senior Management, quarterly and annually basis to Executive Management.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

6. Market Risk Disclosures (Continued)

6.1 Qualitative disclosure requirements related to market risk (continued)

b) Structure and organisation of the market risk management function: description of the market risk governance structure established to implement the strategies and processes of the bank discussed in row (a) above, and describing the relationships and the communication mechanisms between the different parties involved in market risk management. (continued)

In addition to the controls performed in the first line of defence, operations of the respective units are also controlled based on risk during certain periods by Internal Control and Compliance Department in second line of defence in terms of compliance with legal regulations and internal regulations. And in third line of defence operations of these units are audited periodically by Internal Audit Department inspecting and auditing on behalf of the Board of Directors. As an element, which is capable of acting independently and impartially within the organization, Internal Audit Department provides extensive assurance to the Board of Directors and Senior Management. The audit provides assurance as to whether the first and second lines of defences have reached market risk management and risk control targets or not, and on governance, market risk management and effectiveness/efficiency of designed controls. Usually elements such as effectiveness and efficiency of operations, protection of assets, reliability and soundness of reporting processed, market risk management and internal control framework, operational units and their functions, infrastructure, asset management and information technology are included into the scope of assurance reported to Board of Directors and Senior Management. In this regard relevance of Bank operations to the regulations, internal strategies, policies, principles and targets, is reviewed.

c) Scope and nature of risk reporting and/or measurement systems:

Market risk is measured on monthly basis according to standard method in accordance with Communiqué on Measurement and Assessment of Banks' Capital Adequacy and its sub-regulations, and reported to the BRSA. In addition to this market risk based amount, internal market risk capital requirement and market risk limit are calculated on daily basis to inform the Senior Management, by using the internal method as per the respective Communiqué and its sub-regulations, and the results are reported by the Risk Management Department to Senior Management, and the respective unit managers.

Reports containing information regarding the Bank's market risk based amount, market risk appetite and market risk limit and signal value conformity levels, treasury operations, FX net general position/shareholders' equity standard ratio trend and market risk internal model outcomes are reported by the Risk Management Department on monthly basis to the Audit Committee and Senior Management, and on quarterly basis to the Executive Management. Back tests are conducted to establish that conceptual soundness of the employed internal model and all critical risks are embodied in the model, and the results are reported to the Executive Management. Moreover, partial stress tests performed by Risk Management Department with respect to market risk are reported on daily basis to the Senior Management, and operational unit managers in charge of risk, and on monthly basis to the Executive Management.

Furthermore, Stress Test Report containing market risk holistic stress test and scenario analyses results and ICAAP report are submitted annually to the Executive Management by the Risk Management Department, and following approval by the Board of Directors, reported to the BRSA.

	Risk Weighted Amount	
	Current Period	Prior Period
Outright products		
Interest rate risk (general and specific)	-	-
Equity risk (general and specific)	-	-
Foreign exchange risk	19,938	20,263
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization	-	-
Total	19,938	20,263

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Management Objectives and Policies (Continued)

6. Market Risk Disclosures (Continued)

6.1 Qualitative disclosure requirements related to market risk (continued)

c) Scope and nature of risk reporting and/or measurement systems: (continued)

The footnotes and related explanations prepared in accordance with the Communiqué on "Public Disclosures related with Banks' Risk Management Regulations" published in Official Gazette No. 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. The following tables, which should be given in six months periods in accordance with the related communiqué, have not been presented as of 31 December 2020 as the standard approach is used in the calculation of Bank's capital adequacy:

- Internal model method for trading account
- Comparison with profit/loss and VaR estimated

X. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The estimated fair value of funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the banks, money market placements, and funds borrowed from other financial institutions and sundry creditors reflect their fair values since they are short-term.

The table below shows the book value and the fair value of the financial assets and liabilities.

	Book Value	Fair Value
	31 December 2021	31 December 2021
Financial Assets	44,302,259	44,255,433
Financial assets at fair value through profit/loss	-	-
Money market placements	35,961	35,961
Banks	38,852,237	38,852,237
Financial assets at fair value through other comprehensive income	4,332	4,332
Financial assets at fair value through amortized cost	4,835,980	4,789,154
Loans	573,749	573,749
Financial Liabilities	41,591,421	41,591,421
Bank deposits	-	-
Other deposits	-	-
Payables to money market	218,904	218,904
Funds borrowed from other financial institutions	3,416,560	3,416,560
Securities issued	-	-
Other liabilities	37,955,957	37,955,957
	Book Value	Fair Value
	31 December 2020	31 December 2020
Financial Assets	25,045,994	25,040,026
Financial assets at fair value through profit/loss	-	-
Money market placements	25,827	25,827
Banks	22,480,895	22,480,895
Financial assets at fair value through other comprehensive income	4,332	4,332
Financial assets at fair value through amortized cost	2,435,054	2,429,086
Loans	99,886	99,886
Financial Liabilities	22,689,659	22,689,659
Bank deposits	-	-
Other deposits	-	-
Payables to money market	203,020	203,020
Funds borrowed from other financial institutions	1,843,473	1,843,473
Securities issued	-	-
Other liabilities	20,643,166	20,643,166

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (Continued)

Fair value classifications is as follows:

Level 1: Registered in active markets price for identical assets or liabilities (unadjusted)

Level 2: Other than published prices included within Level 1, either directly (by price) or indirectly (derived from price) observable datas in terms of assets or liabilities

Level 3: Not based on observable market data in relation to assets or liabilities

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	4,332	4,332
Government Bonds	-	-	4,332	4,332
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Financial Derivative Assets for Trading	-	-	-	-
Financial Liabilities	-	-	-	-
Financial Derivative Liabilities Held for Cash Flow Hedges	-	-	-	-
Financial Derivative Liabilities for Trading	-	-	-	-
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	-	-	4,332	4,332
Government Bonds	-	-	4,332	4,332
Available-For-Sale Financial Assets	-	-	-	-
Financial Derivative Assets for Trading	-	-	-	-
Financial Liabilities	-	-	-	-
Financial Derivative Liabilities Held for Cash Flow Hedges	-	-	-	-
Financial Derivative Liabilities for Trading	-	-	-	-

The Bank has assessed that the costs of financial assets whose fair value difference representing the share in the capital is reflected in other comprehensive income best reflect the fair values of the related assets. The fair value of the related assets has been determined as Level 3.

XI. Explanations Related to Transactions Made on Behalf of Others and Fiduciary Transactions

The Bank carries out trading, custody, management and advisory services on others' behalf and account.

Off balance sheet contingencies and commitments table, TL 1,831 (31 December 2020: TL 1,959) consists of sales and securities which are traded on BİAŞ. Under the fiduciary transactions agreement, there are no transactions carried out with other financial institutions and there are no financial services rendered directly in this context.

According to the Articles of Association of the Bank, the services and operations of the Bank are performing the custody of the securities, precious metals and other securities and the clearing and settlement of cash and security commitments arising from the purchases and sales on stock exchanges. The Bank also provides settlement and custody services for Derivatives Exchange Market, Electricity Market and Leveraged Trading Operations. Related to above mentioned transactions, the total amount of guarantees obtained from Bank's customers comprising treasury bills, government bonds, letter of guarantees and stocks are listed below.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XII. Explanations on Segment Reporting

The Bank operates mainly in clearing-operation, custody, loans and treasury.

Current Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Undistributed	Total
Cash and Balances with Central Bank	-	-	67	-	67
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	-	-	-
Banks	-	-	38,806,923	-	38,806,923
Money Markets	-	-	-	35,961	35,961
Financial Assets At Fair Value Through Other Comprehensive Income	-	-	4,332	-	4,332
Loans ⁽¹⁾	-	573,071	-	-	573,071
Financial Assets At Fair Value Through Amortized Cost ⁽²⁾	-	-	4,835,327	-	4,835,327
Subsidiaries	-	-	-	-	-
Joint Ventures (Net)	-	-	4,825	-	4,825
Tangible Assets (Net)	-	-	-	7,621	7,621
Intangible Assets (Net)	-	-	-	116,214	116,214
Investment Properties (Net)	-	-	-	46,250	46,250
Tax Assets	-	-	-	9,066	9,066
Other Assets ⁽³⁾	67,654	-	-	516,700	584,354
Total Assets	67,654	573,071	43,651,474	731,812	45,024,011
Funds Borrowed	-	-	3,416,560	-	3,416,560
Debts to the Money Markets	-	-	218,904	-	218,904
Funds	33,535,090	1,551,268	-	2,869,599	37,955,957
Lease Liability	-	-	-	2,033	2,033
Derivative Financial Liability	-	-	-	-	-
Provisions	-	32,740	-	54,409	87,149
Tax Liability	-	-	-	106,506	106,506
Shareholder's Equity	-	-	-	3,236,902	3,236,902
Total Liabilities	33,535,090	1,584,008	3,635,464	6,269,449	45,024,011

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XII. Explanations on Segment Reporting (Continued)

Prior Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Undistributed	Total
Cash and Balances with Central Bank	-	-	290	-	290
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	-	-	-
Banks	-	-	22,453,886	-	22,453,886
Money Markets	-	-	-	25,827	25,827
Available-For-Sale Financial Assets (Net)	-	-	4,332	-	4,332
Loans	-	99,764	-	-	99,764
Financial Assets At Fair Value Through Amortized Cost ⁽²⁾	-	-	2,434,725	-	2,434,725
Subsidiaries	-	-	-	-	-
Joint Ventures (Net)	-	-	4,825	-	4,825
Tangible Assets (Net)	-	-	-	10,296	10,296
Intangible Assets (Net)	-	-	-	106,908	106,908
Investment Properties (Net)	-	-	-	35,730	35,730
Tax Assets	-	-	-	-	-
Other Assets ⁽³⁾	38,241	-	-	173,412	211,653
Total Assets	38,241	99,764	24,898,058	352,173	25,388,236
Funds Borrowed	-	-	1,843,473	-	1,843,473
Debts to the Money Market	-	-	203,020	-	203,020
Funds	18,263,027	1,019,370	-	1,360,769	20,643,166
Leasing liabilities	-	-	-	2,042	2,042
Derivative Financial Liabilities	-	-	-	-	-
Provisions	-	31,288	-	37,606	68,894
Tax Liability	-	-	-	65,194	65,194
Shareholder's Equity	-	-	-	2,562,447	2,562,447
Total Liabilities	18,263,027	1,050,658	2,046,493	4,028,058	25,388,236

⁽¹⁾ Expected loss provisions within the scope of TFRS 9 are included.⁽²⁾ Expected loss provisions set aside within the scope of TFRS 9 are given.⁽³⁾ Derivative financial assets item is included under the heading of treasury transactions.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XIII. Explanations on Segment Reporting

The Bank operates mainly in the areas of clearing-operation, custody service, credit and treasury transactions.

Current Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net interest income	-	25,574	764,778	-	790,352
Net fees and commissions income and other operating income	549,303	54,819	-	-	604,122
Dividend income	-	-	15,213	-	15,213
Trading profit/loss	-	-	13,694	-	13,694
Other operating receivables	-	-	-	11,824	11,824
Impairment provision for loans and other receivables	-	26,338	-	-	26,338
Other operating expenses ⁽¹⁾	-	-	-	(230,842)	(230,842)
Profit before taxes	549,303	54,055	793,685	(219,018)	1,178,025
Tax provision	-	-	-	(287,268)	(287,268)
Net profit for the period	549,303	54,055	793,685	(506,286)	890,757
Prior Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net interest income	-	19,194	435,397	-	454,591
Net fees and commissions income and other operating income	364,616	38,497	-	-	403,113
Dividend income	-	-	10,739	-	10,739
Trading profit/loss	-	-	14,678	-	14,678
Other operating receivables	-	-	-	6,767	6,767
Impairment provision for loans and other receivables	-	26,050	-	-	26,050
Other operating expenses	-	-	-	(177,392)	(177,392)
Profit before taxes	364,616	31,641	460,814	(170,626)	686,445
Tax provision	-	-	-	(147,071)	(147,071)
Net profit for the period	364,616	31,641	460,814	(317,697)	539,374

⁽¹⁾ Personnel expenses are included in the other operating expenses.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to the Assets

1. Information on Cash and Balances with the Central Bank of Turkey:

1.a) Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	5	-	263	-
Cash/foreign currency	62	-	27	-
Other	-	-	-	-
Total	67	-	290	-

1.b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	5	-	263	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	5	-	263	-

1.c) Information on required reserves:

In accordance with the Official Statement numbered 2013/15 about Required Reserves, liabilities that are subject to required reserves have been changed. Required reserves are not kept in the Central Bank of Turkey as the liabilities stated in the newly announced Official Statement are lacked in the Bank.

2. Information on financial assets at fair value through profit and loss (net):

2.a) Information on government debt securities: None (31 December 2020: None).

2.b) Information on marketable securities representing the Bank's share: None (31 December 2020: None).

2.c) Information on other financial assets: None (31 December 2020: None)

3. Information on Banks

3.a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	32,149,899	6,101,433	18,116,660	4,129,942
Foreign	-	600,905	-	234,293
Branches and overseas head office	-	-	-	-
Total	32,149,899	6,702,338	18,116,660	4,364,235

As of 31 December 2020, the Expected Loss Provision balance reserved for the Banks account is TL 45,314. (31 December 2020: 27,009 TL)

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

3. Information on Banks (continued)

3.b) Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	596,897	200,750	-	-
USA, Canada	4,008	33,543	-	-
OECD countries	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	600,905	234,293	-	-

3.c) Information on receivables from money markets

The details about the receivables from Money Markets are as below:

	Current Period	Prior Period
Reverse repo belongs to closed member cash balance	35,961	25,827
Receivables from Central Bank	-	-
Total	35,961	25,827

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

4. Information on financial assets at fair value through other comprehensive income:

4.a) Information on equity instruments:

Name	Acquired On	Current Period		Prior Period	
		Amount	Ratio (%)	Amount	Ratio (%)
Borsa İstanbul A.Ş.	31.05.2013	324	0.15	324	0.15
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	03.01.2011	637	4.12	637	4.12
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29.07.2011	210	10.50	210	10.50
S.W.I.F.T.SCRL	24.04.2009	339	0.02	339	0.02
SASE - Sarajevo Menkul Kıymetler Borsası	18.05.2011	322	5.00	322	5.00
Türkiye Ürün İhtisas Borsası A.Ş.	25.07.2018	2,500	5.00	2,500	5.00
Total		4,332		4,332	
				Current Period	Prior Period
Debt securities				-	-
<i>Quoted on a stock exchange</i>				-	-
<i>Not quoted on a stock exchange</i>				-	-
Share certificates				4,332	4,332
<i>Quoted on a stock exchange</i>				-	-
<i>Not quoted on a stock exchange</i>				4,332	4,332
Impairment provision(-)				-	-
Total				4,332	4,332

5. Information on derivative financial assets:

a) i. Information on derivative financial assets at fair value through profit or loss: None (31 December 2020: None).

a) ii. Information on derivative financial assets at fair value through other comprehensive income: None (31 December 2020: None).

6. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	530,928	15,284,700	84,877	11,228,460
<i>Corporate shareholders</i>	530,928	15,284,700	84,877	11,228,460
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
Total	530,928	15,284,700	84,877	11,228,460

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on Loans

b) Information on loans with standard qualifications and close monitoring followed by restructured loans:

Cash Loans	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	
			Revised Contract Terms	Refinanced
Current Period				
Non-specialized loans	573,749	-	-	-
Business loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	573,749	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	573,749	-	-	-

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring		
	Loans (Total)	Revised contract terms	Prior Period	Loans (Total)	Prior Period
		Restructure for extending the payment plan		Restructure for extending the payment plan	
Prior Period					
Non-specialized loans	99,886	-	-	-	-
Business loans	-	-	-	-	-
Export loans	-	-	-	-	-
Import loans	-	-	-	-	-
Loans given to financial sector	99,886	-	-	-	-
Consumer loans	-	-	-	-	-
Credit cards	-	-	-	-	-
Other	-	-	-	-	-
Specialized loans	-	-	-	-	-
Other receivables	-	-	-	-	-
Total	99,886	-	-	-	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on loans (Continued):

c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards: None (31 December 2020: None).

d) Information on commercial loans with instalments and corporate credit cards: None (31 December 2020: None).

e) Loans according to borrowers:

	Current Period	Prior Period
Private	573,749	99,886
Public	-	-
Total	573,749	99,886

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	573,749	99,886
Foreign loans	-	-
Total	573,749	99,886

g) Loans granted to subsidiaries and associates: None (31 December 2020: None).

h) Information on non-performing loans (Net):

	Current Period	Prior Period
Uncollectable loans and receivables	-	-
Loans and receivables with limited collectability	-	-
Loans and receivables with doubtful collectability	-	-
Total	-	-

i.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None (31 December 2020: None).

i.2) Information on movement of non-performing loans: None (31 December 2020: None).

i.3) Information on non-performing loans arising from foreign currency loans: None (31 December 2020: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on loans (Continued):

j) Expected credit losses:

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month expected credit losses	678	-	122	-
Significant increase in credit risk	-	-	-	-
Total	678	-	122	-

k) Explanations on the write-off policy: Financial Statements and Related Disclosures and Footnotes to be publicly disclosed by banks have not prepared in accordance with Article 25 of the Communiqué.

7. Information on financial assets measured at amortised cost:

7.a) i. Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Government bonds	3,256,237	2,024,239
Treasury bills	1,579,743	410,815
Other public sector debt instruments	-	-
Total	4,835,980	2,435,054

7.a) ii. Information on government debt instruments:

	Current Period	Prior Period
Debt securities	4,835,980	2,435,054
<i>Quoted on a stock exchange</i>	4,835,980	2,435,054
<i>Not quoted on a stock exchange</i>	-	-
Impairment provision (-)	-	-
Total	4,835,980	2,435,054

7.a) iii. Movement of financial assets measured at amortised cost:

	Current Period	Prior Period
Beginning balance	2,435,054	694,289
Foreign currency differences on monetary assets	-	-
Purchases during year	3,399,687	2,477,069
Disposals through sales and redemptions ⁽¹⁾	(2,339,027)	(1,564,499)
Impairment provision (-)	-	-
Effect of valuation ⁽²⁾	1,340,266	828,195
Total	4,835,980	2,435,054

⁽¹⁾ All of disposals through sales and redemptions amount is from redemptions.

⁽²⁾ Includes interest accruals change.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

7. Information on financial assets measured at amortised cost (Continued):

7.b) Information on expected credit loss provisions for financial assets

	Current Period	Prior Period
Treasury Loan	45,313	27,009
Miscellaneous Receivables	8,672	3,061
Reverse Repo	1	-
Total	53,986	30,070
	Current Period	Prior Period
Other Financial Assets Measured at Amortized Cost	653	329
Total	653	329

7.c) Information on other financial assets:

None. (31 December 2020: None).

8. Information on investments in associates (Net):

8.a) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2020: None).

8.b) Information on the unconsolidated associates: None (31 December 2020: None).

8.c) Explanations of consolidated associates: None (31 December 2020: None).

8.d) Information on sector information on consolidated associates: None (31 December 2020: None).

8.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2020: None).

9. Information on subsidiaries (Net):

9.a) Information on the unconsolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank risk group's share percentage (%)				
Merkezi Kayıt Kuruluşu A.Ş.	İstanbul/Türkiye	28.57	65				
Total Assets ⁽¹⁾	Shareholder's Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profits/ Losses	Fair Value
284,187	202,968	43,667	31,733	2,046	86,156	42,232	-

⁽¹⁾ Current period financial statements are obtained from unreviewed financial statements prepared as of 31 December 2021 in accordance with the TAS.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

9. Information on subsidiaries (Net) (Continued):

	31 December 2021	31 December 2020
Paid-in capital	100,000	36,000
Legal reserves	19,179	23,715
Other reserves	-	45,527
Profit/loss	86,204	34,985
<i>Prior periods profit/loss</i>	48	(6,664)
<i>Current period net profit/loss</i>	86,156	41,649
Intangible Assets (-)	(11,409)	(15,204)
Total Core Capital	193,974	125,023
Supplementary Capital	-	-
Capital	193,974	125,023
Net Usable Equity	193,974	125,023

There is no assessment of subsidiaries' internal capital adequacy. Paid capital is indicated in the main agreement of the Bank as Turkish Liras and registered in the trade registry. Legal reserves are the reserve funds which are indicated in the Turkish Trade Act's (numbered 6762) 467.dam's first paragraph and second paragraph's third subparagraph, and 467.dam and accounted from related year's profit.

9.b) Information on the consolidated subsidiaries:

i. Information on the consolidated subsidiaries: None (31 December 2020: None).

ii. Information on movement of consolidated subsidiaries: None (31 December 2020: None).

iii. Sectorial information on the consolidated subsidiaries: None (31 December 2020: None).

iv. Consolidated subsidiaries quoted on the stock exchange: None (31 December 2020: None).

10. Information on entities under common control (joint ventures): None (31 December 2020: None).

11. Information on finance lease receivables (Net): None (31 December 2020: None).

12. Information on investment property:

As of 31 December 2021, the Bank's investment property amounting to TL 46,250 (31 December 2020: TL 35,730).

As of 31 December 2021, the Bank has no rental income from investment properties.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

13. Information on tangible assets

	Prior Year		Disposals	Closing Year
	31 December 2020	Additions		31 December 2021
Cost:				
Real Estate	-	-	-	-
Vehicles	-	-	-	-
Other	31,816	2,554	(147)	34,223
Total Cost	31,816	2,554	(147)	34,223
	31 December 2020	Charge for the Year	Disposals	31 December 2021
Accumulated Depreciation:				
Real Estate	-	-	-	-
Vehicles	-	-	-	-
Other	(21,520)	(5,189)	107	(26,602)
Total Accumulated Depreciation	(21,520)	(5,189)	107	(26,602)
Net Book Value	10,296	(2,635)	(40)	7,621
	31 December 2019	Additions	Disposals	31 December 2020
Cost:				
Real Estate	-	-	-	-
Vehicles	-	-	-	-
Other	27,756	4,220	(160)	31,816
Total Cost	27,756	4,220	(160)	31,816
	31 December 2019	Charge for the Year	Disposals	31 December 2020
Accumulated Depreciation:				
Real Estate	-	-	-	-
Vehicles	-	-	-	-
Other	(16,489)	(5,078)	47	(21,520)
Total Accumulated Depreciation	(16,489)	(5,078)	47	(21,520)
Net Book Value	11,267	(858)	(113)	10,296

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

13. Information on tangible assets (Continued)

- a) If impairment amount on individual asset booked or reversed in the current period is material for the overall financial statements:
- Reason and conditions for booking or reversing impairment: The details for reason and conditions for booking or reversing impairment are given in note (12.b) of the report.
 - Amount of impairment booked or reversed in the financial statements: The details for amount recorded or reversed impairment in the financial statements are given in part (12.b) of the Report.
- b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: There is no material impairment provision set or cancelled in the current period:
None (31 December 2020: None).
There is no impairment accounted related to property and equipment in the current period (31 December 2020: None).
- c) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None (31 December 2020: None).

14. Information on intangible assets:

	Prior Year		Current Year	
	31 December 2020	Additions	Disposals	31 December 2021
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	153,285	24,184	(539)	176,930
Total Cost	153,285	24,184	(539)	176,930
	31 December 2020	Charge for the Year	Disposals	31 December 2021
Accumulated Amortization:				
Leasehold improvements	-	-	-	-
Other intangible assets	(46,377)	(14,339)	-	(60,716)
Total Accumulated Amortization	(46,377)	(14,339)	-	(60,716)
Net Book Value	106,908	9,845	(539)	116,214
	Prior Year		Current Year	
	31 December 2019	Additions	Disposals	31 December 2020
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	136,004	17,281	-	153,285
Total Cost	136,004	17,281	-	153,285
	31 December 2019	Charge for the Year	Disposals	31 December 2020
Accumulated Amortization:				
Leasehold improvements	-	-	-	-
Other intangible assets	(32,211)	(14,166)	-	(46,377)
Total Accumulated Amortization	(32,211)	(14,166)	-	(46,377)
Net Book Value	103,793	3,115	-	106,908

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

14. Information on intangible assets (continued)

- a) Disclosures for book value, description and remaining useful life for a specific intangible asset that is material to the financial statements: None (31 December 2020: None).
- b) Disclosure for intangible assets acquired through government grants and accounted for at fair value at initial recognition: None (31 December 2020: None).
- c) The method of subsequent measurement for intangible assets that are acquired through government incentives and recorded at fair value at the initial recognition: None (31 December 2020: None).
- d) The book value of intangible assets that are pledged or restricted for use: None (31 December 2020: None).
- e) Amount of purchase commitments for intangible assets: None (31 December 2020: None).
- f) Information on revalued intangible assets according to their types: None (31 December 2020: None).
- g) Amount of total research and development expenses recorded in income statement within the period if any: None (31 December 2020: None).
- h) Positive or negative consolidation goodwill on entity basis: None (31 December 2020: None).
- i) Information on goodwill: None (31 December 2020: None).
- j) Movements on goodwill in the current period: None (31 December 2020: None).

Explanations on investment properties

	Current Period	Prior Period
Cost		
Value at the Beginning of the Period	35,730	34,275
Movements During the Period		
Acquired	10,520	1,455
Disposals (-)	-	-
Transfer		
Period End Value	46,250	35,730
Total Accumulated Amortization		
Value at the Beginning of the Period	-	-
Movements During the Period		
Acquired	-	-
Disposals (-)	-	-
Transfer	-	-
Period End Value	-	-
Net Book Value	46,250	35,730

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

15. Information on assets held for sale and discontinued operations:

None (31 December 2020: None).

16. Explanations on deferred tax:

Deferred tax assets and liabilities are netted off as deferred tax liability in the balance sheet liabilities and explanations on deferred tax asset/liability for the current and previous period are given in Note 7 of Section Five.

17. Information on other assets:

Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments). The details of other assets are presented below.

Allocation of other assets:

	Current Period	Prior Period
VIOP guarantees	512,111	163,866
Custody and fee accruals	67,655	38,242
Prepaid expenses	3,201	6,760
Cash guarantees given	283	213
Stationary supplies	133	121
Other	971	2,451
Total	584,354	211,653

II. Explanations and Notes Related to Liabilities

1. Explanations on deposits:

- a) Information on maturity structure of deposits: The Bank is not authorized to accept deposits.
- b) Information on saving deposits under the guarantee of saving deposit insurance: The Bank is not authorized to accept deposits.
- c) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: The Bank's head office is in Turkey.
- d) Saving deposits not guaranteed by insurance: The Bank is not authorized to accept deposits.

2. Information on derivative financial liabilities:

- a) i. Information on derivative financial liabilities at fair value through profit or loss: None (31 December 2020: None).
- b) ii. Derivative financial liabilities at fair value through other comprehensive income: None (31 December 2020: None).

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

3. Informations on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From domestic banks and institutions	21,008	3.395.552	57,026	1,786,447
From foreign banks, institutions and funds	-	-	-	-
Total	21,008	3.395.552	57,026	1,786,447

b) Information on money markets debts:

	Current Period		Prior Period	
	TL	FC	TL	FC
TCMB	218,904	-	203,020	-
Total	218,904	-	203,020	-

c) Maturity analysis of Funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	21,008	3,395,552	57,026	1,786,447
Medium and long-term	-	-	-	-
Total	21,008	3,395,552	57,026	1,786,447

d) Additional explanation related to the concentrations of the Bank's major liabilities:

Bank's liabilities include taxes payables and other payables and cash collaterals, guarantee funds which members give for different markets.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

4. Information on Funds:

a) Information on borrowers' funds: None (31 December 2020: None).

b) Information on other funds:

The breakdown of funds which is the main liabilities of the Bank is as below:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash collaterals	28,885,752	6,083,820	15,767,450	3,401,097
Members' receivables	493,929	1,412,130	300,369	571,285
Capital Markets Board Share	-	-	-	-
Partners' Dividend Receivables	-	-	-	-
Expense accruals	5,625	-	4,652	-
Other ⁽¹⁾	1,074,701	-	598,313	-
	30,460,007	7,495,950	16,670,784	3,972,382

⁽¹⁾ Amounting of other consists of pool and guarantee fund accounts.

5. Explanations on financial lease liabilities (net):

a) Explanation on finance lease payables: None (31 December 2020: None).

b) Explanations regarding operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	4,739	2,033	3,891	2,042
More than 4 years	-	-	-	-
Total	4,739	2,033	3,891	2,042

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

6. Information on provisions:

a) Information on employee termination benefits and unused vacation accrual:

Under Turkish Labour Law, the Bank is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. The provision for employment termination benefits of the Bank is calculated over the TL 8,284.51(31 December 2020: TL 7,117.17) (full TL) which is the maximum amount of employment termination benefits.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The main assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 16.40% and interest rate 21% and a discount rate of 4.00% (31 December 2020: 9.5% inflation rate, 3.74% discount rate). The estimated rate of severance pay amount which is not paid and to be held in the bank as a result of optional leavings are also considered.

	Current Period	Prior Period
Total liabilities of employee terminations (Undiscounted)	18,072	14,638
Provision for employee termination (Presented in financial statements)	10,647	8,785
The ratio of provision to undiscounted total liabilities (%)	58.91	60.02

As of 31 December 2021, the Bank provided a reserve of TL 9,962 (31 December 2020: TL 6,610) for the unused vacation which classified under Reserve for Employee Benefits in the financial statements.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

6. Information on provisions (Continued):

a.1) Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	8,785	7,389
Paid during the year	(621)	(453)
Actuarial (gain)/loss	377	28
Charge for the year	2,106	1,821
<i>Service charge</i>	907	908
<i>Interest charge</i>	1,199	913
Total	10,647	8,785

a.2) The reserve for employee benefits:

	Current Period	Prior Period
Unused vacation provision	9,762	6,610
Total	9,762	6,610

b) Information on other provisions:

b.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2020: None).

b.2) Breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Expected Credit Losses ⁽²⁾	33,161	31,619
Provisions for CMB's Share Fee ⁽¹⁾	29,918	18,937
Provision for litigation	3,661	2,943
Provision for employee benefits	-	-
Total	66,740	53,499

⁽¹⁾ According to the related article of the Bank's Capital Markets Law, the board share to be paid to the Capital Markets Board in 2021 consists of an expense accrual (CMB Board Share).

⁽²⁾ Consists of 12 months expected credit loss provisions for non-cash loans.

	Current Period	Prior Period
Provisions for cases beginning balance	2,943	3,592
Additions	1,671	735
Payments (-)	-	(1,384)
Cancellations (-)	(954)	-
Provisions for cases year end	3,660	2,943

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

6. Information on provisions (Continued):

c) Liabilities Resulting from Retirement Benefits: None (31 December 2020: None).

c.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2020: None).

c.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post-retirement benefits for the employees: None (31 December 2020: None).

7. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate tax:

	Current Period	Prior Period
Provision for corporate taxes	297,170	154,328
Prepaid taxes (-)	215,613	106,876
Corporate Income Tax Payable	81,557	47,452

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	81,557	47,452
Taxation on securities	2,702	3,423
Banking insurance transaction tax (BITT)	11,334	7,129
Value added tax payable	241	86
Other	8,209	4,243
Total	104,043	62,333

a.3) Information on premiums: (3 months)

	Current Period	Prior Period
Social security premiums-employer	1.152	909
Social security premiums-employee	1.080	857
Unemployment insurance-employer	154	122
Unemployment insurance-employee	77	61
Total	2,463	1,949

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

7. Explanations on taxes payable: (Continued)

b) Explanations on deferred tax liabilities:

Distribution of deferred tax assets/(liabilities):

	Current Period		Prior Period	
	Accumulated Temporary Differences	Deferred tax asset/(liability)	Accumulated Temporary Differences	Deferred tax asset/(liability)
Provisions for severance pay	10,647	2,129	8,785	1,757
Vacation pay liability	9,762	2,246	6,610	1,322
CMB Board share provision - other provision	29,918	6,881	18,937	3,787
Internal yield and market value differences of financial assets and government securities measured at amortized cost	(4,657)	(1,071)	(11,236)	(2,247)
TFRS 9 provision for expected losses	88,478	17,695	62,139	12,428
Lawsuits and bonus	3,661	732	2,943	589
Interest accruals	98	23	16	3
TFRS 16 Leases	201	46	190	38
Deferred tax asset	138,108	28,681	88,384	17,677
Differences between the book value of fixed assets and tax value	-	-	-	-
Internal yield and market value differences of financial assets and government securities measured at amortized cost	(96,972)	(19,615)	92,947	18,589
Financial instruments value difference - from swap transactions	-	-	-	-
Deferred tax liability	(96,972)	(19,615)	92,947	18,589
Deferred tax liability		9,066		(912)

Deferred tax asset transaction table:

	Current Period	Prior Period
Previous period balance	(912)	(8,175)
Deferred tax income/(expense)	9,902	7,257
Deferred tax recognized under equity	76	6
Deferred tax asset	9,066	(912)

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

8. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock ⁽¹⁾	600,000	600,000

⁽¹⁾ As of 31 December 2021, the Bank has totally 6,000,000,000 issued share certificates

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so, and amount of registered share capital ceiling:

Registered share capital system is not applied as of the balance sheet date (31 December 2020: Not applied).

c) Other information on the share of capital increased through capital contributions performed during the current period and capital funds:

None (31 December 2020: None).

d) Information on share capital increases from capital reserves during the current period:

None (31 December 2020: None).

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None (31 December 2020: None).

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Due to the Bank's liquid position and good relations with other banks, the Bank has the means to provide low cost financing and place it in domestic market which leads to profits. In parallel with this, if similar circumstances will occur in the future, it can be predicted that profitability will increase and this will improve the equity of the Bank with retained profits.

g) Information on preferred shares:

As of 31 December 2021, the Bank has no preferred shares (31 December 2020: None).

h) Information on marketable securities valuation reserve:

None (31 December 2020: None).

j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	1,485,951	1,196,873
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Capital Exchange Difference	-	-
Total	1,485,951	1,196,873

j) Information on past year profit distribution:

At the General Assembly meeting held on 29 March 2021, it was decided to pay dividends of TL 216,000 to the shareholders. Dividend payments have been made on 30 April 2021.

k) Information on minority shares:

None (31 December 2020: None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to the Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments: None (31 December 2020: None).

b) Possible losses and commitments related to off-balance sheet items including items listed below:

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits: There are no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits as of the balance sheet date.

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	-	-
With Original Maturity of One Year or Less	-	-
With Original Maturity of More than One Year	-	-
Other non-cash loans ⁽¹⁾	39,299,417	28,063,370
Total Non-Cash Loans	39,299,417	28,063,370

⁽¹⁾ Guarantees given to Takasbank Money Market, Securities Lending Market, Debt Securities Market, BİAŞ Money Market, Share Market and Futures and Options Market, Swap Market and over the counter derivative market (OTC)

Information on sectorial risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural								
Farming and Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-	-
Mining and Quarry	-	-	-	-	-	-	-	-
Manufacturing Industry	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	39,299,417	100	-	-	28,063,370	100	-	-
Wholesale and Retail Trade	-	-	-	-	-	-	-	-
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	39,299,417	100	-	-	28,063,370	100	-	-
Real Estate and Renting Services	-	-	-	-	-	-	-	-
Self-employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	39,299,417	100	-	-	28,063,370	100	-	-

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued)

1. Information on off-balance sheet liabilities (continued):

Information on Group I and II non-cash loans:

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	39,299,417	-	-	-
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	-
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issuance	-	-	-	-
Factoring Commitments	-	-	-	-
Other Commitments and Contingencies	39,299,417	-	-	-

b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2020: None).

b.3) Explanation of irrevocable commitments:

Other Irrevocable Commitments:

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital commitment for VIOP (Bank is central counterparty services)	88,591	-	86,227	-
Capital commitment for ÖPP Market (Bank is central counterparty services)	3,983	-	2,544	-
Capital commitment for MKT (Bank is central counterparty services)	-	-	-	-
Capital commitment for Money Market (Bank is central counterparty services (CCP))	1,562	-	29	-
Capital commitment for PAY (Bank is central counterparty services)	26,993	-	15,749	-
Capital commitment for Debt Instruments Market (Bank is central counterparty services)	270,285	-	211,188	-
Capital commitment for Swap Market (Bank is central counterparty services)	381,590	-	267,511	-
Capital commitment for the OTC Market (Bank is central counterparty services)	9,505	-	4,713	-
Total	782,509	-	587,961	-

c) Disclosure of Allocations:

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital commitment for VIOP (Bank is central counterparty services)	25,900	-	29,392	-
Capital commitment for ÖPP Market (Bank is central counterparty services)	1,164	-	867	-
Capital commitment for Money Market (Bank is central counterparty services (CCP))	457	-	10	-
Capital commitment for PAY Market (Bank is central counterparty services)	7,892	-	5,368	-
Capital commitment for Debt Instruments Market (Bank is central counterparty services)	79,020	-	71,989	-
Capital commitment for Swap Market (Bank is central counterparty services)	111,560	-	91,187	-
Capital commitment for the OTC Market (Bank is central counterparty services)	2,779	-	1,607	-
Total	228,772	-	200,420	-

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued)

1. Information on off-balance sheet liabilities (continued):

d) Explanation related to Guarantees

The total valuation of the market collateral in the markets where the Bank is the Central Counterparty is TL 52,055,555 Thousand (31 December 2020: TL 33,267,874), the total of the valued guarantee fund is TL 2,727,177 Thousand (31 December 2020: TL 2,305,378 Thousand).

e) Information related to Non-Cash Loans:

The Bank acts as a bridge between buyers and sellers in the Takasbank money market, where it plays the role of market founder and operator, and monitors the risks arising from non-cash loans in this market, as it provides guarantees in the event of debt default through contributions to the Guarantee Fund and capital provided and committed to this market. Takasbank, as the central counterparty of the stock market, the futures and options market, the BİAŞ Money Market, The Over-The-Counter Derivatives Market, The BİAŞ Swap Market, The Stock Market, and The Debt Securities Markets, has hedged transactions in these markets through the Bank.

Limits are set for members in the Takasbank money market, the stock lending market, The BIAS Money Market, The Stock Market, The BIAS Swap Market, The Over-The-Counter Derivatives Market, The Debt Securities Market, and The Futures and Options Market, and there is a permanent guarantee obligation for these limits. These collaterals are kept in the Bank as multiples of the credit limits, which are set according to their convertibility into cash.

f) Information related to investment securities held in custody: the investment securities held in custody, TL 4,806,810,149 (31 December 2020: TL 4,617,126,935) of the TL 4,945,369,433 (31 December 2020: TL 4,616,901,220) balance of investment securities held in custody are investment funds as the other TL 225,478 (31 December 2020: TL 225,714) balance consists of share certificate held in custody.

IV. Explanations and Notes Related to the Statement of Profit or Loss

1. Information on interest on loans:

a) Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	24,600	-	17,720	-
Medium/long-term loans	-	-	-	-
Interest on loans under follow-up	-	-	-	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	24,600		17,720	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	543,799	134,103	273,938	106,039
Foreign banks	-	26	-	-
Branches and head office abroad	-	-	-	-
Total	543,799	134,129	273,938	106,039

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to the Statement of Profit or Loss (Continued)

1. Information on interest on loans: (Continued)

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets at fair value through other comprehensive income	-	-	-	-
From financial assets measured at amortised cost	68,182	49,318	82,182	34,578
Total	68,182	49,318	82,182	34,578

d) Information on interest income received from associates and subsidiaries:

None (31 December 2020: None).

e) Other information:

None (31 December 2020: None).

2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	27,809	2,533	50,695	10,339
The Central Bank of Turkey	-	-	-	-
Domestic banks	27,809	2,533	50,695	10,339
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	308	-	306	-
Total	28,117	2,533	51,001	10,339

b) Information on interest expense to associates and subsidiaries:

None (31 December 2020: None).

c) Information on interest expense to marketable securities issued:

None (31 December 2020: None).

d) Distribution of interest expense on deposits based on maturity of deposits:

None (31 December 2020: None).

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to the Statement of Profit or Loss (Continued)

3. Information on dividend income:

	Current Period	Prior Period
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	1,584	355
Other (MKK)	13,629	10,384
Total	15,213	10,739

4. Information on net trading income:

	Current Period	Prior Period
Income	51,459	130,157
Gains on capital market operations	-	-
Foreign exchange gains	46,187	127,193
Gains on derivative financial instruments	5,272	2,964
Losses (-)	(37,765)	(115,479)
Losses on capital market operations	-	-
Foreign exchange losses	(35,232)	(70,386)
Losses on derivative financial instruments	(2,533)	(45,093)
Total (Net)	13,694	14,678

5. Information on other operating income:

	Current Period	Prior Period
Provisions no longer required	952	4,804
Collection of prior year expenses	66	287
Income from sales of the assets	87	16
Other income	10,719	1,660
<i>Investment Properties</i>	10,719	1,660
Total	11,824	6,767

In the fifth section and fourth part Note 11, details of sub-accounts of balances that are grouped under "Others" section that constitute at minimum 20% of the balances under "Other" section are included if the accounted under "Other" section excludes 10% of the total balance of the Income Statement.

Information about the factors that affect the Bank's profit materially and including new developments and the amount and quality of extraordinary accounts: None (31 December 2020: None).

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to the Statement of Profit or Loss (Continued)

6. Explanations on Banks' expected credit loss:

	Current Period	Prior Period
Expected credit loss	26,338	26,050
12 month expected credit loss (Stage 1)	26,338	26,050
Significant increase in credit risk (Stage 2)	-	-
Non-performing loans (Stage 3)	-	-
Marketable securities impairment expense	-	-
Financial assets at fair value through profit/loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Impairment provision for associates, subsidiaries and joint ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	-	-
Expected credit loss	-	-
Total	26,338	26,050

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses ⁽¹⁾	118,907	92,847
Severance Pay Provision	2,106	1,821
Bank Social Assistance Fund Asset Deficit Provision	-	-
Tangible Asset Impairment Expenses	-	-
Tangible Fixed Asset Depreciation Expenses	5,189	5,078
Intangible Assets Impairment Expenses	-	-
Goodwill Impairment Expense	-	-
Intangible Assets Depreciation Expenses	14,459	14,166
Depreciation Expense of Shares of Shares with Equity Management Applied	-	-
Assets to be disposed of Impairment expenses	-	-
Depreciation Value Expenses to be Disposal	-	-
Impairment Expenses on Fixed Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	45,690	38,643
Lease expenses related to TFRS 16 exceptions ⁽²⁾	4,540	4,137
Maintenance and Repair Expenses	408	367
Advertising and Advertisement Expenses	4,893	2,653
Other expenses	35,849	31,486
Losses from the Sale of Assets	46	18
Other ⁽³⁾	44,445	24,820
Total	230,842	177,393

⁽¹⁾ "Personnel Expenses", which is a separate item in the profit or loss statement, is also included table above.

⁽²⁾ 31 December 2021 amounts include all operating lease expenses.

⁽³⁾ Other operating expenses consists of provisions for capital market board's share fee, legal claims and unused vacation.

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to the Statement of Profit or Loss (Continued)

8. Information on continued and discontinued operations from tax provisions:

a) The Bank presents deferred tax asset and the resulting deferred tax benefit in its financial statements.

	Current Period	Prior Period
Current income tax charge	(297,170)	(154,328)
Deferred tax charge	9,902	7,257
Total	(287,268)	(147,071)

b) Deferred tax on temporary differences:

	Current Period	Prior Period
CMB Provision	3,094	312
Provision for Severance Pay	372	279
Permit Provision	924	(562)
Litigation and Premium Provision	143	(2,622)
TFRS 9 Expected Loss Provisions	5,267	4,488
Internal Yield and Market Value Differences of Financial Assets Measured at Amortized Cost	1,176	(2,577)
Derivative Financial Asset	-	8,803
Differences Between Carrying Value of Fixed Assets and Tax Value	(1,026)	(888)
Interest Discounts	20	(2)
Deferred tax expense recognized under equity	(76)	(6)
Financial Leasing TFRS16	8	32
Total	9,902	7,257

Tax reconciliation:

	Current Period	Prior Period
Profit before tax	1,178,025	686,445
Corporate tax rate	25%	22%
Calculated tax	(297,170)	(151,018)
Additions	76,921	101,891
Deductions	(66,265)	(97,944)
Tax expense	(440,356)	(147,071)

9. Information on net profit/loss from continued and discontinued operations:

As of 31 December 2021, net profit after tax of the Bank is TL 890,757 (31 December 2020: TL 539,374).

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to the Statement of Profit or Loss (Continued)

10. The explanations on net income/loss for the period:

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding Bank's performance for the period: None (31 December 2020: None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: There is no effect of changes in accounting estimates on income statement for the current period (31 December 2020: None).
- Profit/loss attributable to minority shares: There is no profit or loss attributable to minority shares as of the balance sheet date (31 December 2020: None).

11. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
Other fees and commissions		
Service commissions	161,464	130,028
Commissions on options exchange	219,035	104,317
Custody commissions	123,112	85,000
Customer account maintenance commissions	39,241	33,750
Transfer commissions	15,606	12,453
Bank transfer transactions	10,084	11,207
Other	45,581	31,249
Total	614,123	408,004

12. Information on Group I and II non-cash loans:

	Current Period	Prior Period
Central Securities depository commissions	18,417	13,107
BIST commissions	15,881	11,617
Electronic fund transfer commissions	3,686	2,913
Other commissions	26,836	15,751
Fees and commissions expense	64,820	43,388

- Nature and amount of changes in accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods:

None. (31 December 2020: None).

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and Notes Related To Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency Exchange rates on cash and cash equivalents:

"Other items" amounting to TL 2,887,594 (31 December 2020: TL (1,076,936)) in "Operating profit before changes in operating assets and liabilities" consist of personnel expenses, dividend income, trading gain or losses and other operating expenses.

"Net increase/decrease in other liabilities" amounting to TL 15,944,416 (31 December 2020: TL 9,682,102) in "Changes in operating assets and liabilities" consists of changes in sundry creditors and other liabilities. "Net increase/decrease in other assets" with a total amount of TL (370,485) (31 December 2020: TL (174,539)) consists of changes in sundry debtors and other assets.

The effect of changes in foreign currencies on cash and cash equivalents is TL 2,742,292 (31 December 2020: TL 970,724).

2. Cash and cash equivalents in the beginning and at the end of the period:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flows statement:

Beginning of the Period	31 December 2021	31 December 2020
Cash	290	840
Cash in TL/Foreign Currency	27	36
Central Bank - Unrestricted amount	263	804
Other	-	-
Cash equivalents	22,506,722	15,668,702
Banks	22,480,895	15,639,364
Money market placements	25,827	29,338
Total Cash and Cash Equivalents	22,507,012	15,669,542
Accruals (-)	(21,475)	(9,500)
Total cash and cash equivalents in cash flow statement	22,485,537	15,660,042
Closing of the Period	31 December 2021	31 December 2020
Cash	67	290
Cash in TL/Foreign Currency	61	27
Central Bank - Unrestricted amount	6	263
Other	-	-
Cash equivalents	38,888,198	22,506,722
Banks	38,852,237	22,480,895
Money market placements	35,961	25,827
Total Cash and Cash Equivalents	38,888,265	22,507,012
Accruals (-)	(40,112)	(21,475)
Total cash and cash equivalents in cash flow statement	38,848,153	22,485,537

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and notes related to risk group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of the period	-	-	84,877	11,228,460	-	-
Balance at end of the period	-	-	530,928	15,284,700	-	-
Interest and commission income	8,766		70,007	16,101	111,353	-

b) Prior Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of the period ⁽¹⁾	-	-	154,942	1,200,782	-	-
Balance at end of the period ⁽¹⁾	-	-	84,877	11,228,460	-	-
Interest and commission income	14,965	-	29,904	11,598	6,031	-

⁽¹⁾ 31 December 2020 amounts are expressed.

c) Information on related party deposits balances: None (31 December 2020: None).

d) Information on forward and option agreements and other similar agreements made with related parties: None (31 December 2020: None).

2. Disclosures for the risk group of the bank:

a) The relations of the bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not: None (31 December 2020: None).

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the volume of transactions, amount of major items and ratio to all items, pricing policies and other factors: None (31 December 2020: None).

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: None (31 December 2020: None).

d) Transactions accounted for under the equity method: None (31 December 2020: None).

e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees and management contracts: None (31 December 2020: None).

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Notes to the Unconsolidated Financial Statements For the Year Ended 31 December 2021

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and Notes on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-Shore Branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Number	Employees			
Domestic branches	1	297			
			Country		
Rep-offices abroad	-	-	-		
				Total Asset	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on branch and agency openings or closings and on substantial change in the organization of the Bank:

None.

VIII. Explanations and Notes Related To Subsequent Events

None.

VII. Other Explanations

None.

SECTION SIX

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report

The unconsolidated financial statements for the twelve month period ended 31 December 2021 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A member firm of Ernst & Young Global Limited) and Independent Auditors' Report dated February 16, 2021 is presented in the introduction of this report.

II. Other Footnotes and Explanations Prepared by Independent Auditor

None.

III. Fees for Services Obtained from Independent Auditors or Independent Audit Firms (1)

In accordance with the decision of the Public Oversight Authority (POA) dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts. The fees for services rendered to the Bank's foreign and domestic subsidiaries are included in these fees.

	31 December 2021	31 December 2020
Independent audit fee for the reporting period	313	299
Fee for other assurance services	146	232

⁽¹⁾ Amounts excluding VAT.



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