>>> 2022 ANNUAL INTEGRATED REPORT



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>>> ABOUT THE REPORT

İstanbul Takas ve Saklama Bankası A.Ş. (Takasbank, the Bank) 2022 Annual Integrated Report is the second Integrated Annual Report issued by the Bank.

With "Takasbank Annual Integrated Report for 2022", Takasbank aims to inform its stakeholders about the activities that it has carried out and the financial and non-financial resources that it has used during such activities between 01/01/2022 - 31/12/2022 as well as the economic, social, and environmental outcomes of its activities and its futureoriented goals and objectives.

CONTENT, SCOPE AND REGULATORY FRAMEWORK OF THE REPORT

"Takasbank 2022 Annual Integrated Report" presents current and up-to-date information about the activities conducted by the Bank with its approach focused on creation of sustainable values, by addressing both financial and non-financial capital elements of Takasbank.

The contents of Takasbank 2022 Annual Integrated Report include Takasbank's financial and non-financial performance outcomes for 2022, its strategy, integrated business model, the Bank's material issues, its relations with stakeholders, major risks that it is exposed to due to its activities and its opportunities, and the Bank's sustainability efforts, which are provided together with their financial, environmental and social aspects. The report also provides, where relevant, information and explanations about Borsa Istanbul Group companies, i.e., Borsa İstanbul A.Ş. and Merkezi Kayıt Kuruluşu A.Ş., on an individual topic basis. However, the activities of the Bank's subsidiaries are excluded from the scope of the report.

Takasbank 2022 Annual Integrated Report meets the minimum requirements regarding activity reporting as specified in the "Regulation on Principles and Procedures regarding the Preparation and Publication of Annual Reports by Banks" issued by the BRSA and the Turkish Commercial Code.

Takasbank's independently-audited financial statements dated 31 December 2022 and the related explanatory footnotes constitute a supplementary and integral part of this Report. The "Unconsolidated Financial Statements and Independent Auditor's Report for the Fiscal Period that ended on 31 December 2022" are provided on pages 162-301 of the

The contents of the Report were prepared using the International Integrated Reporting <IR> framework of the International Integrated Reporting Council. In addition, the United Nations Sustainable Development Goals (SDG) requirements were also taken into account in the preparation of the Report.

Takasbank 2022 Annual Integrated Report has been prepared in accordance with the GRI Standards 2021 published by the Global Reporting Initiative. The GRI Standards Content Index is provided on page 302 of the Report.

AUDIT

The financial data provided in Takasbank 2022 Annual Integrated Report were audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (E&Y).

EXECUTIVE MANAGEMENT STATEMENT

The 2022 Annual Integrated Report sets forth the financial and non-financial values created by Takasbank as a result of its operations and how the bank used its financial, human, intellectual, manufactured, natural and social capital elements in the relevant fiscal period according to Takasbank Executive Management's opinions. The relevant Responsibility Statement is provided on page 161 of the Report.

MATERIALITY APPROACH

The Report presents the matters considered to be material about the Bank's value generation process and financial and non-financial outcomes, which are aimed at informing all currently existing and potential stakeholders of Takasbank.

You can send your views, remarks and suggestions about the Report via e-mail to spy@takasbank.com.tr

>>> 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:	2022 Yılı Faaliyet Dönemi				
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				
Branch Details:	None.				
	For General Information: bilgi@takasbank.com.tr				
Florence Molt Address of	For Member Details: uye@takasbank.com.tr				
Electronic Mail Addresses:	KEP (Registered E-Mail) Address: takasbank.haberlesme@hs03.kep.tr				
	KEP Address 2: takasbank@hs01.kep.tr				

Takasbank Communication Channels:



https://www.takasbank.com.tr



https://www.facebook.com/Takasbank



https://twitter.com/Takasbank



https://www.instagram.com/Takasbank



https://www.linkedin.com/company/Takasbank



https://www.youtube.com/user/Takasbank



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>>> ABBREVIATIONS

AML	Anti-Money Laundering and Counter-Terrorist Financing
ANNA	The Association of National Numbering Agencies
BCMS	Business Continuity Management System
BEFAS	Private Pension Fund Trading Platform
BİAŞ	Borsa İstanbul A.Ş.
BRSA	Banking Regulation and Supervision Agency
CBRT	Central Bank of Republic of Türkiye
CCP	Central CounterParty
CFI	Classification of Financial Instruments
СМВ	Capital Markets Board
CML	Capital Markets Licensing
CRA	Merkezi Kayıt Kuruluşu A.Ş. (Central Registry Agency)
DCS	Domestic Clearing and Settlement
EACH	The European Association of CCP Clearing Houses
EFT	Electronic Fund Transfer
EMIR	European Market Infrastructure Regulation
EMRA	Energy Market Regulatory Authority
EPİAŞ	Enerji Piyasaları İşletme A. Ş.
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ESTS	Electronic Securities Transfer System
EU	European Union
EWR	Electronic Warehouse Receipts
FED	Federal Reserve (Central Bank of the USA)
FISN	Financial Instrument Short Name
GDDS	Government Domestic Debt Securities
GLEIF	Global Legal Entity Identifier Foundation
GRI	Global Reporting Initiative
CAAP	Internal Capital Adequacy Assessment Process
CC	Interbank Card Center
IIRC	International Integrated Reporting Council
IS .	Information Systems
ISIN	International Securities Identification Number

ISMS	Information Security Management System
ISO	International Organization for Standardization
IT	Information Technologies
KEP	Registered Electronic Mail
KKB	Credit Bureau/Credit Reference Agency
LBMA	London Bullion Market Association
LEI	Legal Entity Identifier
LTT	Leveraged Trading Transactions
MASAK	Financial Crimes Investigation Board
OH&S	Occupational Health and Safety
OTC	Over-The-Counter (Transactions)
PDP	Public Disclosure Platform
PMTS	Precious Metals Transfer System
PPS	Private Pension System
PSDI	Private Sector Debt Instruments
R&D	Research and Development
SASE	Sarajevo Stock Exchange
SDG	Sustainable Development Goals
SLM	Securities Lending Market
SWIFT	Society for Worldwide Interbank Financial Telecommunications
T.C.	Republic of Türkiye
ТВВ	Banks Association of Türkiye
TCMA	Turkish Capital Markets Association
TEFAS	Türkiye Electronic Fund Trading Platform
TETS	Takasbank Electronic Transfer System
TLREF	Turkish Lira Overnight Reference Interest Rate
TMEX	Turkish Mercantile Exchange
TMM	Takasbank Money Market
TMSF	Savings Deposit Insurance Fund
TSE	Turkish Standards Institute
VIOP	Futures and Options Market
YEK-G	Renewable Energy Guarantees of Origin
YTM	Investor Compensation Center

> TAKASBANK OVERVIEW



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.

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Takasbank 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 existing 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 Takasbank. Serving as a bridge between money and capital markets by providing reliable, fast and cost-effective cash transfer service, Takasbank offers clearing and settlement services for the markets operating under the structure of Borsa Istanbul within the framework of the capital markets and Borsa Istanbul legislation in connection with the organized markets in a fully-automated environment.

In addition to the central clearing and settlement service; 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 Market, Organized Wholesale Natural Gas Market and Natural Gas Futures Market under the structure of Enerji Piyasalari İşletme A.Ş.; as well as the services such as creation and entry of warehouse receipts in relation to electronic warehouse receipts (EWRs) with the approval of the Ministry of Commerce of the Republic of Türkiye, ISIN code generation, and clearing and settlement service for electronic warehouse receipts under the structure of Turkish Mercantile Exchange;

and risk and collateral management services provided as central clearing institution and central counterparty in relation to interest-backed TL IRS (interest rate swap) and TL OIS (overnight index swap) contracts.

Over the years, Takasbank has expanded its range of banking products with instruments including cash and non-cash loan facilities, aimed at helping the markets gain depth by providing efficiency and convenience in capital market transactions. In addition to cash loan facilities that it offers. Takasbank conducts its banking activities supported with cash and non-cash loan facilities through the markets and platforms that it operates, such as Takasbank Money Market, Türkiye Electronic Fund Trading Platform, Private Pension Fund Trading Platform and Securities Lending Market, and the clearing and settlement transactions of Turkish Capital Markets by minimizing risks, providing liquidity to the relevant money and capital markets and aiming to finally conclude settlements without errors and on time. Thus, it not only provides efficiency in both cash and securities transfer transactions, but also ensures the timely and secure fulfilment of the clearing & settlement obligations on the value date.

One of Takasbank's existential goals is to contribute in the management of counterparty credit risk and systemic risk in the markets and the strengthening of the risk management infrastructure of capital markets by developing an efficient central collateral and risk management system. Based on the legal grounds provided by the new Capital Markets Law no. 6362 that entered into force on 30 December 2012, Takasbank has been acting as the "seller" against each buyer or as the "buyer" against each seller under its capacity as the "central counterparty" and warranting the fulfilment of clearing & settlement obligations related with the markets in the Securities Lending Market operated under its roof as of 2 September 2013, in Borsa İstanbul A.S Futures and Options Market as of 3 March 2014, in Borsa Istanbul A.Ş. Money Market as of 14 October 2016, in Borsa Istanbul A.Ş. Equity Market as of 19 June 2017, in Borsa Istanbul A.Ş. Debt Securities Market as of 2 July 2018, in Borsa Istanbul A.S. SWAP Market as of 1 October 2018, and in Over-The-Counter Derivatives Market as of 19 December 2019.

Takasbank provides access to foreign assets traded in more than 65 markets worldwide through its current global custody network. Within the scope of this service, Takasbank provides custody service for the relevant capital market instruments through its accounts held at international clearing & settlement institutions and depositories (Euroclear and Clearstream) or global custodians (Citibank).

Takasbank also became an "On-Site R&D Center" again on 21 April 2017 with the approval of the Republic of Türkiye Ministry of Industry and Technology under the Law No. 5746.

"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. "Precious Metals Transfer System" allows for person-to-person transfer of gold to the systemmember 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 Crowdfunding Communiqué issued by the CMB, Takasbank provides services as "escrow agent" where the funds collected through crowdfunding platforms will be held and blocked until they are transferred to the venture capital company or returned to the investors, and also collateral custody services for the Interbank Card Center (ICC) and its members within the scope of the collateral management mechanism established for the Domestic Clearing and Settlement (DCS) System currently operated by the 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 "Taşıt Takas System" (Vehicle Transfer and Settlement 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 price.

In addition, Takasbank provides services as a custodian to Private Pension companies, and monitors the fund units/shares within the scope of voluntary and autoenrolment 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 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".

Takasbank maintains its vision to become an exemplary and preferred organization among international clearing & settlement and custody institutions by strengthening its position in domestic and international markets with the said projects and comprehensive efforts conducted.

Explanations about the products and services offered by Takasbank and the information about the developments in 2022 are provided under the headings of "Explanations about the Bank's Service Types and Fields of Operation" and "Developments in 2022" as included in the section "Performance in 2022" of the Report.

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MILESTONES

- IMKB Takas ve Saklama A.Ş. was established in 1992.
- The CMB (Capital Markets Board) authorized Takasbank as the National Numbering Agency in 1995.
- · The trade-name of the company was changed as IMKB Takas ve Saklama Bankası A.Ş. upon obtaining an investment bank license in 1995.





- · Takasbank Monet Market (TMM) started operations in
- · Takasbank Electronic Transfer System was established in 1997.

2000s

- · Takasbank started to provide custody services for the Private Pension System in 2003.
- · The Securities Lending Market service was launched in 2005.
- · Takasbank became a member of the European Central Securities Depositories Association (ECSDA) in 2006.
- · Takasbank became a member of the Organization of the Islamic Cooperation (OIC) Member States' Stock Exchanges Forum in 2008.

- · Signed an agreement with TEİAŞ for execution of cash settlement and collateral management operations in the Electricity Market by Takasbank as the "Central Settlement Institution" in 2011.
- Türkiye Electronic Fund Trading Platform established by Takasbank became operational in 2011.



- · Its tradename was changed as "Istanbul Takas ve Saklama Bankası A.S." in 2013.
- Takasbank was appointed by the CMB as the "Central Counterparty" in 2013.
- Takasbank was authorized as the local operating unit (LOU) for allocation of LEI codes under the sponsorship of the CMB in 2013.





- · Portfolio custody services were launched in 2014.
- · The Fund Information Platform became operational in
- Takasbank commissioned Tapu Takas (Title Deed Transfer) Project in 2015.

>>>>>> **** TapuTakas

- · Relocated to the new campus in Istinye in 2016.
- · Declared by the CMB as a "Qualified Central Counterparty" in 2016.
- · Became an On-site R&D Center in 2017.
- · Started to provide customer- and fund-based custody services as a part of PPS Auto-Enrolment System in 2017.
- · Started to provide cash settlement and collateral management services for EPİAŞ Natural Gas Market in
- · Commissioned the "Gold Transfer System" in 2018.
- · Started to provide Takasbank Cheque Clearing System services in 2018.
- · Launched Takasbank Blockchain-Based Transfer Platform "BiGA Digital Gold" in 2019.



- · Launched collateral custody services for the Domestic Clearing and Settlement System operated by the Interbank
- · Launched Takasbank Taşıt Takas (Vehicle Transfer and Settlement) System.



· Started to provide services as the "Equity-Based Crowdfunding Escrow Agent".

2021

- · Started to provide cash settlement and collateral management services as the "Central Clearing & Settlement Institution" for EPİAŞ Electricity Futures Market, Renewable Energy Guarantees of Origin Market, and Natural Gas Futures Market.
- · Commissioned the Private Pension Fund Trading Platform.





· Started to accept temporary electronic letters of guarantee submitted for the tenders held within the scope of the Public Procurement Law no. 4734.

2022

- Started to accept temporary surety bonds submitted for the tenders held within the scope of the Public Procurement Law no. 4734 as of 3 January 2022.
- Launched "ISIN Türkiye Portal" service as of 1 March 2022.



- Started to accept all of the temporary letters of guarantee and temporary surety bonds submitted for the tenders held within the scope of the Public Procurement Law no. 4734 over Takasbank Public Collateral Management Portal as of 1 December 2022.
- Started to provide Tapu Takas (Title Deed Transfer) service via e-Government through secure access as of 22 December 2022.

^{*} For further information on the history of the Bank, please visit https://www.takasbank.com.tr/en/about-us/introduction/milestones

SUMMARY OF THE OPERATIONS IN 2022

BIAS EQUITY MARKET CLEARING & SETTLEMENT SERVICE

Compared to the previous year, the Equity Market securities settlement volume has grown by 108.26% to 2,374.8 billion TL, and the cash settlement volume has grown by 103.65% to 631.5 billion TL.

BIAS DEBT SECURITIES MARKET CLEARING & SETTLEMENT SERVICE

21.91% DECLINE - 48.43% GROWTH

Compared to the previous year, the Debt Securities Market securities settlement volume has declined by 21.91% to 7,424.8 billion TL and the cash settlement volume has grown by 48.43% to 3,448.6 billion TI.

BIAS SWAP MARKET CLEARING & SETTLEMENT SERVICE

Compared to the previous year, the cash settlement volume in the SWAP Market has declined by 33.5% to 847.2 billion TL.

BİAŞ FUTURES AND OPTIONS MARKET **CLEARING, SETTLEMENT AND COLLATERAL** MANAGEMENT SERVICE

98% - 89% GROWTH

The VIOP (Futures and Options Market) profit/loss settlement amount has increased by 98% reaching 212 billion TL; and the market value of collaterals has increased by 89% to 51.9 billion TL.

The number of open accounts in VIOP has increased by 42% reaching 778,701; and the number of accounts with collateral balance has increased by 9% reaching 103,253.

OVER-THE-COUNTER DERIVATIVE TRANSACTIONS

The market has 21 members, 7,644 million TL of open positions, 970 million TL of total collateral, and 60 million TL of total guarantee fund contribution by 30 December 2022.

LEVERAGED TRADING TRANSACTIONS **COLLATERAL MANAGEMENT AND** REPORTING TO THE CMB

45% - 111% GROWTH

By the end of 2022, the balance of collaterals kept in custody has increased by 45% reaching 2.9 billion TL; and the annual total transaction volume has increased by 111% to 12.9 trillion TL.

EPİAŞ ELECTRICITY MARKET

The Electricity Market trading volume has been recorded as 1,808 million TL.

EPİAŞ NATURAL GAS MARKET

The trading volume in the Natural Gas Market has been recorded as 156 million TL.

BIAS PRECIOUS METALS MARKET

Compared to the previous year, the trading volume in the Precious Metals Market has increased by 208% to 533.45 billion TL.

ELECTRONIC WAREHOUSE RECEIPTS

The clearing & settlement trading volume in Electronic Warehouse Receipts has been recorded as 66.93 billion TL.

COLLATERAL CUSTODY AND MANAGEMENT SERVICE

In 2022, temporary letters of guarantee in the amount of 12.02 billion TL and temporary surety bonds in the amount of 1.18 billion TL were accepted over Takasbank Public Collateral Management Platform.

TAKASBANK MONEY MARKET

276% **GROWTH**

In 2022, the total trading volume has grown by 276% to 3,480 billion TL, the daily average trading volume has been 13.8 billion TL, and the total number of transactions has been 349.762 in TMM: thus, reaching the highest values of the market since its establishment. On 2 December 2022, the record-breaking daily trading volume of 25.6 billion TL was recorded.

TAKASBANK SECURITIES LENDING MARKET

The trading volume has increased by 56% compared to the previous year, reaching 94 billion TL; and the average daily trading volume has been recorded as 373 million TL.

TÜRKİYE ELECTRONIC FUND TRADING **PLATFORM**

107% GROWTH

In 2022, the total trading volume in TEFAS has grown by 107%, reaching 483 billion TL, On 25 November 2022, the highest daily trading volume of all time has been recorded with 6.9 billion TL.

PRIVATE PENSION FUND TRADING PLATFORM

Having started its operations in July 2021, BEFAS has continued to grow, recording a total trading volume of 4.4 billion TL and a daily average trading volume of 17.3 billion TL in 2022.

PRIVATE PENSION SYSTEM

The total fund size in the private pension system has grown by 78%, reaching 433 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 433 billion TL over nearly 19 million accounts.

INVESTOR COMPENSATION CENTER LAPSE OF TIME TRANSACTIONS

42,500 NEW ACCOUNTS OPENED

In 2022, 42,500 new accounts were opened in relation to expired investor accounts and transferred to the YTM to be held in custody. With the new accounts opened in 2022, the total number of accounts has reached 64,600; and there are financial assets with a total amount of 61 million TL held in these accounts.

GLOBAL CUSTODY SERVICE

With the 72% growth in the average custody balance within the scope of global custody service, the market value for securities under custody has exceeded 18.6 billion EUR. The number of members has increased by 21%. reaching 1,045.

NUMBERING SERVICE

33,718 ISINs have been allocated for capital market instruments; and LEO codes have been allocated for 1,262 legal entities.

PORTFOLIO CUSTODY SERVICE

The total fund size of collective investment schemes served within the scope of portfolio custody service has grown by 120%, reaching 36 billion TL.

FUND VALUATION AND REPORTING TO THE CMB SERVICE

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 117%, reaching 1,203 billion TL.

ACCOUNT CONTRACTS

668 units of account contracts have been signed, and services have been provided for 2,277 institutions and 9,404 active users.

PRECIOUS METALS TRANSFER SYSTEM

There have been 37,865 transactions and 14,405,932 grams of transfer volume recorded in 2022.

LOCAL CURRENCY PAYMENT AND TRANSFER SYSTEM

In 2022, Takasbank ranked third among all banks in the CBRT EFT System by intermediating in the members' 831,605 units of outgoing TL transfers in the amount of 19.24 trillion TL and 1.042.797 units of incoming TL transfers in the amount of 19.37 trillion TL.

FOREIGN CURRENCY PAYMENT AND TRANSFER SYSTEM

In 2022, Takasbank intermediated in the members' foreign currency transfers with 28,125 units of transactions in USD totalling 146.8 billion USD and 5,640 units of transactions in EUR totalling 29.7 billion EUR.

TAKASBANK CHEOUE CLEARING SYSTEM

A total of 12,685,016 cheques were submitted to Takasbank Cheque Clearing System within 2022; and 12,458,929 cheques were settled after the cheques returned following the preauthorization inspections of the banks.

CROWDFUNDING ESCROW AGENT

Out of 57 published campaigns, 45 campaigns were closed successfully in 2022; and from the total amount of TL 217,947,707 collected including additional fundings, a total of TL 174,984,336 was transferred to 44 entrepreneur companies that have completed their processes.

TAPU TAKAS (TITLE DEED TRANSFER) SYSTEM

In 2022, Takasbank intermediated in 111 real estate purchase and sale transactions with a total amount of TL of 1.048.683.935.

TASIT TAKAS (VEHICLE TRANSFER AND SETTLEMENT) SYSTEM

In 2022, Takasbank intermediated

in 2,107 vehicle purchase and sale transactions with a total amount of TL 720,426,475.

GRI 2-12, 2-22, 3-3, 203-1

MESSAGE FROM THE CHAIRMAN OF THE BOARD

Dear Stakeholders,

Having shaken the whole world with its devastating effects, the Covid-19 pandemic still continues to prevail with its economic and social implications in the following years. Although the deterioration in the supply chain experienced in the post-pandemic period has started to become partially alleviated in 2022, the geopolitical developments that emerged in the first half of 2022 further deepened the supply constraints. There were rapid increases in food and global commodity prices, especially in energy, due to negative supply shocks. In the second half of the year, global negative supply shocks substantially lost their effect with the contribution of Türkiye's constructive policies applied for the continuity of supply through the grain corridor process. Inflation started to decline with the effects of the strong steps taken within the scope of the Liratization Strategy, decreasing foreign demand and tightening financial conditions.

Displaying a positive growth performance in such a period, Turkish economy grew by 7.5% in the first guarter and 7.7% in the second quarter of the year, thus ranking second displaying the highest growth among OECD and G20 countries. Having grown by 3.9% in the third quarter despite the challenging global conditions and the increasing stagnation concerns all around the world, our Country is expected to display a 5% growth rate in 2022 as anticipated in the Medium-Term Programme (2022-2024). We strongly believe that our Country will continue to maintain its growth strategy prioritizing exports in line with Turkish Economic Model and to develop policies increasing labour efficiency; thus, maintaining its stable and steady uptrend.

As with the previous years, Takasbank has made significant contributions to the sustainable development and stable growth of our country in 2022; thus, leaving behind a successful and productive year. Our Bank has successfully continued to provide its clearing & settlement, central counterparty, custody and collateral services through effective risk management, and thus contributing in the deepening and development of our country's financial markets. Having increased its profit before tax by 91.86% from 1,178,025 thousand TL to 2,260,168 thousand TL compared to the previous year, our Bank has increased its size of assets by 90.58% from 45,024,011 thousand TL to 85,804,572 thousand TL and its shareholders' equity has increased by 39.55% from 3,236,902 thousand TL to 4,516,938 thousand TL.

Takasbank has undertaken many successful projects and initiatives throughout the year, considering the needs and demands of our country's capital markets. Serving as an onsite R/&D center, our Bank has continued to provide quality and reliable services meeting its stakeholders' expectations with its strong technological infrastructure and innovative solutions. Out of the relevant R&D projects, four projects were completed in 2022 while seven projects are still under construction by the end of the year. In addition, our Bank won the third prize with its "Precious Metals Transfer System" project in the "Best in Future of Industry Ecosystems" category at the IDC Türkiye Financial Services Summit organized by



As with the previous years, Takasbank has made significant contributions to the sust nent and stable growth of our country in 2022; thus, leaving behind a successful and productive year.

I am pleased to present to you "Takasbank 2022 Annual Integrated Report", which we, as Takasbank, have prepared for the second time this year, setting forth the values created by our Bank in the short, medium and long term and addressing our Bank's activities and operational results with a more integrated approach. I would like to share with you, our dear stakeholders, that the sustainability efforts conducted by our Bank throughout the year as explained in our Report will also be increasingly continued in the upcoming years without slowing down, and that we are determined in this journey.

As with the previous years, our Bank will continue to contribute to the sustainable development and to support the national economy of the country in the upcoming years, through its strong information technologies infrastructure and operations, competent human resources and innovative projects, 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 to all our valuable stakeholders, including, particularly, our shareholders, our members trusting us, and our devoted employees, for all their support and contributions in the successful performance that we have displayed and the projects that we have accomplished in 2022.

Dr. Mahmut KAYACIK

Chairman of the Board of Directors



GRI 2-12, 2-22, 3-3, 203-1

ASSESSMENTS OF THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER REGARDING THE ACTIVITY PERIOD AND THEIR EXPECTATIONS FOR THE FUTURE

MESSAGE FROM THE CEO

Dear Stakeholders of Takasbank,

The war that broke out between Russia and Ukraine in the first quarter of 2022 and the supply chain that became deteriorated with the expansionary monetary and fiscal policies globally implemented across the world during the pandemic period have further increased the existing supplydemand imbalances and accelerated the increases especially in energy, commodity and food prices. 2022 was a year during which the economies all around the world struggled with global inflation by tightening their monetary policies and increasing their interest rates.

Leading indicators show that economic activities worldwide will be challenging in 2023. Despite such negative developments, our Country is expected to display a 5% growth

Having displayed a successful financial performance in 2022, our Bank has continued to add value to Turkish economy and capital markets. It has increased its asset size by 90.58% from 45,024,011 thousand TL to 85,804,572 thousand TL, its shareholders equity by 39.55% from 3,236,902 thousand TL to 4,516,938 thousand TL, its operating profit before tax by 91.86% from 1,178,025 thousand TL to 2,260,168 thousand TL and its banking service revenues by 97.61% from 668,942 thousand TL to 1,321,892 thousand TL; thus, maintaining its strong financial structure this year.

2022 has been a productive year for Takasbank, in which many successful projects have been commissioned together with volume records broken in its operations.

In the Securities Lending Market (SLM), Takasbank Money Market (TMM), Türkiye Electronic Fund Trading Platform (TEFAS) and Private Pension Fund Trading Platform (BEFAS), which are all operated by our Bank, the total trading volumes have reached the highest levels of all time; displaying growth by 56% in the SLM, 276% in the TMM, and 107% in TEFAS compared to the previous year. In addition, the Private Pension Fund Trading Platform, which was put into operation in July 2021, has continued to growth with a total transaction volume of 4.4 billion TL in 2022.

As a result of multilateral netting performed in the Debt Securities Market, cash settlements in the amount of 3,448.6 billion TL and securities settlement with a market value of 7,424.8 billion TL have been executed; in the Money Market, cash settlements in the amount of 631.5 billion TL and securities settlement with a market value of 2,374.8 billion TL have been executed; and in the SWAP Market, cash settlements in the amount of 847.2 billion TL have been executed. In the Futures and Options Market, the market value of collaterals has increased by 89% reaching 51.9 billion TL, and the number of open accounts has increased by 42% reaching 778,701 accounts.

In the Electricity Market operated by our Bank under the roof of EPİAŞ, the transaction volume of 1,808 million TL was recorded in 2022; and the total market value of the collaterals held in the accounts at Takasbank exceeded the level of 27 billion TL by 31 December 2022. Similarly, due to the transactions executed in the Natural Gas Market operated under the roof of EPİAŞ, the total market value of the collaterals held in the accounts at Takasbank was recorded at the levels of 1.5 billion TL by 31 December 2022. In addition, the number of participants in the Natural Gas Futures Market, Renewable Energy Guarantees of Origin Market and Electricity Futures Market established under the structure of EPİAŞ in 2021 has increased in 2022. Furthermore, the clearing and settlement transaction volume in Electronic Warehouse Receipts traded in the Turkish Mercantile Exchange has been recorded as 66.9 billion TL.

The number of accounts with private pension funds within the scope of voluntary participation system in private pension companies has followed a horizontal course compared to the previous year, remaining at the level of 9 million accounts; and the size of funds held by participants increased by nearly 173.2 billion TL, reaching the total amount of 399.5 billion TL including the state contribution. The number of accounts within the scope of the Auto-Enrolment System has increased by nearly 1 million, reaching 9.5 million accounts; and total amount of funds has reached 32.7 billion TL. The rate of exits from the Auto-Enrolment System was 74%. In addition, with the regulation introduced in 2021 allowing individuals under 18 years of age to participate in the PPS system, the fund share of 642 thousand participants under 18 years of age has reached 2 billion TL by the end of the year.

The average custody balance within the scope of the global custody service has increased by 72%; and the market value of the securities under custody has exceeded 18.6 billion Euro. The number of ISIN codes allocated by our Bank as the National Numbering Agency has increased by 66%, reaching 33,718 codes.

The number of funds included in our Bank's portfolio custody service has increased by 29%, reaching 137 by the end of 2022; and this number has reached a record-breaking level with 144 units with the addition of investment trusts. In addition, the total size of all funds has increased by 120%, reaching 36 billion TL. The total size of all collective investment institutions (mutual funds and trusts) to which Fund Valuation and Reporting to the Capital Markets Board services are provided have reached a record-breaking level with an amount of 1.2 billion TL.

As with previous years, our Bank has realized various projects and developments with the purpose of contributing in the deepening and development of markets and in accordance with its strategy of strengthening its digital infrastructure



2022 has been a productive year for Takasbank, in which many successful projects have been ned together with volum records broken in its operations.

in line with its goal of providing uninterrupted services to its members in 2022.

The "Takasbank ISIN Portal" service has been launched within the year, thus allowing for faster and more practical ISIN applications in a fully-automated environment thanks to its user-friendly interface.

Through the "Takasbank Public Collateral Management Platform" that our Bank commissioned in September 2021 in cooperation with the Public Procurement Authority, the Bank started to provide collateral custody and management services regarding the acceptance, custody, registration as revenue, return, extension of the validity and reporting of temporary letters of guarantee and surety bonds accepted for tenders held within the scope of the Public Procurement Law no. 4734. As of 1 December 2022, all temporary letters of guarantee have been started to be accepted through Takasbank Public Collateral Management Platform in line with the decision taken by the Public Procurement Authority.

Acting as the "escrow agent" in the Crowdfunding System allowing the entrepreneurs in need of funds and the individual investors searching for new investment areas to come together in a common area; our Bank has provided services for a total of 19 crowdfunding platforms, 8 of which were listed by the CMB; thus, becoming the first and only escrow agent in the newest organized investment system of Türkiye in 2022.

The Gold Transfer System allowing the customers of systemmember banks to transfer their gold account balances between the banks electronically and with the speed of EFT has been renamed as the Precious Metals Transfer System and an application has been filed with the CBRT for a permission for other activities in order to add silver as a new type of metal to the System.

Our Tapu Takas (Title Deed Transfer) application has been put into service for use by our citizens over e-Government system with a safe access possibility in order to facilitate its use by larger groups of users at the end of the year. In addition, workshops were held in October and December with the participation of the CBRT and the representatives of the member banks for transition to production phase of BiGA project.

Determined to continue its innovative projects and developments without slowing down, our Bank considers ensuring the satisfaction of its members in all services it renders as one of its top priority goals. It has been observed that the satisfaction level of our members is as high as 92% according to the evaluation results of Takasbank Service Satisfaction Survey that we make every year.



We are pleased to present to you, our esteemed stakeholders, our Annual Integrated Report providing our Bank's financial and non-financial performance in 2022 with an integrated approach and sharing its future-oriented strategy. With "Takasbank 2022 Annual Integrated Report", our Bank aims to inform its stakeholders about its activities, the financial and non-financial capital elements that it has used during its activities, the economic, social and environmental outcomes of its activities, and its future-oriented goals and objectives. We have detailed our sustainability efforts that we have conducted in 2022 under the heading of "Sustainability" in our Report. As Takasbank, we will continue to add value to all our stakeholders by contributing in the sustainable development of our Country with our gradually increasing activities in the field of sustainability in the upcoming periods.

Our Bank pursues a transparent and ethical dialogue with all its stakeholders. We hereby present to your appreciation our integrated report, which we consider will be an important instrument for the said dialogue. As with the previous periods, Takasbank will also continue to contribute to the development of capital markets and to have a share in the sustainable development of our Country in the upcoming periods with its competent human resources, strong technological infrastructure, efficient communications with stakeholders and long-term and innovative perspective. I would like to express my gratitude to our Board of Directors, our shareholders and all our stakeholders, including, especially, our employees for their unwavering support and trust that they have provided in this journey.

Avsar R. SUNGURLU

Chief Executive Officer and Board Member

PERFORMANCE IN 2022



As with every year, Takasbank has continued to make its contributions in the strong and stable growth of our country in 2022.

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ASSESSMENT OF THE BANK'S POSITION IN THE SECTOR

Macroeconomic Outlook

In 2022, high inflation, shrinking global trade, recession concerns and climate problems have become the current issues on the main agenda of the global economy. The coronavirus pandemic that broke out in 2019 has decreased in 2022 compared to the previous years and countries have started to lift their pandemic restrictions. Central banks that applied expansionary monetary policies during the pandemic period have changed their policies to limit the rising inflation in 2022. In addition, the war that broke out between Russia and Ukraine in February has led to sharp fluctuations in commodity and food prices.

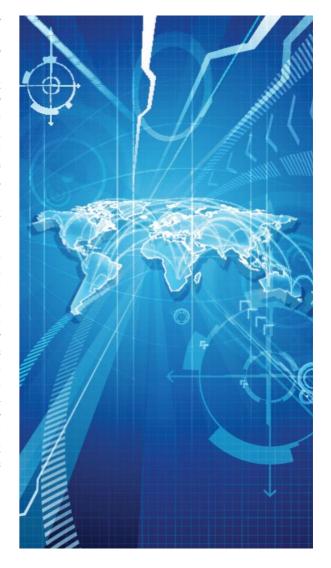
The Russian-Ukrainian war has caused disruptions especially in the food supply chain, leading to conflicts on energy trade between Europe and Russia. European countries dependent on foreign energy have encountered rapidly increasing natural gas and electricity prices since the very first months of 2022. Inflation in European countries has started to display an upward trend due to the rise in energy prices. The inflation in Euro Zone was recorded as 10.6%, quite above the target level within the year, reaching the highest levels in records. The inflation in the US economy has reached its peak in 41 years with an annual rate of 9.1% recorded within the year. Thus, the incentives and interest rate cuts provided during the pandemic period have been replaced with monetary tightening and interest rate hikes as part of the fight against inflation. The Central Bank of the USA (Federal Reserve) increased its policy interest from 0-0.25% applied in the beginning of 2022 to 4.25-4.50% at the end of the year. The European Central Bank increased the main refinancing rate from 0% to 2.50%.

The increases in commodity and food prices and the global strengthening of the dollar have increased inflationary pressures in this period. The cumulative CPI increase rate has been 64.27% in 2022. On the other hand, the CPI annual increase rate has been limited with anti-inflationary measures such as facilitating access to basic products through tax reductions and subsidies provided within the scope of the Turkish Economic Model, easing supply constraints through foreign trade measures, especially for food, implementing upper limits for rent increases, and liratization policy. The inflation is expected to decline with the base effects and the economic activity is expected to gain strength with the CBRT's policies prioritizing growth in the upcoming period.

The climate problem has been one of the most important global risks in 2022. The most severe draught, forest fires, floods and storms in history have occurred in 2022. Climaterelated disasters may create a substantial pressure on global activities and disrupt supply chains by impairing the supply of already scarce products in the short run. In the long run, climate change may reduce productivity and aggravate global poverty by rendering some settlements uninhabitable. The United Nations Climate Summit (COP27) is organized every year, also with the participation of Türkiye, in order to discuss the measures that can be taken against the impacts of the climate crisis. Our country has taken important steps in the fight against climate change in the recent years. In this context, the Climate Change Department was established under the roof of the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change on 29 October 2021. A Climate Council was held for the first time in Türkiye in the first months of the year; and decisions were taken in line with 2053 net zero emission and green development targets within the scope of the fight against climate change. In addition, Türkiye's emission reduction target announced as 21% for 2030 has been increased to 41% within the scope of Paris Climate Agreement.

While global recession concerns rose, growth forecasts for the next year were revised downwards at the end of 2022. While IMF expected the global growth to be 3.2% in 2022, they downgraded their expectation for 2023 from 2.9% to 2.7%. The World Trade Organization shared their anticipation that the global merchandise trade volume would grow by 1% only in 2023 following the 3.5% growth forecast for 2022. On the other hand, the recurrence of coronavirus cases in China towards the end of the year keeps the coronavirus-related concerns alive. In this context, the course of coronavirus cases, the Russia-Ukraine war, inflationary developments, the impacts of the climate crisis on economies, the global stagnation and the course of commodity prices are important for the following period.

Our national economy has achieved a growth rate above expectations, with 7.5% in the first guarter and 7.7% in the second guarter of this year; however, the growth has slowed down with a rate of 3.9% in the third quarter. Thus, the growth rate for the first nine months of the year was recorded as 6.2%. In 2022, foreign trade has been adversely affected by the slowdown in economic activities and high energy imports in Europe, i.e., the largest export market of our country. In 2022, exports increased by 12.9% reaching 254.2 billion dollars while imports increased by 34.3% reaching 364.4 billion dollars, compared to the previous year. Having guickly recovered from the adverse effects of the pandemic period on employment, Turkish economy has increased employment throughout the year 2022 and its total employment has exceeded 30 million people.





GRI 2-28

ASSESSMENT OF THE BANK'S POSITION IN THE SECTOR

Takasbank in International Markets

International Memberships



European Association of Central Counterparty Clearing Houses (EACH)

EACH was founded in 1992 to represent the common interests of CCP clearing house organizations operating in 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 CCP institutions that are members of the Association

(https://eachccp.eu/)



Association of National Numbering Agencies (ANNA) Membership

Established by 22 numbering agencies in 1992, ANNA is an international organization with more than 120 members and partners 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 since 2001 and that has more than 91 million of ISIN data. As the world's largest ISIN and CFI database, the ASB database constitutes a valuable resource for international financial markets.

(https://anna-web.org/)



Organization of Islamic Cooperation Exchanges Forum

The OIC Exchanges Forum was established in 2005 through the initiatives of the Organization of Islamic Cooperation Standing Committee for Economic and Commercial Cooperation (COMCEC) in order to strengthen cooperation and encourage the transfer of knowledge and experience among the stock exchanges of member states. Borsa İstanbul A.Ş. has assumed the role of secretariat for and on behalf of the Forum. Forum meetings bring together OIC exchanges, clearing and custody institutions and other relevant OIC institutions every year.

(https://www.oicexchanges.org/en/)

The 16th Meeting of the OIC Exchanges Forum hosted by Borsa İstanbul A.S. was held online on 11 October 2022. A total of 106 representatives from 20 exchanges, a total of 7 clearing and custody institutions together with Takasbank and 9 sectoral institutions attended the meeting.



CCP12- The Global Association of Central Counterparties

Having assumed the function as the Global Association of Central Counterparties, CCP12 is an association comprising 40 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.

Takasbank was accepted as a member of the group and became one of the 40 CCP institutions that are members of the CCP12 in the Annual General Meeting of CCP12 held in London on 06 June 2019. This membership contributes to the goal of ensuring convergence of Takasbank's CCP and central clearing and settlement practices with the best international practices.

(https://ccp12.org/)



Society for Worldwide Interbank Financial Telecommunications (SWIFT) Membership

Established in 1973, 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.

(https://www.swift.com/)



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

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.

EMIR (European Market Infrastructure Regulation) and 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 CCP institution 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 across the Bank in 2022. The efforts for such recognition will be continued with intensified activities following the satisfaction of the prerequisite for recognition; i.e., after the European Commission adopts an equivalence decision that the currently existing regulations in Türkiye are equivalent to the EU acquis with respect to recognition of CCP institutions.

Takasbank also continued its efforts to gain its deserved place among the international capital market institutions in 2022. In this context, acting together with BIAŞ 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.

Takasbank provides a clearing, settlement and custody infrastructure for Turkish financial institutions' investments in international markets as well as those made in the local capital 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 BİAŞ, and provides a clearing, settlement and custody infrastructure for intermarket collaborations at regional and global level.

Activities for Implementation of International Standards in

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;
- · Legal Entity Identifier Code (ISO 17442-LEI- Legal Entity Identifier) 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 standard.

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/SC4 Committee Membership

Takasbank represents Türkiye for and on behalf of TSE in the ISO TC68/SC4 Committee of the International Standards Organization developing international standards for securities and related financial instruments. In this context, Takasbank is a member of the National Market Working Group of Türkiye (MTC43 Mirror Committee-Türkiye) established to monitor the standardization activities conducted by 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 CBRT, TBB, TCMA, custodian banks, commercial banks, investment banks, and intermediary

Takasbank is also an active member of the ISO TC68/SC4 technical committee defining the reference data formats for financial services.



REPRESENTATION AND PROMOTION

With the element of trust put in it, Takasbank has continued to provide support within the scope of participation and sponsorships in the events organized for the areas that it operates in; and paid utmost attention to the publicity of the institution within the scope of the promotion of Bank services gradually diversified further for different target groups also in 2022. In this context, as with every year, information about the

Bank's corporate developments have been shared with the public through the corporate website, social media accounts, press releases and online events in 2022.

Takasbank won the third prize with its "Precious Metals Transfer System" project in the category of "Best in Future of Industry Ecosystems" at IDC Türkiye Finance Financial Services Summit organized by IDC Türkiye in 2022.





Information regarding Crowdfunding, Public Collateral Management, TMM, SLM, TEFAS and BEFAS platforms and PPS has been provided under the headings of "Takasbank's Role in the Financial Ecosystem" and "Services provided by Takasbank" in various publications in 2022.

As Borsa Istanbul Group, we provided sponsorship support for the event entitled "Strong Women of Strong Türkiye Summit" held on 8 March 2022, "International Congress on Social Sciences (INCSOS)" held between 2-4 June 2022, and the "19th MUSIAD EXPO International Fair" held between 2-5 November 2022.





As Takasbank, we participated as a speaker in the panel entitled "Gold as an Alternative Payment Method" in the 3rd Global Islamic Fintech Summit held with the theme of "Islamic Finance in the Digital Era" on 22 March 2022. In the said panel, the Precious Metals Transfer System and BiGA projects were showcased and information on their functioning was provided.

Online training was organized and support was provided as a trainer in the said training within the scope of SESRIC Stock Exchange Capacity Building Programme – Trading Course on Capital Market Operations for Member States' Stock Exchanges of the Organization of Islamic Cooperation held on 11-12 May 2022.

The CCP General Evaluation meetings started to be held with the Bank members since 27 May 2021 have also been continued at regular intervals in 2022.

Takasbank participated as a panellist in the "Companies Initial Public Offering Certificate Program for Access to Finance" organized by TCMA between 30 May – 6 June 2022.



Sponsorship support was provided for the event entitled as the "New Generation Entrepreneurship Summit" held online for the sixth time with the "Unicorn Age" theme on 14 June 2022

During the visits made by Turkmenistan Ashgabat Stock Exchange on 23 August 2022 and by Kazakhstan Stock Exchange on 25 August 2022, visitors were provided with informative trainings on Takasbank activities, including, especially, equity and debt securities clearing & settlement transactions.



The "Crypto Assets, Blockchain and Financial Transformation Seminar" was held with the participation of Borsa Istanbul Group and EPIAS in May 2022 and many Bank employees participated in the said seminar. In addition, the Bank participated both as a sponsor and a jury member in the Blockchain, NFT and Metaverse Hackathon organized by the Turkish Open Source Platform in May. The Bank contributed as a trainer in the Blockchain trainings organized by Istanbul University Continuous Education Center in July and November. In addition, efforts are continued to establish collaborations with public institutions, universities and the companies in the sector on various topics.



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 3-7 October 2022; and Takasbank participated as a speaker in the panels entitled "Ask the Expert about Agricultural Commodity Markets" and "Ask the Expert about the Investments using TEFAS, BEFAS, and GEFAS" held in the relevant event and information about the services provided by the Bank was shared.

The Bank participated as a panellist in the panel entitled "the Organization of Islamic Cooperation (OIC) Capital Markets and S&P-OIC COMCEC 50 Islamic Equity Index Fund" held on 28 November 2022 within the scope of the 38th Ministerial Meeting of the Organization of Islamic Cooperation Standing Committee for Economic and Commercial Cooperation (COMCEC). The fund traded on TEFAS, the fund trading platform operating under the roof of Takasbank, was founded following the S&P/OIC COMCEC 50 Shariah Index established for the recognition of capital markets and collaboration of the member countries of the Organization of Islamic Cooperation and accounts were opened in depositories for the mutual fund investing in 7 countries. The issues such as the importance of and the difficulties faced by OIC capital markets, including, especially, the foundation process of the funds, the difficulties encountered in this process and how they were overcome as well as the investment opportunities that the fund offers, constituted the subject matters of the panel.



Main sponsorship support was provided as Borsa Istanbul Group in the "Turkish Capital Markets Summit" held for the sixth time on 1 December 2022 as the "Carbon Neutral Summit" in order to minimize the environmental impacts of the Summit. The Bank participated as a panellist in the panel entitled "The Future of Borsa Istanbul in the Digital Age" held within the summit prioritizing raising individual and social awareness on sustainability; and information was shared on the digital services recently provided by Takasbank and the future of such services, BiGA blockchain technology and decentralization in the field of clearing and settlement.

Takasbank was promoted through participation as a panellist in the panel entitled "Licensed Warehousing Compensation Fund and its Authorizations, and CRA and Takasbank Operations" at the "Licensed Warehousing and Grain Markets Congress" organized by the Association of Agricultural Products Licensed Warehouses and Authorized Classifier Companies on 8-11 December 2022; and information on Takasbank's role in EWR Markets was provided.

Statistical data were shared for publication in "Kurumsal Yatırımcı" (Institutional Investor) magazine, published by the Turkish Institutional Investment Managers' Association on a quarterly basis; and an article was prepared on the occasion of completion of the first year of BEFAS upon request and then published in the 59th issue of the magazine in the period of October-December 2022. V

(http://www.tkyd.org.tr/assets/kurumsal_yatirimci_59-9a3d715ba93 59bc8a84c1010f1427277.pdf)



A total of 53 people, including the representatives from the CBRT, the General Directorate of Minting and Printing, Borsa Istanbul, and 8 member banks as well as Takasbank participants, attended BiGA Workshops held at Takasbank on 26 October and 15 December 2022. In these workshops, the participants were informed about the development of the Precious Metals Transfer System from its commissioning until today; and ideas were exchanged on the commercialization of BiGA project and the integration of the Mint with the BiGA project.

Takasbank attended the Climate Council held in Konya on 21-25 February 2022, the Emissions Trading System consultation meeting held on 16 September 2022, the National Carbon Pricing Specialized Working Group meeting held in Ankara on 13 October 2022, and the Emissions Trading System Technical Working Group held on 14 October 2022.

Article six of the Paris Agreement, to which our country is also a party, defines market-based and non-market-based mechanisms allowing countries to establish voluntary cooperation in order to achieve their Nationally Determined Contribution Commitment objectives. The capacity-building efforts regarding policy development processes and negotiations mentioned in the said article are of great importance for our country. Takasbank participated in the Workshop jointly held by the Climate Change Presidency and the World Bank on 1-2 June 2022 with the purpose of transferring information to the relevant agencies/institutions and raising awareness in our country within the scope of the practices implemented under the sixth article of the Paris Agreement.

In the meeting regarding the sub-processes of the Emissions Trading System held in Ankara on 3-4 November 2022 with the participation of the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change, Climate Change Presidency Carbon Pricing Department, the CMB, Borsa Istanbul and the CRA, detailed information was shared with respect to the clearing & settlement, risk and collateral management services to be provided by Takasbank. In the Climate Change Draft Law Workshop held by the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change, Climate Change Department in Antalya between 29 November - 2 December 2022, opinions were shared about incorporation into the Law of the provisions regarding the clearing & settlement, risk and collateral management services to be provided by Takasbank in the Emissions Trading System to be established.



The virtual fund competition "My Golden Egg University Fund Basket" where mutual funds traded in TEFAS could be bought and sold, which is organized through the cooperation of Takasbank, Turkish Capital Markets Association and Turkish Institutional Investment Managers' Association and is aimed at encouraging university students to take a closer interest in the capital market and to direct young people to long-term savings and investments, was held for the third time this year. Takasbank contributed to this competition prepared for university students and supporting financial literacy by making the technical infrastructure of TEFAS available for use in the competition.

During the year, lecture notes were updated with respect to the CML course topics falling within the scope of Takasbank activities regarding the subjects such as the Securities Lending Market, Takasbank Money Market, Clearing & Settlement Operations, TEFAS, BEFAS, etc. In addition, trainings introducing the Bank activities were provided within the scope of the orientation programs for the personnel newly employed in Borsa Istanbul Group. The Bank provided support through provision of trainer(s) in the Student Training Program within the scope of Borsa Istanbul Talent Management and Training Program, the Republic of Türkiye Ministry of Treasury and Finance Training Program and Media Workers Training Program.

Given the importance attached to its vision and its stakeholder relations, Takasbank aims to actively continue its operations and communications also in the international arena. To this effect, face-to-face and online meetings were held with many domestic and foreign agencies and institutions throughout the year with the participation of both the Bank's Senior Management and employees at managerial and expert staff positions.

>>> FIVE-YEAR SUMMARY FINANCIAL DATA **INCLUDING THE REPORTING PERIOD**

(Thousand TL)	2022	2021	2020	2019	2018
Total Assets	85,804,572	45,024,011	25,388,236	16,734,560	11,795,183
Shareholders' Equity	4,516,938	3,236,902	2,562,447	2,308,095	1,745,485
Paid-in Capital	600,000	600,000	600,000	600,000	600,000
Operating Profit	2,260,168	1,178,025	686,446	772,335	612,723
Interest and Portfolio Income	1,686,940	821,002	515,931	732,323	684,568
Net Profit	1,732,121	890,757	539,374	612,346	479,740
(Thousand USD)*	2022	2021	2020	2019	2018
Total Assets	5,173,625	3,469,390	3,458,652	2,817,171	2,242,047
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Total Assets	5,173,625	3,469,390	3,458,652	2,817,171	2,242,047
Shareholders' Equity	272,351	249,424	349,083	388,555	331,784
Paid-in Capital	36,177	46,234	81,738	101,007	114,049
Operating Profit	136,278	90,774	93,515	130,018	116,467
Interest and Portfolio Income	101,715	63,263	70,286	123,283	130,124
Net Profit	104,439	68,639	73,479	103,085	91,190

Financial Ratios (%)	2022	2021	2020	2019	2018
Operating Profit/Total Assets	2.63	2.62	2.70	4.62	5.19
Shareholders' Equity/Total Assets	5.26	7.19	10.09	13.79	14.80
Operating Profit / Shareholders' Equity	50.04	36.39	26.79	33.46	35.10
Growth in Assets	90.58	77.34	51.71	41.66	11.65

^{*} The annual average exchange rate was used as 16.5850 in the calculations for 2022.

Dividend Distribution Policy

Dividend distributions are made with the decisions taken at the 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 published on Bank's website (https://www.takasbank.com.tr/en/about-us/corporate/ dividend-distribution-policy). 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 2022, 445 million TL was distributed among shareholders as dividends from the profit of 2021.

Information on the Own Shares acquired by the Bank

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

Information on the Legal Actions filed against the Company and likely to affect the Company's Financial Situation and Operations, the Legal Actions filed against the Company due to Anti-Competitive Behaviours, Trustification and Monopolism, and Their Possible Outcomes

There are neither any lawsuits filed against Takasbank which are likely to affect its financial position and operations, nor any legal actions filed and finalized due to anti-competitive behaviours, trustification and monopolism.

Information on Material Circumstances noncompliant with Applicable Legislation and the Fines paid as a result of such **Noncompliance**

There are not any material situations noncompliant with applicable legislation or any fines imposed on Takasbank due to such noncompliance.

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

Takasbank has made donations in the total amount of TL 101,802,284.69 to the associations and foundations established for public benefit in order to support training and to provide aids; and Takasbank has also made donations in the amount of TL 1,092,260.80 under the title of other aids and donations.

Information on Financial Structure

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

SETTLEMENT & CLEARING

- BİAŞ Equity Market Settlement & Clearing
- BİAŞ Futures and Options Market Settlement & Clearing
- BİAŞ Precious Metals Market Settlement & Clearing
- BİAŞ Debt Securities Market Settlement & Clearing
- BİAŞ Money Market Settlement & Clearing
- Takasbank Cheque Settlement & Clearing System
- EPİAŞ Electricity Market Settlement & Clearing
- EPİAS Natural Gas Market Settlement & Clearing
- EPİAŞ Electricity Futures Market Settlement & Clearing
- EPİAŞ Renewable Energy Guarantees of Origin Market Settlement & Clearing
- EPİAŞ Natural Gas Futures Market Settlement & Clearing
- Turkish Mercantile Exchange (TMEX) EWR Transactions Settlement & Clearing
- BİAŞ SWAP Market Settlement &
- Over-the-Counter Derivative Transactions Settlement & Clearing

CENTRAL COUNTERPARTY

Securities Lending Market

BİAŞ Debt Securities Market

Over-the-Counter Derivative

BİAŞ Money Market

BİAŞ Equity Market

BİAŞ SWAP Market

Transactions

BİAŞ Futures and Options Market

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
- Global Custody
- Exercise of Share Certificates Corporate Action Rights
- Book-Entry Custody

MARKET OPERATION

Platform

Platform

Takasbank Money Market

Securities Lending Market

Türkiye Electronic Fund Trading

Private Pension Fund Trading

Interbank Card Center Collateral Custody

- BİAŞ Equity Market, BİAŞ Debt Securities Market, BİAS Money Market and BİAŞ SWAP Market Collateral Management Service (under CCP)
- BİAŞ VİOP Guarantee Fund Collateral Management
- BİAŞ VİOP Trading Margin Management
- BİAŞ Precious Metals Market Collateral Management
- EPİAŞ Electricity Market
- Collateral Management EPİAŞ Electricity Futures Market Collateral Management
- EPİAŞ Renewable Energy Guarantees of Origin Market Collateral Management
- EPİAŞ Natural Gas Market Collateral Management
- EPİAŞ Natural Gas Futures Market Collateral Management
- Over-the-Counter Derivative Transactions Collateral Management
- Leveraged Trading Transactions Collateral Management and Reporting to the CMB
- Takasbank Public Collateral Management Service

FUND/TREASURY MANAGEN

Fund/Treasury Transactions

Cash Credit

SSET TRANSFER SERVICES

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

DATA VENDORING

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

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

OTHER SERVICES

- Taşıt Takas (Vehicle Transfer)
- Crowdfunding Escrow Agent
- CRA TRY/FX Cash Correspondent
- Fund Valuation and Reporting to the CMB
- Transactions
- Fund Information Platform
- Repo-Reverse Repo Transactions and Monitoring and Reporting of
- **Investor Compensation Center** Lapse of Time Transactions

- Tapu Takas (Title Deed Transfer)

- Suspended Brokerage House
- Such Transactions
- Brokerage House Blockage

- Counterparty Clearing Houses (EACH)
- Organization of Islamic Cooperation Exchanges Forum (OICEF)
- Society for Worldwide Interbank Financial Telecommunications (SWIFT)
- Global Association of Central Counterparties (CCP12)

INTERNATIONAL MEMBERSHIPS

- European Association of Central
- Association of National Numbering Agencies (ANNA)
- ISO TC68/SC4 Committee

er of Employees and

- The Bank has 339 employees.
- It does not have any branches.

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DEVELOPMENTS IN 2022

Central Counterparty and Financial Analysis:

Market/Service

· Central Counterparty:

Takasbank has been providing CCP service in the Securities Lending Market (since September 2013), BİAŞ Futures and Options Market (since March 2014), BİAS Money Market (since October 2016), BİAS Equity Market (since June 2017), BİAS Debt Securities Market (since July 2018), BİAŞ SWAP Market (since October 2018) and for over-the-counter derivatives subject to central clearing and settlement (since December 2019); and the legal grounds provided by the new Capital Markets Law no. 6362 as well as international best practices and regulations are taken into consideration.

· Financial Analysis:

Our Bank assigns 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 are used as the basis for the limits that may be allocated within the framework of banking, CCP or other capital market activities.

Financial analyses are made about the institutions with which a membership and/or credit relationship is or will be established within the framework of Takasbank's CCP and banking transactions; and the internal credit rating system is used to measure their creditworthiness.

With Takasbank internal credit rating system;

- · The creditworthiness of the institutions is expressed with scores;
- · Their credit or position limits are determined based on maximum nominal or value-at-risk limits that can be assigned within the scope of banking or CCP activities; and
- · The membership types of banks and intermediary institutions that will execute transactions in the market or capital market instruments for which CCP service is provided are determined.

Major Developments in 2022

Central Counterparty:

The transactions that will be executed by Takasbank declared as a qualified CCP by the CMB in 2016 with the Banks established in Türkiye are considered as "qualified transaction"; and the risks that the 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 has continued its efforts conducted both at home and abroad in relation to its application that it will make to ESMA for its recognition as a third-country CCP institution in order to ensure that its members operating as subsidiaries of the banks resident in the EU may also benefit from this service. On the other hand, negotiations with the Central Bank of England have also been continued 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 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 in December.

In 2022, 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 BİAŞ VIOP, the "Risk-Mitigating Netting Project" developments regarding the consideration of the relevant equity collateral values were completed and the project was deployed in 2022.

The project design stage of the 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 then commissioned in 2022.

Financial Analysis:

The validations for measurement of accuracy and performance of the credit rating and assessment model used by Takasbank are regularly conducted and the general principles of the credit rating system methodology are announced in Takasbank

The risks of the institutions worked with under a loan and the credit or position risks assumed due to the Bank's central counterparty position are monitored and periodically reported to the Executive Management.

Objectives

In addition to the "Risk-Mitigating Netting Project" commissioned in 2022, 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 metrologies 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 Over-The-Counter Derivatives Market in the following periods.

The efforts for recognition will be continued with intensified activities following the satisfaction of the prerequisite for recognition by the EU regulatory authority ESMA as a third-country CCP; i.e., after the European Commission adopts an equivalence decision that the currently existing regulations in Türkiye are equivalent to the EU acquis with respect to recognition of CCP institutions.

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Market/Service

Securities Lending Market

The SLM 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 CCP 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.

· 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.

Türkiye Electronic Fund Trading Platform

TEFAS 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 a manner integrated with Takasbank and CRA systems and on a fully-automated basis.

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.

Private Pension Fund Trading Platform

BEFAS is an electronic platform that enables pension mutual fund participation certificates included in the Private Pension System to be sold to and repurchased by the participants of the other pension companies that are members of the system, and the relevant clearing, settlement and custody services for such transactions to be provided over Takasbank system.

Thanks to BEFAS, participants are able to choose among many alternative pension mutual funds through the pension company with which a private pension contract is concluded, based on fund performances.

Major Developments in 2022

Records and Developments:

In 2022, the highest levels of all time were reached with the daily trading volume of 1 billion TL and the total open transactions of 1.1 billion TL in the SLM. As of 2022, the annual trading volume has increased 31 times when compared with that of 2013 (2013: 3.041 million TL, 2022: 94.097 million TL)

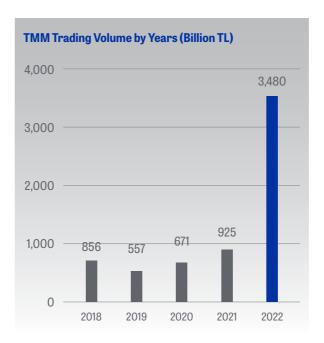
Securities Lending Market Data for 2021 2022	2021	2022
Number of Orders	935,092	1,338,882
Number of Contracts	200,217	224,206
Number of Traded Shares	7,739,052,446	5,462,721,320
Trading Volume (Mio TL)	60,447	94,097

Pursuant to the CMB's decision dated 02 March 2020 on measures regarding short selling transactions in BIAS 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 have been continued to be 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 2022, the highest values of all time since the establishment of the market were achieved in TMM with the total trading volume of 3,480 billion TL, daily average trading volume of 13.8 billion TL, and total number of transactions recorded as 349,762 transactions. The daily trading volume record was broken with the amount of 25.6 billion TL on 2 December 2022.

In 2022, a total of 155 institutions including 52 brokerage houses, 18 deposit banks, 11 development and investment banks, 60 financial institutions, 8 asset management companies, and 6 insurance and pension companies, executed transactions on TMM.

On the selling side of the trading volume recorded in the TMM in 2022, the transactions were comprised of brokerage houses and banks accounting for 99.9% (44.7% on behalf of funds and trusts, 48% on behalf of portfolio, and 7.3% on behalf of customers), and the financial institutions, pension and insurance companies, and asset management companies accounting for 0.01%. On the buying side, the transactions were comprised of those executed by brokerage houses and banks on behalf of their portfolios accounting for 56.7%, portfolio transactions by financial institutions accounting for 39.7%, and the transactions executed by other institutions accounting for the remaining 3.6%.



^{*} Statistical data regarding the services provided by Takasbank are available under the section titled "Statistics" on the Bank's website.

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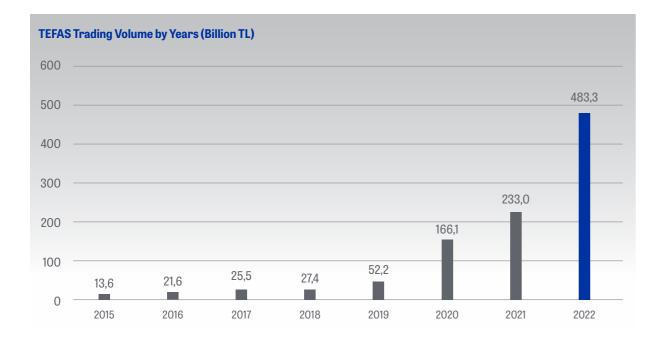
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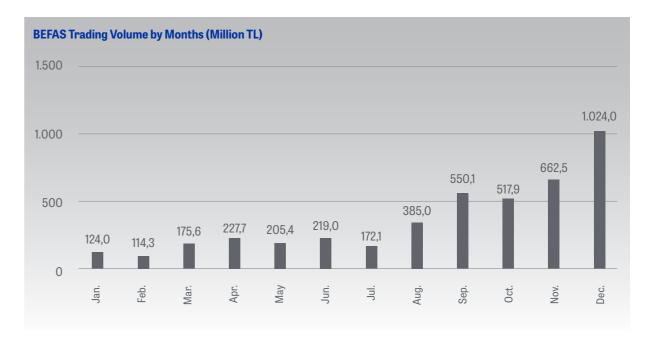
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The number of mutual funds and investment trusts trading on the TMM has increased compared to the previous year and reached 624. In addition, the trading volume of private pension funds, mutual funds and investment trusts trading on the market was recorded in the amount of 5.2 billion TL; as a result, their ratio in the total trading volume has increased to 37.8%.



In 2022, TEFAS grew by 107.44%, recording a total trading volume of 483 billion TL. In addition, 2022 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 6.9 billion TL in November. 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.



In 2022, the total trading volume was recorded as 4.4 billion TL and the daily average trading volume was recorded as 17.3 billion TL in BEFAS. In 2022, 280 funds founded by 15 pension companies were traded in BEFAS; and acting as the Fund Distributor Institution, 15 pension companies executed trading transactions for their participants from the funds founded by other companies.

New Practices:

As of 3 June 2022, a new screen entitled "E-mail Definition" has been opened under the heading "Definitions" in the SLM menu. With this screen, it has become possible to send information and warning messages on various topics regarding SLM transactions to the e-mail addresses that will be defined and entered by the institutions; thus, minimizing possible risks for the members and increasing the scope of automation of the processes.

As of 9 September 2022, the screen "Representative Monitoring Report" has been made available under the heading "Reports" in the SLM menu. Through this screen, members are able to monitor the information about their representatives that they have authorized to trade in the SLM.

Since share certificates are the securities that may be subject to lending & borrowing transactions in the SLM; negotiations have been continued with BIAS Equity Market with respect to share certificates and the restrictions of margin trading and short selling.

Since, in SLM, members execute their transactions from their free accounts held at the CRA keeping the shares in custody when they place orders in the market and the transactions are executed over the accounts held in the CRA keeping the relevant securities in custody when they want to add to their collateral transactions the securities such as government bonds, treasury bills, shares, lease certificates, asset-backed securities and mutual fund shares; negotiations have been continued with the CRA about the relevant business processes.

In addition, the developments made in 2022 with respect to password unlocking and new password generation processes executed by the SLM representatives within the scope of digitalization of SLM-related operational business processes are provided under the heading of "Environmental Principles" in the "Sustainability Efforts" section of the Report.

Within the scope of the TMM collateral management, the development that will allow members other than brokerage houses and banks to deposit their assets held in custody at the CRA under investor institutions as TMM trade margins and guarantee fund contribution shares over their own investor accounts has been completed.

The software that will allow for the TMM debt settlement account balance to be completed with a single click or automatic transfer in order to increase the efficiency of the operational business processes conducted by the member and to minimize GRI 2-6 GRI 2-6

their defaults in the TMM clearing, settlement and payment transactions has been completed and deployed in real

In addition, the developments made in 2022 with respect to the passwords used by member representatives for transmission of orders, electronic letters of guarantee accepted as collaterals and the return of such electronic letters of guarantee within the scope of digitalization of TMM-related operational business processes are provided under the heading of "Environmental Principles" in the "Sustainability Efforts" section of the Report.

In TEFAS, a structure has been developed to allow the operator of the fund to determine the cut-off time until which funds can accept orders on half business days. In addition, an arrangement has been made in the calculation of transaction limits in order to facilitate the operation of TEFAS and to reduce the cancellation of orders.

A development has been made to allow the interest content and risk values of the funds published on the PDP to be displayed on TEFAS Fund Information Platform. Consultancy and technical support services were received from universities within the scope of TEFAS Fund Information Platform developments.

Meetings were held with BIAS within the scope of publication of the new fund data via Borsa Data Vendoring service. In addition, meetings were held with the CRA working in integration within the scope of TEFAS' clearing, settlement and custody services and fund data.

Developments about the "sustainability funds" listed in TEFAS Fund Information Platform are provided under the heading of "Environmental Principles" in the "Sustainability Efforts" section of the Report.

In addition, information about "My Golden Egg University Fund Basket Competition" and Takasbank's support are provided under the heading of "Representation and Promotion" in the "Performance in 2022" section of the Report.

As of 2022, AES Variable, AES Standard, Standard and Life-Cycle/Target-Date funds have been started to be traded in BFFAS.

The 20% margin application applied for the buy and sell orders of the funds with future day value has been updated as 35% upon the request received from members. In addition, the interest rate used in the Clearing & Settlement Default calculations has been differentiated on the basis of participation-based member types in BEFAS.

The statistical data of BEFAS has been started to be published on TEFAS Fund Information Platform (www.tefas.gov.tr); and a new information field has been added to display the trading status of pension mutual funds in BEFAS.

Objectives

- · Increasing the diversity of collateral types and the types of institutions that may become a member of the TMM
- Reducing the circulation of physical documents and automation of the manual operational processes
- Ensuring uninterrupted session continuity in all markets for which market operation service is provided
- · Continuing the development and regulation efforts to further increase the efficiency of the markets
- Making developments and improvements in the systems and application software in line with the requests to be received from members
- · Launching the development for extending a loan to the member defaulting in BEFAS within their transaction limit.

Key Indicators SLM Total Trading Volume

94,097 million TL (2021: 60,447 million TL)

Number of Brokerage Houses with Trading Authorization in SLM

54 (2021: 52)

Daily Average Number of SLM Contracts

889 contracts (2021: 804 contracts)

TMM Total Trading Volume

3,480 billion TL (2021: 925 billion TL)

TMM Daily Average Trading

13.8 billion TL (2021: 3.7 billion TL)

Number of Institutions Trading in TMM

155 (2021: 143)

TEFAS Total Trading Volume

483 billion TL (2021: 233 billion TL)

TEFAS Average Trading

1.9 billion TL (2021: 936 million TL)

Number of Institutions Trading in TEFAS

96 (2021: 88)

Number of Funds Traded in **TEFAS**

470 (2021: 357)

BEFAS Total Trading Volume

4.4 billion TL (2021: 127 million TL)

BEFAS Average Trading

17.3 million TL (2021: 1 million TL)

Number of Institutions Trading in BEFAS

15 (2021: 12)

Number of Funds Traded in BEFAS

280 (2021: 136)

Clearing & Settlement and Collateral Management Service (for which CCP Service is provided):

Market/Service

· Equity and Equity Instruments Settlement and Collateral Management Service

Takasbank has started to provide services as a CCP as of 19 June 2017 for the trades executed in BIAS Equity Market for which Takasbank provides clearing & settlement, risk management and collateral management services.

Clearing & settlement of the trades executed in the Market; are realized on the second business day following the transaction day as book entry within the framework of the principles of multilateral netting and Delivery versus Payment.

· Futures and Options Market Settlement and Collateral Management Service

Takasbank provides clearing & settlement, risk and collateral management services in BIAS Futures and Options Market; and has also started to provide services as a CCP for the services executed on VIOP as of 03 March 2014.

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.

· Futures and Options Market Guarantee Fund Collateral Management

Within the scope of the "Guarantee Fund Collateral Management" service provided for Derivatives Market, Takasbank provides management service for the guarantee funds created due to VIOP transactions.

Over-The-Counter Derivatives Transactions Settlement and Collateral Management Service

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

Debt Securities Market Clearing & Settlement Service

Takasbank provides CCP service by assuming the role as a buyer against the selling CCP member or as a seller against the buying CCP member in the in the markets of BIAS Debt Securities Market approved by the CMB, within the framework of the provisions of applicable legislation and in line with international standards.

The settlement of the transactions executed in the market is concluded by Takasbank. The settlement of the transactions executed in the market is performed on the same day (T+0) and the settlement of the assets payable in foreign currencies is performed with an additional value date of at least 1 business day (T+1); and the transactions executed with a future date are included in the settlement on the value dates.

BİAŞ Money Market Settlement and Collateral **Management Service**

The settlement of the transactions executed in BİAŞ Money Market is concluded by Takasbank with a T+0 value date.

With BIAS Money Market established under the roof of BIAS Debt Securities Market and put into operation on 14 October 2016; it was aimed to establish indicative 1- and 3-month TL reference interest rates that will form the basis for issuance of TL debt instruments with variable interest rates and for swap transactions with variable interest rates. Takasbank provides CCP service by assuming the role as a buyer against the selling CCP member or as a seller against the buying CCP member in BIAS Money Market within the framework of the provisions of applicable legislation and in line with international standards.

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BIAS SWAP Market Settlement Service

In line with the vision of Istanbul International Financial Center, the Currency SWAP Market was launched 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 was launched on 16 November 2020 under the roof of Borsa Istanbul in order to allow for execution of transactions regarding the exchange of precious metals with currencies. Takasbank provides CCP services for the transactions executed in the Market.

Two different clearing & settlement processes are executed based on market transactions. In the first clearing process; the clearing & settlement is executed on the start and end value dates of trading transactions executed in the market; and in the second clearing process, the clearing and settlement of variation margins and the financing cost of variation margins calculated at the end of the day are cleared and settled on a daily basis during the term of maturity in order to neutralize the intrinsic value of 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 principle; and the settlement of future-dated transactions is performed on the value dates. Following the movement of BIAS SWAP Market trading platform to BISTECH system in 2021, Takasbank has started to rectify the transactions for the relevant market.

Major Developments in 2022

Records, New Practices and Developments:

In 2022, a total trading volume of 17,793.67 billion TL was realized by 57 brokerage houses and 1 investment bank in the Equity Market; and as a result of netting, cash settlements in the amount of 631.53 billion TL (3.55%) and securities settlement with a market value of 2,374.83 billion TL (13.35%) were exchanged.

As of the end of 2022, the market value of Equity Market trade margins managed by Takasbank was 2,210.87 million TL and the market value of guarantee fund contributions was 104.87 million TL.

Within the scope of business continuity, the "offline conditional transfer" system prepared to be enabled in case of a disruption in the conditional transfer service con ducted between Takasbank and the CRA has been commissioned after completion of the relevant tests.

Following completion of the legislation efforts and tests related with the settlement and collateral procedures for the Gold-Backed Commodity Certificates issued by the Mint and traded in the Commodity Market under the roof of BIAS Equity Market, they were put into practice on 21 November 2022.

Testing and consultancy services have been provided by business units and application development units within the scope of the testing, integration and data migration steps related with the new trading and post-trade products purchased by Abu Dhabi Stock Exchange from Nasdag.

Within the scope of the "Trading Collateral Management" service provided for Derivatives Market, the real-time risk management in BIAS Futures and Options Market is conducted using BISTECH Margin Method that is an internationally-accepted and widely used portfolio-based risk calculation algorithm. By the end of 2022, the market value of VIOP trading collaterals managed by Takasbank was 51,911 million TL; and of these collaterals, the portion in the amount of 42,735 million TL is comprised of collaterals in Turkish Lira.

The "Risk-Mitigating Netting Project" allowing offset collaterals to be deposited for the purpose of netting in the risk calculations of equity-based futures and equity-based short-call option contracts with short positions has been commissioned as of 07 March 2022.

GDDS futures contracts with physical delivery, which will enable the financial sector and institutional investors to manage their interest risks in a healthier way, increase the depth in the bonds and bills market by ensuring the liquidity between spot/futures markets, allow for creation of more effective pricing, and also address the banks and the investors having a portfolio of bonds and willing to be protected from changes in market interest rates have been made available for trading as of 15 March 2022.

In VIOP, the opening session application and the end-ofsession time change for equity-based futures and options contracts have been put into practice as of 23 September 2022.

As of the end of 2022, the total of guarantee fund contributions of VIOP settlement members is 1,218 million TL. Of this total fund size, the portion in the amount of 890 million TL is comprised of cash contributions in Turkish Lira (TL).

As of 31 December 2022, the size of open positions in OTC Derivatives Transactions is in the amount of 7,644 million TL; the total trading collateral value is 970 million TL; and the total value of guarantee fund contribution shares is 60 million TL.

The efforts conducted to further increase the trading volume of OTC OIS transactions, to reduce the operational processes and to facilitate transmission of transactions to Takasbank over foreign platforms abroad have been deployed in real environment as of 01 November 2022.

In 2022, a total of 13.411.95 billion TL transactions were traded in the BIAS Debt Securities Market Outright Purchases and Repo-Reverse Repo Markets, of which 153.84 billion TL was comprised of Outright Purchases and Sales Market private sector bond transactions.

As a result of multilateral netting, Takasbank concluded cash settlements in the amount of 3,448.61 billion TL (25% of the total Market traded volume) and securities settlements in the amount of 7,424.80 billion TL (55% of the total Market traded volume.

Necessary legislative arrangements and technical infrastructure efforts have been completed to allow Takasbank to execute transactions in BIAS Repo-Reverse Repo Market and BIAS Money Market.

In addition, the developments made in 2022 within the scope of the digitalization of operational business processes regarding the exit of assets not subject to clearing and settlement from the portfolios of collective investment institutions are provided under the heading of "Environmental Principles" in the "Sustainability Efforts" section of the Report.

Efforts have been started in relation to the project regarding the blocking of the custody of assets for the transactions executed in the Repo Market for Specified Securities and Equity Repo Market at the member executing reverse repo

In 2022, a total traded volume of 998.68 billion TL (unilateral) was concluded by 40 banks (including the CBRT) and 5 brokerage houses in the SWAP Market; and as a result of multilateral netting, cash settlements of 847.23 billion TL (85% of the total Exchange traded volume) have been executed.

Objectives

- Ensuring uninterrupted session continuity
- · Continuing, together with BIAS, the development and regulation efforts to further increase the efficiency of the markets
- Making developments and improvements in the systems in line with the requests to be received from members

Key Indicators

Equity Market Total Trading Volume

17.793.67 billion TL (2021: 7,540.17 billion TL)

Equity Market Trade Margins Market Value (31/12/2022)

2,210 million TL (2021: 906 million TL)

VIOP Total Number of Members

75

(2021: 68)

VIOP Number of Open Positions (31/12/2022)

14.429.335 positions (31/12/2021: 12,042,392 positions)

VIOP Number of Open Accounts (31/12/2022)

778,701 accounts (31/12/2021: 548,412 accounts)

Over-The-Counter Derivatives Total Number of Members (31/12/2022)

21 (31/12/2021: 21)

Number of Members Trading in the Debt Securities Market (31/12/2022)

93

Debt Securities Market Trade Margins Market Value (31/12/2022)

20,661 million TL

Debt Securities Market Guarantee Fund Contributions Market Value (31/12/2022) 2,171 million TL

Number of Members Trading in BIAS SWAP Market

(2021: 42)

45

BIAS SWAP Market Trade Margins Market Value (31/12/2022)

10,072 million TL (2021: 9,219 million TL)

BIAS SWAP Market Guarantee Fund Contributions Market Value (31/12/2022)

1,644 million TL (2021: 1,974 million TL)

Settlement and Collateral Management Service (for which CCP Service is not provided):

Market/Service

• EPİAŞ Electricity Market Settlement and Collateral Management Service

Takasbank provides services as a Central Clearing & Settlement Institution for the transactions executed in the Electricity Market operated under the roof of EPIAS.

· EPIAS Electricity Futures Market Settlement and Collateral Management Service

Takasbank provides services as a Central Clearing & Settlement Institution for the transactions executed in the Electricity Futures Market started to be operated under the roof of EPIAS as of 1 June 2021.

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

Takasbank provides services as a Central Clearing & Settlement Institution for the transactions executed in the EPIAS Renewable Energy Guarantees of Origin Market started to be operated under the roof of EPIAS as of 1 June 2021.

 EPIAS Natural Gas Market Settlement and Collateral Management Service

Takasbank provides services as a Central Clearing & Settlement Institution for the Organized Wholesale Natural Gas Market operated under the roof of EPIAS.

EPIAS Natural Gas Futures Market Settlement and Collateral Management Service

Takasbank provides services as a Central Clearing & Settlement Institution for the transactions executed in the Natural Gas Futures Market started to be operated under the roof of EPIAS as of 1 October 2021.

· 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 TMEX (Turkish Mercantile Exchange) and the start of execution of transactions over TMEX Trading Platform.

BIAS Precious Metals Market Settlement and Collateral Management Service

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

Leveraged Trading Transactions Collateral Management and Reporting to the CMB

The CMB's "Communiqué on Principles regarding Leveraged Trading Transactions (LTT) and the Institutions that may execute these Transactions" requires that the brokerage houses authorized for LTT should open individual accounts for all investors and keep investors' collaterals in those accounts; and that investors' any and 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 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.

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 Takasbank provides intermediation in the clearing and settlement transactions and collateral management in relation thereof.

Public Collateral Management Service

The processes executed for and on behalf of administrations regarding the acceptance, custody, registration as revenue, return, extension of the validity of temporary electronic letters of guarantee issued by banks and temporary surety bonds issued by insurance companies for further submission to the enders held under the Public Procurement Law no. 4734 are conducted by Takasbank through Takasbank Public Collateral Management Platform. As of 1 December 2022, temporary letters of guarantee and surety bonds have been started to be submitted to administrations over Takasbank Public Collateral Management Platform only.

Major Developments in 2022

Records, New Practices and Developments:

In 2022, the total traded volume in the Electricity Market operated under the roof of EPIAS has been recorded as 1.808 million TL.

As of 31 December 2022, the total market value of collaterals held in the accounts at Takasbank in the Electricity Market is TL 27,066,423,644.

Pursuant to EMRA's decision published in the Official Gazette no. 31940 dated 01 September 2022; it was decided to postpone the portion falling within the scope of the specified exemption rate out of the amounts indicated in the advance payment statuses of incumbent supplier companies as specified in the first paragraph of article 132/Ç of the Electricity Market Balancing and Settlement Regulation; and the relevant development was put into effect on 01 July 2022.

It was decided by EMRA that the advance receivables of the incumbent supplier companies notified by EMRA would be executed at Takasbank in order that the incumbent supplier companies that do not timely fulfil their obligations regarding the payments to be made to unlicensed producers and supply companies under the Regulation on Unlicensed Energy

Generation in the Electricity Market, in part or in whole, can make the said payments in accordance with the relevant legislation; and the relevant development was put into effect on 01 August 2022.

As of 31 December 2022, the total market value of the collaterals held in the accounts at Takasbank due to Electricity Futures Market transactions is TL 564,145,369.

As of 31 December 2022, the total market value of the collaterals held in the accounts at Takasbank due to YEK-G Market transactions is TL 3.048.819.

As of 31 December 2022, the total market value of the collaterals held in the accounts at Takasbank due to Natural Gas Market transactions is TL 1,483,878,221.

As of 31 December 2022, the total market value of the collaterals held in the accounts at Takasbank due to Natural Gas Futures Market transactions is TL 12,392,684.

As of 31 December 2022, the total market value of the collaterals held in the accounts at Takasbank due to BIAS Precious Metals Market transactions is TL 14,644,277,208.

By the year-end of 2022, there are 39 institutions authorized for LLT; and there are collaterals with a value of 2,934 million TL in 32,775 out of 218,813 accounts opened in the LLT.

Leveraged Trading Transactions Data	2021/12	2022/12
Number of Members	39	39
Number of Accounts-Last Business Day	212,940	218,813
Number of Accounts with Collaterals-Last Business Day	37,715	32,775
Collateral Amount - (Million TL)-Last Business Day	2,070	2,934
Open/Short Position Value (Million TL)-Last Business Day	14,147	21,653
Total Trading Volume (Million TL)	6,112,062	12,893,005
Daily Average Trading Volume (Million TL)	33,271	57,115

With regard to the Cheque Clearing System, a survey was conducted within the scope of the revision of return codes with reference to the requests received from the member banks; and the necessary revisions have been started by analyzing the return codes needed in relation to the requests received.

Monthly Gross and Dishonoured Cheques (with Return Codes 82, 83, and 99)

•					
Date	No. of Cheques	Number of Dishonoured Cheques	Ratio (%)	Overall Increase in Cheques (%)	Increase in Dishonoured Cheques (%)
January	1,052,614	8,466	0.80	-3.11	-9.48
February	1,033,077	7,847	0.76	-1.86	-7.31
March	1,083,265	7,635	0.70	4.86	-2.70
April	641,754	4,454	0.69	-40.76	-41.66
May	1,465,232	9,636	0.66	128.32	116.34
June	1,058,785	6,313	0.60	-27.74	-34.49
July	657,963	4,200	0.64	-37.86	-33.47
August	1,526,916	10,109	0.66	132.07	140.69
September	1,091,976	7,267	0.67	-28.48	-28.11
October	1,117,826	8,040	0.72	2.37	10.64
November	1,105,760	7,978	0.72	-1.08	-0.77
December	849,848	6,260	0.74	-23.14	-21.53



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DEVELOPMENTS IN 2022

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With the authorization of the Public Procurement Authority, it has become possible to accept alternative collaterals with the addition of temporary surety bonds as of 3 January 2022 within the scope of Takasbank Public Collateral Management Service which started with the acceptance of temporary electronic letters of guarantee as of 01 September 2021. In addition, as of 1 December 2022, all temporary electronic letters of guarantee as well as e-letters of guarantee in foreign currencies and e-surety bonds submitted to the tenders held under the Public Procurement Law no. 4734 have been started to be accepted.

Period 2022	Total Amount of LGs*	Total No. of LGs	Total Amount of SBs	Total No. of SBs
January	15,913,600	62	24,104,100	108
February	34,406,982	111	22,077,720	124
March	21,347,018	134	58,866,750	149
April	24,757,791	138	27,207,501	174
May	20,513,590	105	37,453,800	147
June	71,451,008	101	44,628,560	145
July	43,054,588	119	36,885,500	107
August	48,778,797	221	58,203,900	247
September	56,322,425	208	81,424,330	203
October	61,560,046	200	225,327,450	244
November	758,252,520	602	252,181,500	237
December	10,866,709,142	16,730	306,882,400	258
Total	12,023,067,508	18,731	1,175,243,511	2,143

^{*} LG: Letter of Guarantee; SB: Surety Bond

Objectives

- Ensuring uninterrupted session continuity
- · Continuing, together with BIAS and EPIAS, the development and regulation efforts to further increase the efficiency of the
- · Making developments and improvements in the systems in line with the requests to be received from members

Key Indicators

Number of Electricity Market Participants for which Cash Settlement and Collateral Management Service is provided

(2021: 1,547)

Number of Electricity Futures Market Participants for which Cash Settlement and Collateral Management Service is provided

(2021: 54)

Number of YEK-G Market Participants for which Cash Settlement and Collateral Management Service is provided

135 (2021: 128)

Number of Natural Gas Market Participants for which Cash Settlement and Collateral Management Service is provided

(2021: 60)

(2021: 17)

Number of Natural Gas **Futures Market Participants** for which Cash Settlement and Collateral Management Service is provided

BIAS Precious Metals Market Total Trading Volume

533.44 billion TI (2021: 172.95 billion TL)

Number of Institutions Authorized in LTT

(2021: 39)

Number of Cheques subject to Clearing 12,685,016 (2021: 11,806,798)

Amount of Cheques sent for Clearing

TL 1.703.775.771.558 (2021: TL 918,447,794,451)

Number of Cheques subject to Settlement

12 458 929 (2021: 11,169,422)

Amount of Cheques subject to Settlement

TL 1.649.410.808.317 (2021: TL 860,668,060,766)

Custody Service:

Market/Service

· Debt Securities Custody

Takasbank 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.

PSDS (Private Sector Debt Securities) 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 CRA.

· Physical Securities Transactions

As the share certificates traded in BIAS were transferred to the CRA, the delisted share certificates are continued to be physically kept in custody at Takasbank as of the relevant date.

· Global Custody

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

· 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-account held at the CRA.

· 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-account in the name of the relevant Collective Investment Institution at BIAS providing physical custody service for precious metals.

· Portfolio Custody

Pursuant to the "Communiqué (III-56.1) on Principles regarding Portfolio Custody Service and the Institutions that will provide this Service" 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 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.

· 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.

· Exercise of Rights related with Debt Securities

Takasbank also intermediates in the exercise of rights transactions for GDDS and PSDS for which it provides custody service.

Private Pension System Fund Operations

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.



Major Developments in 2022

Records, New Practices and Developments:

GDDS Custody Balar	nces by Years		
Years	Average Nominal (Million TL)	Average Market Value (Million TL)	Average Market Value (Million USD)
2021	132,137.04	137,627.59	10,605.09
2022	128,616.51	169,703.56	9,076.70

(Exchange rate=18.6966)

PSDS Custody Balances by Years		
Vanna	PSDS (Million TL)	Change
Years	Daily Average Nominal	Ratio (%)
2021	63,592.19	30.65
2022	84,009.04	32.10

Within the scope of physical securities transactions, as of 31 December 2022, our fungible custody contains shares with a nominal value of 220 million TL comprising 4.3 million units of certificates; and our non-fungible custody contains shares with a nominal value of 5.8 million TL comprising 1.9 million units of certificates.

The number of transactions executed within the scope of global custody service includes; settlement transactions by 53%, exercise of rights transactions by 15%, and cash transactions related with settlements and exercise of rights by 32%. 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 40%.

2022 was a quite active year in terms of capital markets. This mobility was also reflected in the size of assets owned by funds; and as of 31/12/2022, it has grown by 250% compared to 2021 and reached to shares with a market value of approximately 245 billion TL.

As of 31/12/2022, Collective Investment Institutions have an approximately 31 tons of gold custody balance; and the market value of the said gold is approximately 34 billion TL.

Within the scope of the service regarding exercise of corporate rights related with shares, in 2022, 23 issuers (2021: 56) increased their capital through rights issues, bonus issues; 56 issuers (2021: 45) increased their capital through bonus shares; and 188 issuers (2021: 148) distributed dividends.

Within the scope of the service regarding exercise of rights related with debt securities; the details of redemptions/coupon payments are provided in the table below.

	GDDS (Million TL)	PSDS (Million TL)
Redemption	17,842	216,398
Coupon	17,743	7,071

In 2022, 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 in the system has increased from 287,000 in 2021 to approximately 642,000 in 2022; and the total number of registered participants has reached 1,346,000. The statistics regarding the usage of Takasbank information system by participants are provided below.

Years	Number of Participants requesting Daily SMS Messages		Number of Participants requesting Monthly Balance E-mails	Number of Participants requesting Monthly Activity E-mails
2021	7,772	5,914	6,694	6,000
2022	15,820	11,949	13,070	11,663
TOTAL	60.296	65.539	76.548	67.482

As of 31 December 2022; the number of accounts containing private pension funds through the voluntary system in private pension companies remained at the level of 9 million accounts, displaying a horizontal course compared to the last year; and the size of funds owned by participants grew by approx. 173.2 billion TL, reaching 399.5 billion TL including state contributions.

In 2022, the number of accounts included in the Auto-Enrolment System increased by approximately 1 million, reaching 9.5 million accounts (2021: 8.5 million accounts); and the total fund amount reached 32.7 billion TL (2021: 16.2 billion TL). The rate of exits from the Auto-Enrolment System was recorded as 74% (2021: 73%).

Private pension system left behind the year 2022 as a quite active year in terms of innovations.

With the amendment made in the "Private Pension Savings and Investment System Law" in January 2022, the state contribution was increased from 25% to 30%; and the optional right to participate in the AES for people over 45 years of age and the possibility of transferring the state contribution to the following years were put into effect.

With the regulation enforced in 2021, the individuals below 18 years of age became entitled to enter the PPS system; and as of 31 December 2022, 642 thousand participants that are below 18 years of age have had fund shares in the amount of 2 billion TL in PPS accounts.

Objectives

- Ensuring continuity in all custody services
- · Continuing the development and regulation efforts to further increase the efficiency of the services provided
- · Making developments and improvements in the systems in line with the requests to be received from members

Key Indicators

Number of Members for which **Global Custody Service is** Provided

1160 (2021: 864)

Number of Transactions subject to Global Custody

135,962 (2021: 113, 266)

Global Custody Trading Volume 65.3 billion EUR

(2021: 41.8 billion EUR)

Global Custody Average Balance Distribution

18.6 billion EUR (2021: 10.8 billion EUR)

Number of Members for which Portfolio Custody Service is Provided

to 13 portfolio management companies and 7 investment trusts for 144 CIIs (Collective Investment Institutions); (31/12/2021: to 8 portfolio management companies, 4 real estate and venture capital portfolio management

companies and 7 investment trusts for 113 CIIs)

Number of Accounts containing Private Pension Funds through the Voluntary System

(31/12/2022)

9 million accounts (2021: 8.5 million accounts)

Size of Funds owned by PPS Participants (including State Contributions)

399.5 billion TL (2021: 226 billion TL)

BIAS Equity Market, BIAS Debt Securities, BIAS Futures and Options Market, Takasbank Securities Lending Market, BİAŞ Money Market and BİAŞ SWAP Market and Over-the-Counter Derivatives Market (under CCP Service):

The trading and guarantee fund collaterals pertaining to BIAS Equity Market, BIAS Futures and Options Market, Takasbank Securities Lending Market, BIAS Money Market, BIAS Debt Securities Market, BIAS Swap Market and Over-the-Counter Derivatives Market, for which Takasbank provides CCP service, are followed up at Takasbank; and the breakdown by collateral types as of 30/12/2022 is provided in the table below.

Million TL	BIAS E Mar		BIAS Debt : Mar		BIAS Futures Mar		Over-the-Count Mar		Securities Mar		BIAS S Mar		BIAS M Mar	
Collateral Type	Trading Collateral Market Value	Guarantee Fund Market Value	Trading Collateral Market Value	Guarantee Fund Market Value	Trading Collateral Market Value	Guarantee Fund Market Value	Trading Collateral Market Value	Guarantee Fund Market Value	Trading Collateral Market Value	Guarantee Fund Market Value	Trading Collateral Market Value	Guarantee Fund Market Value	Trading Collateral Market Value	Guarantee Fund Market Value
TL COLLATERALS	1,491.81	95.45	225.23	64.68	43,150.48	890.18	287.78	10.52	897.68	40.34	901.43	227.31	-	1.47
FX COLLATERALS	395.02	7.12	109.21	26.82	2,990.27	140.37	35.09	0.90	297.82	0.15	903.31	44.41	-	0.45
GDDS COLLATERALS	236.20	1.34	18,113.23	2,078.82	3,620.10	158.44	646.83	48.56	-	-	5,917.73	1,204.08	68.92	11.29
EUROBOND COLLATERALS	18.30	-	38.83	-	1,253.53	-	-	-	-	-	34.88	-	-	-
SUKUK COLLATERALS	-	-	23.96	-	-	1.74	-	-	-	-	2,021	118.93	-	-
EQUITY COLLATERALS	12.20	-	300.32	-	4,746.61	147.43	-	-	-	-	-	-	-	-
EQUITY MF	8.36	-	-	-	4.07	-	-	-	-	-	-	-	-	-
DSM MF	30.45	-	-	-	17.19	-	-	-	-	-	-	-	-	-
GOLD COLLATERALS	-	-	-	-	8.30	-	-	-	-	-	-	-	-	-
ABS (Asset-Backed Securities) COLLATERALS	-	0.96	322.28	1.80	-	12.42	-	-	-	-	293.98	49.60	-	-
BİAS EQUITY COLLATERALS	18.54	-	-	-	13.59	-	-	-	-	-	-	-	-	-
G-7 COLLATERALS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,210.87	104.87	19,133.06	2,171.39	55,804.15	1,350.59	969.69	59.97	1,127.50	40.49	10,072.32	1,664.34	68.92	13.20

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· Debt Securities Transfer

Debt securities transfers are divided into two groups such as intra-member and inter-member transfers. Intra-member transfers include transfers made between members' own depo (depository) accounts. Intermember transfers may essentially be executed through three different methods such as free transfer, bilateral/ conditional transfer and EST. Transfer methods also differ by the central depository of the securities.

· Exchange-Traded Funds

Exchange-traded funds are the mutual funds with their shares traded in stock exchanges, which are based on an index and which aim to reflect the performance of the basis index to their investors. In Exchange-Traded Fund transactions, creation and repurchase of fund shares are executed through Takasbank system using the accounts opened in the name of the fund and the fund under Takasbank member at the CRA.

· Equity and Equity Instruments Transfer

Equity and equity instrument transfers can be executed as free and bilateral/conditional transfers.

Free transfers are divided as physical and dematerialized transfers depending on whether the security to be transferred is dematerialized or not. Physical transfers refer to the transfer of shares that are not dematerialized and that are continued to be kept in the custody accounts held at Takasbank between the customer accounts of the brokerage house. Since book-entry custody accounts are held at the CRA, the transfers between brokerage houses are executed in the CRA system.

The Bilateral/Conditional Transfer System is a system allowing for simultaneous transfer of securities and cash between the customer accounts of brokerage houses. It also allows for reconciliations between members to be made electronically between the day of the exchange transaction and the execution of the transfer. Shares and derivatives may be subject to conditional transfer and cash obligations are fulfilled in TL. Cash transactions related with bilateral/conditional transfer are concluded in Takasbank system while securities transactions are concluded in the CRA system.

· Foreign Currency Payment and Transfer

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 Turkish Lira-equivalent of foreign currency up to the amounts of 50,000-USD / 50.000-EUR using the instantaneous exchange rate data provided by Takasbank.

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, Takasbank also provides the brokerage houses the right of access to EFT and EST systems via TETS (Takasbank Electronic Transfer System).

CRATL/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 CRA; 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.

· Precious Metals Transfer System

With PMTS, the gold held in bank customers' accounts is transferred in gold electronically between the gold deposit accounts held at system-member banks with the speed of

BiGA, Gold-Backed Digital Asset Platform

BiGA is an innovative platform established to allow for the use of 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 physicallybacked assets.

With the PMTS, the gold physically stored in the vaults of BIAS are converted into BiGA 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. With BiGA platform, the first-known blockchain network of Türkiye in the field of finance has been established.

· Interbank Card Center (ICC) Collateral Custody

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

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

Tapu Takas service has been provided by Takasbank since 17 April 2015 under the protocol signed with the General Directorate of Land Registry and Cadastre with the goal of preventing issues encountered by buyers and sellers 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 and the cash amount corresponding to 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.

Taşıt Takas (Vehicle Transfer)

Taşıt Takas (Vehicle Transfer) 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 frequently experienced in vehicle purchase and sale transactions, was launched on 3 February 2020 by Takasbank as the first escrow agent in the Secure Payment System.

Taşıt Takas 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.

Major Developments in 2022

Records, New Practices and Developments:

In 2022, Takasbank provided to its members debt securities transfer service in the total amount of 1,134,957 million TL/Nominal, comprising the portions of 1,123,677 million TL/Nominal and 11,280 million TL/Nominal, which were transferred on free and conditional basis, respectively.

Debt Securities Transfers in 2022						
Туре	Units	Nominal (Million TL)				
Bilateral Transfer	2,150	11,280.23				
Free Transfer	125,456	1,123,676.70				
Total	127,606	1,134,956.93				

In 2022, fund share creation and redemptions totalling 7,024 million TL were executed in exchange-traded funds based on shares, precious metals, government domestic debt securities and foreign securities.

In 2022, within the scope of equity and equity instrument transfers, transactions with a total amount of 1,921 billion TL were executed in the Bilateral/Conditional Transfer System allowing for simultaneous securities and cash transfer. Nearly 75% 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 2.430 billion TL.

Equity Transfers in 2022							
Туре	Units	Nominal (Billion TL)					
Bilateral Transfer	606,592	1,920.77					
Free Transfer	264,460	2,430.36					
Total	871,052	4,351.13					

Thanks to the integration of the Bilateral/Conditional 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 2022, 54.98% of the orders received in the Bilateral Transfer System came through the SWIFT system.

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DEVELOPMENTS IN 2022

FAST system participation agreement was signed between Takasbank and the CBRT in October 2022. In the first stage, FAST application is planned to be used for certain limited services.

In the Precious Metals Transfer System that allows for transfer of gold, 100-percent physical equivalent of which is kept in BIAS vaults, between member banks in the form of 1 gram and its multiples at low costs without incurring any transportation risk; 37,865 transfers (2021: 25,907) in the amount of 14,405,932 grams (2021: 10,473,025 grams) were executed in 2022.

As of May 2022, the development for transferring non-LBMA gold through special trading method has been launched. In addition, the name of the Gold Transfer System was changed as "Precious Metals Transfer System".

An application was filed with the CBRT for a permit for other activities in order to add the Silver metal as a new precious metal to the PMTS.

Workshops were held with the participation of the CBRT and the representatives of member banks for commercialization of BiGA in October and December.

Lease Certificates were also added to the collaterals accepted to the DCS system operated by the ICC.

As of 22 December 2022, secure access to Tapu Takas (Title Deed Transfer) service has been made available via e-Government.

- Ensuring uninterrupted service in all payment and transfer
- Continuing the development and regulation efforts to further increase the efficiency of the services provided
- Making developments and improvements in the systems in line with the requests to be received from members
- Adding also the Silver metal into the Precious Metals Transfer System
- Making improvements for providing ease of access to Tapu Takas product over the e-Government system in order to facilitate the use of Tapu Takas system by larger groups
- · Providing specific services also outside EFT hours through the CBRT FAST System membership and integration

Kev Indicators

Total Amount transferred via **Foreign Currency Payment**

146.8 billion USD, 29.7 billion EUR (2021: 302.2 billion USD, 58.5 billion EUR)

Total Number of Transfers via Foreign Currency Payment Transfer

28,125 (USD), 5,640 (EUR) (2021: 23.015 (USD), 5.475 (FUR))

Total Amount transferred via Local Currency Payment Transfer

39.7 trillion TL (2021: 21.8 trillion TL)

Total Number of Transfers via Local Currency Payment Transfer

1,874,402 (2021: 1,443,048)

Number of Members registered in TETS

sent from TETS

Trading Volume via TETS

(2021: 1.2 trillion TL)

Number of Members in the **Precious Metals Transfer** System

18 (2021: 17)

Number of Members of the BiGA Platform

(2021:8)

Total Market Value of DCS Participants' Collaterals (31/12/2022)

1,747,393,506 TL (2021: 814,714,592 TL)

Amount of Sales via Tapu Takas System

1,048,683,935 TL (2021: 163,278,002 TL)

Number of Sales via Taşıt Takas System

2,107 (2021: 2,115)

Amount of Sales via Tasıt Takas System

720,426,775 TL (2021: 443.223.720 TL)

Banking Services:

Thanks to the banking services it provides, Takasbank contributes to its operations as the Central Clearing House by ensuring uninterrupted continuation of the Bank's "Settlement and Collateral Management" services and supports the reduction of its members' costs and the development of their financial structures by allowing them to use banking products in the field of investment banking.

Market/Service

· Fund/Treasury Transactions

As with previous years, Takasbank has also aimed in 2022 to maximize its returns that could be gained, by taking a reasonable level of risk, and continuously maintaining the Bank's core operations and financial strength within the given market conditions and in accordance with the legislative framework.

· Cash Credit

Takasbank Cash Credit refers to the cash loan extended by Takasbank to its members. Takasbank lends loans to brokerage houses operating in the country in accordance with the provisions of the Law governing development and investment banking as well as the provisions of article 3 entitled "Operational Purposes and Line of Business" as specified in Takasbank Articles of Association.

Major Developments in 2022

Records, New Practices and Developments:

The economic acceleration that started in the last quarter of 2021 prevailed until the third quarter of 2022. With the economic recovery, domestic demand boomed, domestic consumption increased, financing costs increased with the tightening policies applied to fight against the inflation problem on a global scale, and, eventually, foreign demand decreased. In the last quarter of the year, the growth slowed down and the upward trend in the inflation disappeared. During 2022, interest rates have dropped down to single digits towards the end of the year and stability in exchange rates has been achieved with the measures taken within the scope of liratization, exchange rate-protected deposit practices, and interest rate cuts made within the year. In 2022, the ratio of Takasbank's interest incomes to the total incomes has maintained its strong level with the rate of 53.19% and the Bank's interest incomes have increased by 105.47% compared to the previous year. Within the scope of collateral management, the Bank has tried to invest the funds of the members pertaining to the markets for which settlement and collateral management service is provided, in the appropriate markets and with the most suitable maturity periods in the best interests of the owners by showing best efforts, in line with their purposes and in accordance with the relevant legislation.

In 2022, the article entitled as the investment policy was revised in the CMB's "General Regulation on the Establishment and Operating Principles of the Central Clearing and Settlement Institutions". Under this article, it has become possible for Takasbank to invest the cash resources of the Central Clearing & Settlement Institution in BIAS Money Market or Repo-Reverse Repo Market operating under BIAS Debt Securities Market in a manner ensuring their collateralization with the debt securities bearing the characteristics specified in the third paragraph, and also its own cash resources in BIAS Money Market, BIAS Swap Market, or BIAS Debt Securities Market. The Bank's directives and procedures have been changed in accordance with the General Regulation and new products have been developed in the banking system and updated within the scope of the investment policy.

In 2022, Venture Capital Investment Fund has been added to the Bank portfolio due to the need arising under the R&D legislation (Law no. 4691).

Years	Total Revenues (Thousand TL)	Gross Fund Man. Revenues (Thousand TL)	Share of Fund Management Revenues (%)
2021	1,530,674	810,095	53
2022	3,171,482	1,686,940	53

Within the scope of the service of allocation and notification of limits; the credit limits of a total of 244 organizations, including 61 brokerage houses, 52 banks, 69 financial institutions, 30 portfolio management companies, 10 asset management companies, and 22 insurance companies were updated with respect to nominal and value-at-risk based limits in 2022.

In 2022, the interest incomes gained from the loans have been quite above the average of the previous years. The maturity terms of the loans extended were mostly applied as O/N in line with the requests of the members.



Transfer (USD/EUR)

53

(2021: 52)

Number of Outgoing Messages

331.347 (2021: 327,500)

2.2 trillion TL

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regulatory authorities.)

The number of brokerage house customers signing pledge

agreements to transfer securities to Cash Credit collaterals

of transactions and/or fines imposed by supervisory and

In January 2022, "Günbaşı (Beginning-of-Day) Credit" was been launched for brokerage houses receiving cash credits from Takasbank. This product is an interest-free product extended to members against collaterals; and has been offered to facilitate brokerage houses' cash flows between the hours of 9:00-12:00. With brokerage houses' access to interest-free liquidity, their trading costs have decreased and their operational processes have been improved. The possibility to manage their credit requests via Takasbank screens without any need for written instructions has also provided time efficiency for brokerage houses in managing their cash flows.

In July 2022, limits were allocated to brokerage houses in order to allow mutual funds to use credits in the name of the brokerage house and on the account of the fund; thus, mutual funds have become able to use credits through brokerage houses. With mutual funds' access to loans through brokerage houses, it has become possible for them to work with brokerage houses which did not use any cash loans before. Thus, Takasbank has provided support for the liquidity management of mutual funds against fund assets pledged as collaterals.

In addition, within the scope of the digitalization of operational business processes regarding credits service, the improvements made in 2022 regarding sending cash credit account statements, forwarding loan requests to Takasbank, and sending the pledge agreements received in the extension of customer-guaranteed loans are provided under the heading of "Environmental Principles" in the "Sustainability Efforts" section of the Report.

Objectives

- Continuing the development and regulation efforts to further increase the efficiency of the services provided (For example: allowing brokerage houses to transmit, via the banking system, their collateral-related orders and instructions that they send to Takasbank via fax or e-mail for loan transactions)
- Making developments and improvements in the systems in line with the requests to be received from members (For example: Making necessary improvements in the banking system in relation to banking transactions in order to offer treasury products to Takasbank members)
- Keeping interest incomes at the maximum level possible by using the financial instruments that are most suitable for the changing conditions in line with macroeconomic developments and the developments in financial markets

53% (2021: 53%)

Percentage of Increase in Interest Incomes compared to Previous Year

105% (2021: 58%) **Number of Organizations** whose Credit Limits were Updated

244 (2021: 102)

Cash Credit Interest Income 230,725 thousand TL (2021: 24,596 thousand TL)

Average 1.2 billion TL

(2021: 129 million TL)

Cash Credit Placement

Market/Service

· Legal Entity Identification

Takasbank has been allocating LEI (Legal Entity Identifier) codes in accordance with international standards (ISO 17442) since 2013.

· Securities Identification

Takasbank was authorized as the "National Numbering Agency" by the CMB in 1995; and 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 line with ISO 18744 standard.

· Member Information Management

In the fiscal year of 2022, the membership and account opening procedures performed for the institutions receiving services within the scope of Capital Market transactions and the relevant markets have also been continued with gradual increase.

· 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, their fund portfolio breakdown details, fund company details, fund analyses, and the information about the funds traded in TEFAS are provided.

Suspended Brokerage House Transactions

The processes regarding the brokerage houses with their activities suspended in accordance with the legislation and the assignments of the CMB were continued during 2022.

· 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.

· Blockage of Collaterals of Brokerage Houses

Fund Valuation and Reporting to the CMB

The Service regarding Fund Valuation and Reporting to the CMB has been provided by Takasbank 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 "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.

Investor Compensation Center Lapse of Time **Transactions**

The transactions executed as of 2021 include the opening of investor accounts at the YTM and on an individual customer basis in integration with the CRA with respect to the investor accounts expiring due to lapse of time in the investment institutions and their transfer to the YTM where the relevant accounts are held for safekeeping purposes.

· Crowdfunding Escrow Agent

With the CMB's "Crowdfunding Communiqué-III-25/A.2", Takasbank 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.

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Major Developments in 2022

Records, New Practices and Developments:

Takasbank is one of the 13 global institutions allocating both ISIN and LEI codes. Takasbank completed the accreditation process it has conducted since 2015 with GLEIF acting as the international authorized board for allocation of LEI codes on 30 January 2018 and was accredited as a local operating unit.

In 2022, Takasbank ISIN Portal was launched. The Portal allows for faster and more practical ISIN applications in a fully-automated environment thanks to its user-friendly interface.

Within the operating year, services were provided to 2,277 institutions and 9,404 active users. Accordingly, within the scope of the relevant member transactions and information services, 23,511 telephone calls, 76,932 e-mail notifications and directions, 578 representative designations according to the institutions' signature circulars, and finally, definition and entry of 9,218 securities traded in various markets were performed.

Member Accounts (as of 31 December 2022)	
Member Type	No.
Brokerage Houses	61
Banks	41
Electricity Market	1,592
Other	31
Natural Gas Market	68
Pension Companies	15
Factoring Companies	46
Financial Leasing Companies	15
Financing Companies	13
Turkish Agricultural Credit Cooperatives	1
Real Estate Investment Trusts	34
Venture Capital Investment Trusts	22
Participation Banks	6
Precious Metals Brokerage Houses	52
Institutional Investors	13
Portfolio Management Companies	60
Insurance Companies	16
Licensed Warehouses	170
Asset Management Companies	11
Investment Trusts	10
Total	2,277

In 2022, within the scope of suspended brokerage house transactions, 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 customers of suspended brokerage houses, which were under the responsibility of Takasbank, were followed up and the transfer requests received from investors were fulfilled.

The monthly breakdown of the securities deposited at Takasbank by brokerage houses and banks as provisions to be blocked for repo transactions in 2022 is provided below.

Months	Nominal (Million)
January	196,568.03
February	170,517.34
March	191,923.28
April	189,914.08
May	153,887.51
June	229,598.47
July	204,552.48
August	285,006.44
September	237,967.88
October	226,009.03
November	262,847.25
December	454,402.95

As of 31/12/2022, the total amount of collaterals held in custody at Takasbank on behalf of the CMB is 3.63 million TL; and their breakdown by collateral types is provided in the table below.

Collateral Type	Market Value (TL)
TL	1,785,635.89
Government Bonds	270,500.70
Letters of Guarantee	1,578,700.00
Total	3,634,836.59

Within the scope of the service regarding Fund Valuation and Reporting to the CMB, the total size of the funds of collective investment institutions (mutual funds, private pension mutual funds and investment trusts) for which services were provided increased by 117%, reaching 1,203 billion TL. The size of mutual funds increased by 150% reaching 668 billion TL while the size of private pension mutual funds increased by 77% reaching 433 billion TL. As of 30 December 2022, services were provided to 2,094 collective investment institutions.

Fund Type	No.	Fund Total Value (Million TL)
Pension Fund	385	433,026.50
Mutual Fund	1,306	667,867.00
Real Estate Mutual Fund	128	34,761.85
Real Estate Investment Trust	34	7,373.44
Exchange-Traded Fund	15	14,450.26
Venture Capital Mutual Fund	216	44,847.17
Investment Trust	10	1,014.41
Total	2,094	1,203,340.63

As of 31/12/2022, there are 64,000 accounts opened at the YTM by 66 investment institutions; and there are cash and capital market instruments in the amount of approximately 61 million TL held in such accounts.

Within the scope of the Crowdfunding Escrow Agent service, necessary efforts have been made to increase the number of virtual POS payment institutions that will be used by the investors in their payments via credit cards through the platforms. Thus, the platforms will become able to work with the payment institution that they will prefer.

In 2022, Takasbank has provided services for a total of 19 crowdfunding platforms, 8 of which were listed by the CMB; thus, becoming the first and only escrow agent in the newest organized investment system of Türkiye.

Objectives

- Continuing to provide uninterrupted service
- · Continuing the development and regulation efforts to further increase the efficiency of the services provided
- · Making developments and improvements in the systems in line with the requests to be received from members

Key Indicators

Number of LEI Codes allocated by Takasbank

1.262 (2021: 1,850)

Number of ISIN Codes allocated by Takasbank

33,718 (2021: 20,335) **Account Agreements Signed** 668

(2021: 568)

Number of Institutions whose Account Relationships were terminated 24

(2021: 115)

Number of Data Vendors Provided with Data

10 Receivers, 3 Sub-receivers (2021: 7 Receivers, 5 Subreceivers)

Number of Successful Campaigns in the **Crowdfunding Escrow Agent** Service

(2021: 11)

Raised Amount of Funds in the **Crowdfunding Escrow Agent** Service

217,947,707 TL (2021: 23,122,000 TL)

INFORMATION TECHNOLOGIES, PROJECT **DEVELOPMENT AND RELATED ACTIVITIES**

Project Status Summary:

Project Portfolio	Number of Completed Projects in 2022	Number of Ongoing Projects by the end of 2022	Number of Completed R&D Projects in 2022	Number of Ongoing R&D Projects by the end of 2022
Business Development	8	14	4	6
Corporate Development	0	2	0	0
IT Infrastructure Development	12	8	0	1
Total	20	24	4	7

Major Business Development Projects

ISIN Portal Phase 2 Project

"ISIN Türkiye Portal" was launched on 1 March 2022 within the scope of the Securities Identification Service provided by Takasbank. The Portal allows for faster and more practical ISIN applications in a fully-automated environment thanks to its user-friendly interface.

The process which required ISIN issuers to bring their ISIN application documents to Takasbank in the form of physical documents before the portal has been facilitated after the deployment of the portal with the online uploading feature allowing issuer institution users to log into the ISIN Türkiye Portal system and upload the relevant documents according to the category of securities online via the website; and thus decreased the workload of the institutions.

Issuers filing ISIN applications can monitor their ISIN application status online via the web portal and report the ISIN codes that they receive on an individual date basis.

In this context, various developments and improvements have been continued to be made in relation to ISIN portal and operation screens after the project transition within 2022.

Fund Constraint Controls Project

This is the project for completion of legislative controls to be made with the data that will be received from the CRA in relation to the special constraint controls in the prospectuses of funds.

Within the scope of constraint controls, the data related with the funds are obtained from the CRA PDP, Database Center (DBC) system via web service integrations and entered into and recorded in Takasbank system. Constraint violations are identified with new constraint control software in Takasbank

In addition, fund constraint controls will be made for the constraints that can be provided over the data in Takasbank.

ADX Takasbank Cooperation Project

This is the project regarding the testing and integration of new trading and post-trade products purchased by Abu Dhabi Exchange from Nasdaq, conducting their data migration steps, and providing consultancy services for any subject matters needed within the scope of business and IT. Within the scope of the cooperation agreement signed by Borsa Istanbul with Abu Dhabi Stock Exchange, preliminary analyses, costing and contract execution efforts were completed as ADX, Borsa Istanbul and Takasbank; and project development and testing efforts were continued in 2022. Project management service, data migration code development, integration consultancy service, and testing management service are provided within the scope of this project.

Tapu Takas (Title Deed Transfer) E-Government Integration Project

This is the project that will allow the parties to use the webbased system established between Takasbank system and the System of the Directorate of Land Registry and Cadastre for real estate purchase and sale transactions in an integrated manner over e-Government by registering themselves, updating their data or approving/cancelling the records entered by the institution via e-Government. Thus, the e-Government gateway has been added to the other channels through which services are provided for the citizens willing to execute transactions using Tapu Takas system, offering a reliable access door to much larger groups. Thanks to the integrated operation structure of the system, the buyer and seller parties can initiate transactions through the alternative channel chosen by them from and among three different channels, i.e., Tapu Takas website, mobile application and e-Government and monitor the current status of their transaction through the desired channel.

SWIFT ISO-20022 Application Transformation Project

With the SWIFT ISO-20022 standard transition to be realized in the first guarter of 2023, it is necessary to conduct ISO-20022 messaging standard compliance efforts on the SWIFT and Banking applications side. With this project, Takasbank will be able to transform the old format used for SWIFT transfers into a new format compatible with ISO-20022 standards, which is a more readable and understandable format; and to reflect it onto the core banking systems comprising Takasbank internal systems.

CMB Reporting Processes Project

This is the project developed for preparation of reports in the formats requested by the CMB and determined in the meetings held with the CMB. Within the scope of the project, the Data Reporting Application has been developed for the data currently forwarded to the CMB through file transfer method.

With this application, reports containing the data have been created in the agreed format and made available for access by the CMB without transferring such data to the CMB system. CMB authorized users can receive these data by connecting to Takasbank servers.

Bilateral Transfer Business Continuity with the CRA Project

Bilateral transfers for the Equity and Debt Markets are currently executed between Takasbank and the CRA using the BISTECH System. Within the scope of business continuity, it has been decided to establish an alternative system between the CRA and Takasbank which will allow for completion of unfinished transactions in case of any disruptions that may occur in the system, network or message gueues through which Bilateral Transfers on the side of both institutions are executed. To this effect, the CRA Bilateral Transfer Business Continuity Project has been implemented.

Refinitiv OTC OIS Integration Project

This is the project that will allow for clearing and settlement of OTC OIS transactions executed by Turkish banks over Refinitiv Platform abroad through Takasbank OTC system. With this project, Turkish banks executing transactions on the foreign OTC platforms abroad have been enabled to execute their clearing & settlement transactions over Takasbank OTC system in a secure, easily traceable and reportable manner.

BISTECH Equity Market Historical Simulation Risk Calculation Project

This is the project for transition to historical simulation model as the risk calculation methodology in the Equity Market. The settlement risk in the Equity Market will be started to be calculated with the historical simulation method instead of the delta hedge risk calculation method currently used in the Futures and Options Market and Equity Market. Risk calculations for more sensitive clearing & settlement positions will be made using the confidence interval parametrically determined in the Equity Market as well as the historical closing prices.

Precious Metals Non-Standard Gold Transfer Project

It has been decided to also add the non-standard (Non-LBMA) gold transfers to the system in line with the development and scope extension of the Precious Metals Transfer Platform.

In this context, the transfers of precious metals held in the banks executed over a national application have been diversified and the scope of full mobilization of precious metal savings has been extended.





Given the opportunities offered as well as the complexity and variability caused by digitalization, Takasbank has continued to improve its security systems in order to ensure information security and to take measures against all risks.

Investment of Collaterals subject to Interest Accrual in Reverse Repo Market and Affiliation Transactions Project

This is the project intended for the entry and traceability of reverse repo transactions that Takasbank will execute in the Exchange Repo Market and as OTC. Within the scope of the project, it has been made possible to retrieve the contracts from the Exchange system for investment of collaterals subject to interest accrual in the reverse repo market and their inclusion in the affiliation transactions; and the contracts retrieved as such have been automatically included in the affiliation. Rediscount and rediscount cancellation accounting transactions have been made for affiliation transactions. Affiliation distributions have been made possible for beginning-of-day transactions. New screens have been developed for making cash settlements arising from the transactions executed by Takasbank in the reverse repo market.

Loan Account Type Structure and Fund Loan Project

This is the project intended to allow members to execute their loan opening, loan closing, and loan extension processes via the screens over Takasbank system. Within the scope of the project, it has become possible to use member screens to execute member and fund loan disbursements and term extensions which were previously executed with instructions received via fax. Necessary changes have been made to separately monitor the assets and securities provided as collaterals for mutual funds, portfolio and customers. New developments have been made for fund collaterals in the CRA messaging structure. Revisions have been made to change the existing collateral infrastructure in line with the new requirements.

Blockchain-Based Payment System

One of the initiatives included in Takasbank's Strategic Plan for 2022-2024 prepared in line with the New Economy Program is the transformation of physical assets into digital assets and development of the necessary platform and services for the transfer of such assets, and strengthening the Blockchain Development Team with new personnel to further improve the experiences gained within the scope of this initiative and the development of a payment system infrastructure using the blockchain technology.

Information Security Management Activities

Takasbank has undergone an external audit in September 2022 to certify the validity of ISO 27001-Information Security Management System Certificate within the scope of the efficiency of the ISMS activities and their compliance with international standards. As a result of this audit, ISO 27001 recertification audit was successfully completed, demonstrating that the ISMS is smoothly implemented and maintained throughout the Bank.

The year 2022 ISO 27001 internal audit and continuous improvement 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, phishing attacks were simulated within the scope of social engineering tests to sustain and further improve our employees' awareness of information security. Newly employed staff of the Bank were provided with information security awareness training. Monthly information security bulletins have been continued to be published across the

Given the opportunities offered as well as the complexity and variability caused by digitalization, Takasbank has continued to improve its security systems in order to ensure information security and to take measures against all risks, including especially cyber threats, which may disrupt secure and uninterrupted service. The establishment of a Cyber Security Center under the roof of Borsa İstanbul A.Ş. has been completed in 2022. Takasbank has continued its efforts to ensure the monitoring of security events on a 7-day/24-hour basis and to take necessary actions through the integrations gradually improved day by day.

The action plan prepared by making root cause analyses in relation to the findings reported as a result of the independent penetration tests for 2022 has been approved by Takasbank Board of Directors; and the actions taken are followed up rigorously.

The Information Security Committee convened twice; i.e., in February and August: 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 Takasbank.



As with every year, Disaster Recovery Drills covering critical services were conducted with the participation of members and stakeholders this

IT Risk Management and Compliance Activities

The annual audit conducted within the scope of the Information Systems Management Communiqué published by the CMB and the follow-up audit conducted within the scope of the BRSA Information Systems Regulation have been started within the year and will be completed with the reporting process in the following month of January.

Identification, analysis, action planning and reporting of the risks related with Takasbank information systems have been repeated at periodic intervals and the progress of the actions has been followed up.

The efforts intensively made in the previous years in order to ensure the validity of ISO 22301-Business Continuity Certificate received in 2014 within the scope of the efficiency of the Business Continuity Management System activities and their compliance with international standards have also been continued within the Bank in 2022. Forming a part of the Business Continuity and IT Service Management processes managed in the Bank within a planning, application, measurement and improvement cycle each conducted as a management system of the Bank, awareness trainings have been provided online to all Bank employees, including both existing employees and the new personnel employed within the year. As held in the previous years, the business continuity awareness measurement survey has also been repeated this year and the suggestions conveyed have been taken into consideration for inclusion in the improvement system.

As with every year, Disaster Recovery Drills covering critical services were conducted with the participation of members and stakeholders this year. 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 critical services tested. In addition, individual tests for restoration from back-up systems, cyber drills, 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.

Internal examinations were conducted in October and external examinations were conducted in November and December in order to confirm the efficiency of the Business Continuity Management System and Service Management System activities and their compliance with international standards. As with the previous years, these audits have also provided important inputs this year in terms of the improvement of Takasbank Business Continuity and IT Service Management processes and the addressing of important areas for development.

R&D Center Management

Having been conducting its operations as an On-Site R&D Center as of 20 April 2017, Takasbank completed a total of 4 R&D Projects in 2022; i.e., "ITU Derivatives Market Options Volatility Calculation Phase 2 Project", "Public Collateral Management Project", "TVS CRA Bilateral/Conditional Transfer Offline Project", and "Public Collateral Management DMO Project". As listed below, there are ongoing 7 R&D projects that have been in progress by the end of the year;

- "TMEX Technological Transformation Settlement Transactions, Risk and Collateral Management Project",
- · "Electricity Market Distribution System Settlement and Collateral Management System Project",
- · "Blockchain-Based Payment System Project",
- · "Single Collateral Pool Project",
- · "Exchange Trading System Architecture Dynamic Load Distribution PostTrade Interaction Project",
- · "Gateway Infrastructure Project", and
- · "BiGA Mint Gold Transfer Project".

The R&D activities conducted by the Bank have been audited by the Ministry and the audits have been successfully completed in 2022.

The patent and PCT application processes have been initiated with the transaction structure established in the "Blockchain-Based Payment System Project", i.e., one of the ongoing R&D projects. Within the scope of blockchain activities, various meetings were held with Sabancı University, Boğaziçi University, and Istanbul Technical University within 2022; and the course "Blockchain 101" has been given by ITU Blockchain Club to 40 Bank employees within the scope of university

R&D employees working in the Bank benefit from the grants announced for starting/completing a master's program, starting a Ph.D. program, passing the Ph.D. gualification exam, receiving a Ph.D. degree, publishing research books, and publishing papers, as stipulated in the R&D Incentive Procedure. In this context, a total of eight employees have benefited from such grants within the year 2022.



Takasbank conducts its activities in line with the relevant laws and regulations by adopting the corporate governance principles of "transparency", "fairness", "responsibility" and "accountability".

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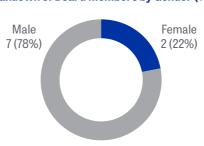
>>> BOARD OF DIRECTORS

Name & Surname	Position	Area of Responsibility	Education	University	Faculty/Institute	Department
		Chairman _	Bachelor's Degree	Boğaziçi	Economics and Administrative Sciences	Political Science and International Relations
Dr. Mahmut KAYACIK Chairman	of the Board of Directors	Master's Degree	Marmara	Institute of Social Sciences	International Economics	
		_	Ph.D.	Medipol	Inst. of Social Sciences	Banking and Finance
Korkmaz	Vice	Vice Chairman of the Board of	Bachelor's Degree	Ankara	Political Sciences	Business Administration
ERGUN	Chairman	Directors	Master's – Ph.D.	Marmara	Economics	Economics
		Chief Executive Officer	Bachelor's Degree	METU	Engineering	Aerospace Engineering
Avşar R. SUNGURLU	CEO Member	Member of the BoD Chairperson of the	Master's Degree	METU	Engineering	Aerospace Engineering
		Credit Committee	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
	Member of the BoD _	Bachelor's Degree	Ankara	Economics	Economics	
Dr. Gülseren	Member	Member of the Bob – Member of the Credit Committee – Chairperson of the Corporate Governance Committee –	Master's Degree	Marmara	Inst. of Social Sciences	Statistics
TOPUZ	Member.		Master's Degree	Istanbul	Institute of Social Sciences	Human Resources Management
			Ph.D.	Istanbul	Inst. of Social Sciences	Money and Banking
		Member of the BoD	Bachelor's Degree	Ankara	Political Sciences	Economy Administration
Prof. Dr. Münevver ÇETİN	Member	Chairperson of the Audit Committee Member of the Central Counterparty Risk Committee	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 Membe	Member	Member of the BoD Member of the Audit Committee	Bachelor's Degree	Istanbul	Management	Business Administration (English)
		Chairperson of the Central Counterparty Risk Committee	Certificate	Berkeley	Marketing	Marketing
Yusuf	Member	Member of the BoD Substitute Member of the Credit Committee	Bachelor's Degree	Uludağ	Economics and Administrative Sciences	Business Administration
KARALOĞLU	MENDE.	Member of the Remuneration Committee	Master's Degree	Erzincan	Institute of Social Sciences	Public Law

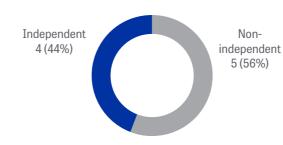
BoD Committee Memberships

- Credit Committee
- Remuneration Committee
- Corporate Governance Committee
- **>** Audit Committee
- Central Counterparty Risk Committee
- **B** means that the person is the chairperson of the relevant committee.
- A means that the person is a permanent member of the relevant Committee.
- $oldsymbol{Y}$ means that the person is a substitute member of the relevant Committee.

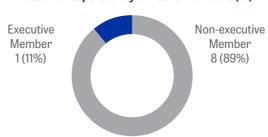
Breakdown of Board Members by Gender (%)



Independence Status of Board Members (%)



Executive Responsibility of Board Members (%)





Takasbank Board of **Directors** is the highest governance body directing the Bank's management strategy and policies and ensuring the implementation of effective risk management.

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Chairman of the Board of Directors



Dr. Mahmut KAYACIK received a bachelor's degree from the Department of Political Science and International Relations at Boğaziçi University and a master's degree from the Department of International Economics at Marmara University. Having successfully completed INSEAD Senior Executive Program, Mr. KAYACIK has received his doctoral degree on Banking and Finance at Istanbul 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. Having served as the Founding General Manager and a Member of the Board of Directors of Kızılav Real Estate and Venture Capital Portfolio Management as well as the Board Member of Kızılay Yatırım Holding A.Ş. before joining Türkiye Wealth Fund in March 2021 as the Executive Vice President of Finance and Operations, Dr. Mahmut KAYACIK serves as a Member of the Investment Committee at the Informatic Valley Venture Capital Investment Fund, one of the leading technology-based funds of Türkiye. Deemed worthy of the Capital Markets Honour Award by Turkish Capital Markets Association in 2019, Mr. KAYACIK was reelected as the Chairman of Takasbank Board of Directors on 28 April 2022.

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 Istanbul in the same year. He completed his master's degree in the Department of Economics at Marmara University. Having 25 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 Istanbul on 26 March 2021, Mr. ERGUN was re-elected as the Deputy Chairman of Takasbank Board of Directors on 28 April 2022.



Avsar R. SUNGURLU CEO and Member of the Board of Directors

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 Tusas 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, the Chief Executive Officer of Takasbank, was elected as a Board Member of Takasbank on 29 March 2021.



Bekir BAYRAKDAR, born in Karamürsel, Kocaeli in 1971, completed his primary and secondary education in Ereğli and high school education at Izmit 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 1995, and as an Accountant in 2001. He served as the Head of Kocaeli Tax Office between 2005 and 2008. Having been appointed as the Provincial Treasurer of Istanbul as of 3 March 2008, Mr. BAYRAKDAR was then assigned as the General Manager in the General Directorate of Public Accounts in 2014. Having served as the Head of Istanbul Tax Office as of 8 January 2015, Mr. BAYRAKDAR has been serving as the Head of Revenue Administration since 4 February 2020. He was re-elected as a Board Member at Takasbank on 28 April 2022.

BOARD OF DIRECTORS

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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 between 2004-2009. He served as the Executive Vice President at TTNET 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. Mr. Murat ONUK was appointed as a member of the Board of Auditors in Türkive Capital Markets Association (TCMA) on 4 September 2020, and re-elected as the Member of Takasbank Board of Directors on 28 April 2022.



Prof. Dr. Münevver ÇETİN completed her master's degree at Ankara University Institute of Social Sciences in 1985, and her doctorate 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 administration at Marmara University Banking and Insurance Institute and the School of Banking and Insurance since 1998. In the meantime, she also provided master and doctorate thesis consultancy on banking and insurance issues and served as a jury member for doctoral thesis monitoring, proficiency and final exams. She also served as the Head of 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 Bevkent 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 and theses monitoring, proficiency, and thesis defence exams 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 has been a Member of the Board of Directors for 19 years. She received the title of Professor in 2005. 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 (2007), Development and Effects of E-Business and Alternative Distribution Channels in the Financial Sector in Türkive (2006). The Place of Mortgage Banking in Housing Finance in Emerging Economies (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 Undersecretariat of the Prime Ministry between 2016-2017, Mrs. CETİN was reelected as a Member of Takasbank Board of Directors on 28 April 2022.

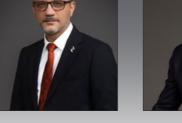


Murat TACİR, born in Istanbul in 1970, completed his high school education in Kadıköy Anatolian High School and his undergraduate education at Istanbul University, Department of Business Administration in English in 1993. After completing the Marketing certificate program at the University of California Berkeley, Murat TACİR started his career by working in the Marketing and Finance departments of Sümer Plastik A.Ş. In 1995, he met with 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 (Istanbul 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 Markets Council at TOBB (Union of Chambers and Commodity Exchanges of Türkiye). He is married and has 2 children. Mr. TACİR was re-elected as a Member of Takasbank Board of Directors on 28 April

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. Mr. KARALOĞLU was re-elected as a Member of Takasbank Board of Directors on 28 April 2022.

>>> SENIOR MANAGEMENT











Avsar R. SUNGURLU Chief Executive Officer Member of the Board

Executive Vice President

Taşkın ÖKER Executive Vice President

Murat GÖRGÜN Executive Vice President

Avşar R. SUNGURLU Board Member MSc/MA METU Faculty of Engineering	xecutive Vice resident
CEO Avşar R. SUNGURLU Board Member MSc/MA METU Faculty of Engineering Engineering Engineering Engineering 1997 San. Level Board Member MSc/MA METU Faculty of Engineering Engineering 1997 Inter Yatırım Menkul Değerler Exempres 2015 Bizim Menkul Değerler Exempres 2015 Bizim Portföy Yönetimi CEU 2017 Albaraka Türk Portföy Exempres 2021 Yönetimi Present Saklama Bankası A.Ş. Board Member MSc/MA METU Faculty of Engineering Engineering Engineering 1997 San. Faculty of Engineering 1997 Inter Yatırım Menkul Değerler Exempres 2015 Bizim Menkul Değerler Exempres 2017 Albaraka Türk Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Gökhan ELİBOL President Markets and Vice President Vice President Markets and Operations BSc/BA Beykent Law Law Law Engineering Engineering Engineering 1997 Inter Yatırım Menkul Değerler Exempres 2016 Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Avşar R. SUNGURLU Board Member Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Menkul Değerler Exempresent Saklama Bankası A.Ş. CEO Avşar R. SUNGURLU Board Member Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. CEO Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present Saklama Bankası A.Ş. Sülle Bizim Portföy Yönetimi Present	lanager kecutive Vice resident EO kecutive Vice resident EO
CEO Avşar R. SUNGURLU Board Member MSc/MA METU Faculty of Engineering Engine	xecutive Vice resident EO xecutive Vice resident
Avşar R. SÜNGÜRLÜ Board Member MSc/MA METU Faculty of Engineering	resident EO kecutive Vice resident EO
Avşar R. SÜNGÜRLÜ Board Member MSc/MA METU Faculty of Engineering	resident EO kecutive Vice resident EO
SUNGURLU Board Member MSc/MA METU Faculty of Engineering Engineer	xecutive Vice resident
Member Member	xecutive Vice resident
Gökhan EliBol President Warkets and Operations President	resident EO
Gökhan Executive Vice President Pres	EO
Gökhan ELİBOL President Markets and Operations BSc/BA Beykent Law Law Executive President Annual Political Sciences Economy Saklama Bankası A.Ş. CEC Ministry of Finance Tax Subject Conomy Sociences Economy Soci	
Gökhan Executive Vice President President Warkets and Operations BSc/BA Beykent Law Law Law 2016 Executive Vice Present Saklama Bankası A.Ş. President Present Saklama Bankası A.Ş. President Present Saklama Business Systems Busi	x Inspector
Gökhan Executive Vice President Pres	ıx Inspector
Gökhan EliBOL President Warkets and Operations BSc/BA Beykent Law Law 2016 BRSA Sw Auc 2016 Sw Auc 2016 Istanbul Takas ve Present Saklama Bankası A.Ş. Present 1998 Siemens Business Sws	
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Present Saklama Bankası A.Ş. Pre	worn-in Bank uditor
Svs Giornal Business Svs	kecutive Vice resident
	ystems Manager
2001 İstanbul Takas ve	
Taşkın Executive Information BSc/BA Istanbul Engineering Electronics 2016 Saklama Bankası A.Ş. Ser	ervice Manager
ÖKER President lechnologies Engineering 2016 İstanbul Takas ve Din	irector
2020 Saklama Bankası A.Ş. ——————————————————————————————————	
15tanbar tanda vo Exc	resident
Economics & International 1997 Sümerbank Ass	orporate larketing ssistant pecialist
Etibank Aut	nternal Audit – uthorized Assist. uditor
Central 2001 İstanbul Takas ve Inte	ternal Audit –
Murat Vice Party and 2009 Saklama Bankası A.Ş. Chi	hief Auditor
President Financial Banking & 2009 İstanbul Takas va	sk Management
Services MSc/MA Marmara Insurance Banking 2011 Saklama Bankasi A.S.	nit Manager
2011 İstanbul Takas va Fin	nancial Services
2001 Saklama Bankasi A.S. & H	Reporting – irector
	roouting \ /:
Present Saklama Bankası A.Ş. Pre	kecutive Vice

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Department

>>>> DIRECTORS



Emre ERHAN IT Infrastructure & Operations Department



Emre KOÇBEY Custody and Collective Investment Institutions Department



Faruk Selman LEKESİZ Infrastructure and Corporate AD Department



Hasan DEMİRCAN Clearing & Settlement AD Department



Hasan Hilmi YAVUZ Legal Affairs Department



İbrahim BEKTAŞ Procurement and Support Services 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 SAHİN Banking AD Department



Nesrin ÖZKURT Derivatives and Energy Commodities Clearing & Settlement Denartment



Central Counterparty Department



Okan BAYKAL Internal Systems Department



Oya DEMİRDAĞ Financial Services & Reporting



Sait Zekeriya ÖZGEL Payment and Transfer Services Department



Semanur CERRAHOĞLU Treasury and Credits Department



Zehra Zeynep ÖÇAL Markets Department

Takasbank has developed various policy texts for the long-term development of the institution with a sustainable governance approach, considering all its shareholders in line with its mission and vision and corporate governance principles.

Information on Takasbank Policy Documents, Activities of the Committees reporting to or formed to assist the Board of Directors within the Framework of the Provisions

>>> STRUCTURE AND FORMATION OF THE BOARD **OF DIRECTORS**

Definitions

Top Management / Executive Management: means the Board of Directors and Senior Management of the Bank.

Senior Management: means the Bank's Chief Executive Officer and Executive Vice Presidents, Internal Systems Department Director, managers/heads of the units within the scope of internal systems as well as the managers of the units except for consultancy units, bearing titles equivalent to or higher-ranking than an executive vice president in terms of their powers and duties even if they are employed with or under different titles.

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 of the Board 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 the 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 19 meetings in 2022.

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, Central Counterparty Risk Committee and Remuneration Committee to assist the Board in its business and operations in accordance with the obligations specified in the relevant legislation.

Information on the Total Amounts of Financial Rights granted, Allowances given, and Travel, Accommodation and Representation Expenses, Real and Cash Allowances, Insurances and Other Similar Guarantees provided to **Board Members and Senior Managing Officials**

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 Takasbank are determined within the framework of Takasbank Human Resources Directive: and general remuneration increases are put into application after they are approved by the Board of Directors.

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

No borrowing-lending or surety or security relationships have been created with any of the Board Members and Executive Managers in 2022.

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 sanctions imposed against the company and its executive body members due to the practices in breach of the provisions of applicable

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

In the fiscal year of 2022, independent audits have been conducted at Takasbank by the company Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

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As detailed below, there are ten committees established directly under the roof of or formed to assist the Board of Directors in order to ensure efficient and uninterrupted management of all corporate governance activities within the structure of Takasbank. These committees convene at regular intervals; develop policies and strategies on necessary issues and take decisions in line with the current developments and needs within the framework of the statutory regulations.

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

Chairperson (CEO and Member of the BoD)	Avşar R. SUNGURLU	
Permanent Member	M (ONUM	
(Member of the BoD)	Murat ONUK	
Permanent Member	Dr. Gülseren TOPUZ	
(Member of the BoD)	DI. Guiseren TOPOZ	
Substitute Member	Bekir BAYRAKDAR	
(Member of the BoD)	DENII DATRARDAR	
Substitute Member	Yusuf KARALOĞLU	
(Member of the BoD)	TUSUI NANALUGLU	

Meeting Frequency

Credit limits allocated by the Bank are decided by the Board of Directors.

Information on Participation in Meetings

In 2022, 1 meeting was held with the participation of the Chairperson and Members of the Credit Committee.

AUDIT COMMITTEE

Duties, Powers 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

Chairperson of the Audit Committee (Member of the Board of Directors)	Prof. Dr. Münevver ÇETİN
Member of the Audit Committee (Member of the Board of Directors)	Murat TACİR

Meeting Frequency

At least once a month

Information on Participation in Meetings

In 2022, 15 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 vision.
- · 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 interests.
- · 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

Chairperson of the Corporate Governance Committee (Member of the Board of Directors)	Dr. Gülseren TOPUZ
Member of the Corporate	
Governance Committee (Member of	Murat ONUK
the Board of Directors)	

Meeting Frequency

Biannually (twice a year)

Information on Participation in Meetings

In 2022, 2 meetings were held with the participation of the Chairperson and Member of the Corporate Governance Committee.

CENTRAL COUNTERPARTY RISK COMMITTEE

Duties and Responsibilities

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

Members

Chairperson of the CCP Risk	Murat TACİR
Committee (Member of the Board)	WILL ACIN
Member of the CCP Risk Committee	Prof. Dr. Münevver
(Member of the Board)	ÇETİN

Meeting Frequency

Biannually (twice a year)

Information on Participation in Meetings

In 2022, 2 meetings were held with the participation of the Chairperson and Member of the CCP 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.
- · This committee is responsible to establish and oversee the Bank's remuneration policy, to regularly review its efficiency and compliance with the Bank's risk appetite and goals, and to present their opinions and recommendations to the Board of Directors.

Members

Chairperson of the Remuneration Committee (Member of the Board)	Bekir BAYRAKDAR
Member of the Remuneration	Yusuf KARALOĞLU
Committee (Member of the Board)	rusui NANALOGLO

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

In 2022, 3 meetings were held with the participation of the Chairperson and Member of the Remuneration Committee.

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Avşar R. SUNGURLU

Gökhan ELİBOL

Murat GÖRGÜN

Oya DEMİRDAĞ

Taş**k**ın ÖKER

STRATEGY COORDINATION COMMITTEE

· 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

To assess the feasibility analyses of corporate improvement

• To evaluate the progress steps of corporate improvement

actions included in the portfolio and to take decisions for

of the Continuous Service Improvement Process;

actions or interventions when necessary.

actions and to approve their feasibility within the framework

Duties and Responsibilities

changes;

Members

CEO and Board Member

Executive Vice President

Executive Vice President

Executive Vice President

Reporting Department

Meeting Frequency

At least once a year

Director of Financial Services and

Information on Participation in Meetings

ASSETS-LIABILITIES COMMITTEE

Duties and Responsibilities

available data

Chief Executive Officer

Executive Vice Presidents

Members

members of the Strategy Coordination Committee.

In 2022, 1 meeting was held with the participation of the

· 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 prospective policies based on the currently

Meeting Frequency

architecture and IS projects with the legislation;

· To monitor the service levels of IS services.

Chief Executive Officer

Inits Representatives	
ector of Financial Services and Reporting Dept.	

Manager of Internal Audit Department

Manager of Legislation and Compliance Department

Manager of Risk Management Department

Director of Equity and Debt Securities Clearing and Settlement Department

Director of Markets Department

Director of Treasury and Credits Department

Director of Central Counterparty Department

Director of Custody and Collective Investment Institutions Department

Director of Financial Services and Reporting Department

Director of Derivatives and Energy Commodities Clearing & Settlement Department

Director of Payment and Transfer Services Department

Director of Internal Systems Department

Information on Participation in Meetings

In 2022, 11 meetings were held by the Assets - Liabilities Committee.

INFORMATION SYSTEMS STRATEGY AND STEERING

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 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

Members

Executive Vice Presidents IT Ur Direc Manager of Human Resources Department Director of Legal Affairs Department Director of Internal Systems Department

Manager of Internal Control Department

Meeting Frequency

At least twice a year

Toplantılara Katılım Hakkında Bilgi

The Information Systems Strategy and Steering Committee held 4 meetings in 2022.

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 quidelines:
- · 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 major internal projects;
- The evaluation of information security planning, application, monitoring, and improvement activities; and
- · The evaluation of the needs for resources and allocation of such resources for information security activities.

Members

Chief Executive Officer

Executive Vice Presidents

Director of IT Infrastructure and Operations Dept.

Director of Legal Affairs Department

Director of Internal Systems Department

Manager of Internal Audit Department

Manager of Internal Control Department

Manager of Legislation and Compliance Department

Manager of Risk Management Department

Manager of Information Security Unit

Manager of Human Resources Department

Information Systems Internal Control Officer

Meeting Frequency

At least twice a year

Information on Participation in Meetings

In 2022, the Information Security Committee held 2 meetings and submitted a report to the Board of Directors once a year.

BUSINESS CONTINUITY MANAGEMENT SYSTEM COMMITTEE (INFORMATION SYSTEMS CONTINUITY **COMMITTEE)**

Duties and Responsibilities

This committee is responsible for the following:

- · To declare a crisis situation by considering all factors related to the events that have occurred, to decide on the activation of the Information Systems Continuity Plan, and to establish coordination with the other rescue, continuity, and response teams;
- To provide consultancy for the activities within the scope of the planning, implementation, control and improvement of the BCMS;
- To evaluate applicable legal and regulatory requirements for the continuity of the Bank's activities and services and the steps taken or to be taken in relation thereof at the periodic meetings.

Members

Executive Vice Presidents

Director of IT Infrastructure and Operations Department

Director of Enterprise Architecture & Project Management Department

Director of Clearing & Settlement AD Department

Director of Custody AD Department

Director of Banking and Markets AD Department

Director of Legal Affairs Department

Director of Member Services & Corporate Communications

Director of Infrastructure and Corporate AD Department

Director of Internal Systems Department

Manager of Information Security Department

Manager of Legislation and Compliance Department

IT Architecture and R&D Team Service Manager

Organization and Personnel Management Team Service Manager

Career Planning and Performance Management Team Service Manager

Process and Quality Team

Meeting Frequency

At least once a year

Information on Participation in Meetings

In 2022, the Business Continuity Management System Committee held 1 meeting.

8

> STRATEGY, VALUE CREATION AND STAKEHOLDER RELATIONS

>>>

Takasbank supports its four strategic goals that it has set in line with its vision and mission, through 11 main goals and the initiatives associated with such goals.

84 STRATEGY

86 MATERIAL ISSUES

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94 VALUE CREATION

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110 INFORMATION ON THE RISK MANAGEMENT POLICIES APPLIED BY RISK TYPES

STRATEGY



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

>>> Mission

84

To contribute to markets development by offering reliable and effective post-transaction services



OurValues

- > Trust
- > Stability
- > Customer Focus
- > Efficiency
- > Strong Financial Structure
- > Transparency
- > Sustainability



Efficiency and Deepening of Markets

Strong Financial Structure



Digital Transformation and Operational Competency

Increasing Organizational Efficiency and Group Synergy

Takasbank supports its four strategic goals that it has determined in line with its vision and mission through 11 main targets and the initiatives that it has associated with such targets.

- To ensure the continuity of the Bank's strong financial structure and to increase the shareholder value
- To ensure the continuity of effective risk management mechanisms for the management of operational, strategic and financial risks

- To increase the depth in capital markets and other markets by expanding currently existing and new products and services to be developed both under the roof of Takasbank and in the markets that it serves
- To position Takasbank as an infrastructure institution providing financial services in the fields of clearing, settlement, collateral and risk management at national and international levels
- To ensure sustainable customer satisfaction

- To strengthen the technological infrastructure with local and national solutions and to lead innovations related with digital transformation as Takasbank and Borsa Istanbul Group
- 7To provide innovative, efficient, uninterrupted, transparent and reliable services at international standards
- To further increase expertise in blockchain technologies, and to expand the use of this technology in existing and new services

- To ensure the continuity of competent and trained human resources, and to keep employee satisfaction and loyalty at the highest level possible
- To increase the efficiency in IT processes, and to strengthen intra-group cooperation and synchronization processes
- To ensure adaptation to the new working models that have emerged after the pandemic.

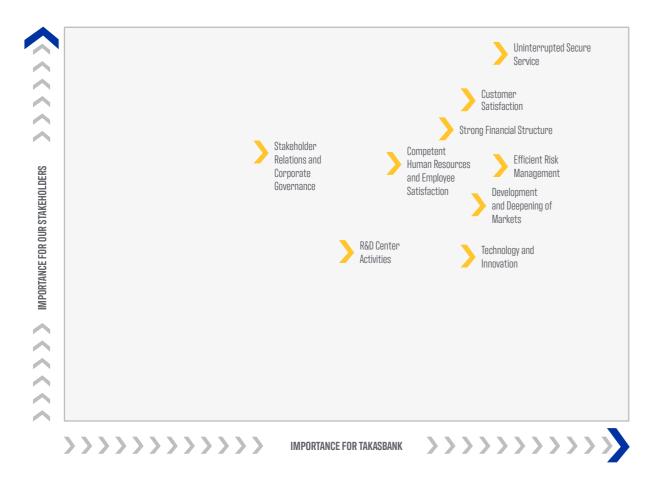
The purposes of the strategic goals of Takasbank are as follows: The targets listed under the heading of "strong financial structure" are aimed at protecting our shareholders' interest; the targets listed under the heading of "efficiency and deepening of markets" are aimed at contributing in the development of our country's economy and the sector; the targets listed under the heading of "digital transformation and operational competency" are aimed at ensuring that **our members** continue to receive quality and uninterrupted service and that technological developments are incorporated into existing services; and the targets listed under the heading of "increasing organizational efficiency and group synergy" are aimed at increasing the satisfaction and competency of our employees as well as the synergy within Borsa Istanbul Group.

When determining material issues, current developments in the world and in our country were taken into account in line with the mission assumed by Takasbank and its vision for the future; and various factors such as our stakeholders' opinions were also used. In addition, a wide range of best practice examples in the sector were utilized and the Bank Top Management's opinions were taken into account.

The material issues that affect Takasbank's value creation in the short, medium and long run and Takasbank focuses on within the scope of is strategy are reviewed annually. In

2022, Takasbank's material issues have been reviewed in line with our strategic goals and in a way to include also our stakeholders' views and opinions; and there are no differences in such issues compared to the previous year.

The material issues specified under the strategic goals include the "Strong Financial Structure" and "Efficient Risk Management" headings under the strategic goal of "Strong Financial Structure", the "Development and Deepening of Markets" heading under the strategic goal of "Efficiency and Deepening of Markets", the "Customer Satisfaction", "Technology and Innovation", "Uninterrupted Secure Service", and "R&D Center Activities" headings under the strategic goal of "Digital Transformation and Operational Efficiency", and the "Competent Human Resources and Employee Satisfaction" and "Stakeholder Relations and Corporate Governance" headings under the strategic goal of "Increasing Organizational Efficiency and Group Synergy".



GRI 2-14, 2-29, 3-1, 3-3, 203-1

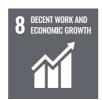
A call for action entitled Sustainable Development Goals (SDG) was made by the United Nations to produce solutions to global issues, aiming to standardize the monitoring of progress within the scope of sustainable development. The United Nations has defined the period between the years of 2020-2030 as the "Decade of Action" for realization of the 17 specified SDGs. In the implementation of the said SDGs, the fulfilment of responsibilities falling on the part of all states, public and private sectors, universities, and non-governmental organization is extremely important for achievement of the goal of creating a future that leaves no one behind.

Takasbank supports the United Nations Sustainable Development Goals and considers its contribution it makes for these goals as an important element of the value creation process. Takasbank directly contributes to 5 goals that are in its area of influence as they stand out in line with its activities. A summary of the contribution made to these goals is provided in this section.

the framework of Sustainable Development Goals as follows:









10 REDUCED INEQUALITIES
√ ≡▶
lacksquare

MA	TERI	AL	ISS	UE

UNINTERRUPTED

SECURE SERVICE

RELATIONSHIP WITH SDGs

RELATIONSHIP WITH THE STRATEGY

Digital Transformation and Operational Competency

RELATED CAPITAL ELEMENT

Financial Capital Social and Relational Capital Manufactured Capital

TAKASBANK'S APPROACH

Continuing business processes in a safe and secure manner and without interruption; increasing the Bank's ability to quickly respond in case of a business interruption

Since a disruption likely to occur in the services provided by the Bank is likely to affect all capital markets due to the structure and activities of the Bank, particular importance is given to business continuity risks. As with every period, infrastructure development projects have also been continued in 2022 in line with the strategy to ensure the operation of markets in a faster, more secure and uninterrupted manner and to strengthen Takasbank's technological infrastructure and closely follow up the state-of-the-art technologies by experiencing new technologies in 2022 as well.

MATERIAL ISSUE	RELATIONSHIP WITH SDGs	RELATIONSHIP WITH THE STRATEGY	RELATED CAPITAL ELEMENT
CUSTOMER	8 DECENT HORK AND 9 BELISTEN BHOODEN	Efficiency and Deepening of Markets	Financial Capital
SATISFACTION		Digital Transformation and Operational Competency	Social and Relational Capital
TAKASBANK'S APPROACH	•	nember satisfaction by taking necess	ironment of constant collaboration and sary actions in line with the needs and

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

requests received from members

RELATIONSHIP WITH THE RELATIONSHIP MATERIAL ISSUE **RELATED CAPITAL ELEMENT** WITH SDGs STRATEGY **STRONG FINANCIAL** Strong Financial Structure Financial Capital **STRUCTURE**

TAKASBANK'S **APPROACH**

Maintaining financial assets at the level necessary to cover the risks assumed and to fulfil the commitments given to markets and clearing & settlement members within the framework of efficient clearing & settlement, custody and central counterparty services provided in financial

One of Takasbank's strategic priorities is to increase the capital value by ensuring the continuity of the Bank's strong financial structure. To this effect, the increase in the banking service incomes has also been continued, banking service revenues have been diversified with new products and services, strong capital adequacy ratio has been maintained, and regular dividend payments to bank shareholders has been continued in 2022.

It has been observed that the successful financial performance displayed by Takasbank in the recent years has also continued in 2022. Takasbank's profit before tax for 2022 has been recorded 71.08% above budget forecasts and 91.86% above its yearend profit for 2021.

MATERIAL ISSUE	RELATIONSHIP WITH SDGs	RELATIONSHIP WITH THE STRATEGY	RELATED CAPITAL ELEMENT
EFFICIENT RISK MANAGEMENT 8 MINISTRATE MINI	Strong Financial Structure	Financial Capital	
		Intellectual Capital	
			Social and Relational Capital

TAKASBANK'S **APPROACH**

Ensuring identification, measurement, monitoring and reporting of the risks the Bank is exposed to, through the policies, implementing procedures and limits determined to monitor, control, and, if necessary, change the risk-return structure of the Bank's future cash flows, and accordingly, the nature and level of its activities

The Bank's activities basically consist of clearing & settlement, custody, collateral management, banking, central counterparty services and treasury operations as well as other transactions executed in the markets operated by the Bank. The risks exposure of the Bank due to these activities includes the credit risk, market risk, operational risk, liquidity risk and interest rate risk arising from banking accounts. The risks arising from information technologies and business continuity risks are considered within the scope of operational risk. The Bank allocates capital also for the risks covered within the scope of the central counterparty general business risk in relation to the CCP.

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 manages its risks by ensuring that they remain above/below the minimum/maximum limits specified in all applicable regulations published by the BRSA and below the risk appetite approved by the Board of Directors.

The risks assumed due to CCP activities are managed within a comprehensive risk management framework. This risk management framework has been determined under İstanbul Takas ve Saklama Bankası A.Ş. Central Counterparty Regulation. The said Regulation sets forth a detailed risk management framework governing the membership types and trading limits, margining and guarantee fund, stress tests, risk management practices, model security and back-testing, the position of internal system units' activities in the CCP risk management framework, risk mitigation methods, and crisis management tools. These activities are conducted by the Central Counterparty Department, controlled by the Internal Control Department, and audited also by the Internal Audit Department within the Bank's organizational structure.

8

GRI 2-14, 2-29, 3-1, 3-3, 203-1

MATERIAL ISSUES

APPROACH

GRI 2-14, 2-29, 3-1, 3-3, 203-1

MATERIAL ISSUE	RELATIONSHIP WITH SDGs	RELATIONSHIP WITH THE STRATEGY	RELATED CAPITAL ELEMENT
DEVELOPMENT AND DEEPENING OF MARKETS	8 HEISEN HEIRE AND 9 REASENCE REMOVED IN SHEAR SECTION OF THE SECT	Efficiency and Deepening of Markets	Intellectual Capital Social and Relational Capital

TAKASBANK'S **APPROACH**

APPROACH

Producing solutions that will further improve the efficiency of financial system and contribute in the development of markets through the clearing & settlement, custody, and related banking services and practices; developing projects meeting the current and future needs and demands of members/

Another of Takasbank's strategic priorities is to contribute to the efficiency and deepening of markets for which the Bank provides services and to perfectly fulfil the obligations imposed on the Bank under applicable legislation.

MATERIAL ISSUE	RELATIONSHIP WITH SDGs	RELATIONSHIP WITH THE STRATEGY	RELATED CAPITAL ELEMENT	
TECHNOLOGY AND INNOVATION			Financial Capital	
	9 💮	Digital Transformation and Operational Competency	Intellectual Capital	
			Manufactured Capital	
			Social and Relational Capital	
Continuing infrastructure development projects in line with its strategy to ensure the operation of markets in a faster and uninterrupted manner and to strengthen Takasbank's technological infrastructure and to closely follow up the state-of-the-art technologies by experiencing new technologies				

The year 2022 has been a productive year for Takasbank that managed to implement many successful projects with its strong technological infrastructure. In this context, the main activities can be listed as development of new products and services, enrichment of basic technological capabilities, and making continuous improvements and developments in the trading infrastructure.

MATERIAL ISSUE	RELATIONSHIP WITH SDGs	RELATIONSHIP WITH THE STRATEGY	RELATED CAPITAL ELEMENT
COMPETENT HUMAN RESOURCES AND EMPLOYEE SATISFACTION	4 COLUMN STREET	Increasing Organizational Efficiency and Group Synergy	Human Capital Intellectual Capital
TAKASBANK'S	Ensuring the deve	elopment of the Bank employees and in	ncreasing employee satisfaction by

Takasbank has continued to apply its approach of using objective assessment criteria in meeting its labour force requirements. The Human Resources Department conducts competency-based interviews and department managers conduct technical interviews in the recruitment process. The human resources policy containing equal opportunity and personnel recruitment criteria is published on the Bank's corporate website; and the text of the policy is available at https://www.takasbank.com.tr/ en/about-us/corporate/human-resources/career-management.

developing human resources strategies in line with Takasbank's mission and objectives

Detailed information about the Bank's human resources practices regarding employee loyalty and satisfaction, equal opportunity and inclusion, remuneration and fringe benefits provided to employees, career and performance management, employee development and trainings received by employees is provided under the subheading of "Employees" in the "Stakeholder Relations" section of the Report; and the figures regarding human resources practices are provided under the subheading of "Sustainability Performance" in the "Sustainability" section of the Report.

RELATIONSHIP RELATIONSHIP WITH THE MATERIAL ISSUE RELATED CAPITAL ELEMENT WITH SDGs **STRATEGY** Intellectual Capital Efficiency and Deepening of Markets **R&D CENTER** Human Capital Digital Transformation and **ACTIVITIES** Operational Competency Manufactured Capital TAKASBANK'S Having operational sustainability and a strong technological infrastructure by providing innovative

Within the scope of R&D center projects, "Precious Metals & Stones System Project", "ITU Derivatives Market Options Volatility Calculation Phase 2 Project", "Public Collateral Management Project", and "TVS CRA Bilateral/Conditional Transfer Offline Project" were completed in 2022. The efforts about seven projects have been still ongoing by the end of the year. Detailed information about the Bank's activities within the scope of R&D Center management is provided under the subheading of "R&D Center Management" in the "Information Technologies, Project Development and Related Activities" section of the

solutions to capital markets and the finance sector of the country

MATERIAL ISSUE	RELATIONSHIP WITH SDGs	RELATIONSHIP WITH THE STRATEGY	RELATED CAPITAL ELEMENT
STAKEHOLDER RELATIONS AND CORPORATE GOVERNANCE	4 COMENT TO GENERAL STREET STR	Strong Financial Structure Efficiency and Deepening of Markets Increasing Organizational Efficiency and Group Synergy	Social and Relational Capital Human Capital Natural Capital
TAKASBANK'S APPROACH		communications with stakeholders within creating permanent value for all stakehold	

Considering that good corporate governance is the key element for sustainability, Takasbank 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.

Shareholders, members, regulatory and supervisory agencies, employees, subsidiaries and suppliers are the main stakeholders of the Bank. Detailed information about the Bank's relations with its stakeholders is provided under the "Stakeholder Relations" heading of the Report.

STAKEHOLDER PRIORITIES

NON-BANK FACTORS

DOMESTIC AND INTERNATIONAL DEVELOPMENTS

OTHER SERVICES

PAYMENT AND TRANSFER SERVICES

MARKET OPERATION

BANKING SERVICES

CENTRAL CLEARING & SETTLEMENT SERVICES

CUSTODY SERVICES

COLLATERAL AND RISK MANAGEMENT SERVICE

- Size of Assets: 85.8 billion TL
- · Paid-in Capital: 600 million TL
- Amount of Shareholders' Equity: 4,516.9 million TL
- Strong liquidity and sustainable operational profitability

Human Capital

- · Number of Employees: 339
- Training per Employee: 30 hours
- Transparent and performance-based career development
- · Healthy work and private life balance
- Safe working environment

Intellectual Capital

- R&D activities
- Developed and owned software
- Digitalization-oriented business processes
- \cdot R&D expenditures of **21.4 million TL**
- 136 R&D employees

Manufactured Capital

- Şişli building
- Strong technological infrastructure and equipment used

Social and Relational Capital

- Efficient and transparent stakeholder communications
- Effective communications with regulatory and supervisory agencies
- National and international collaborations
- Member and employee feedbacks

Natural Capital

- · Efficient use of energy
- Environmental impact management with digitalization efforts
- Waste management

OPERATING ENVIRONMENT AND EXTERNAL FACTORS OPERATING ENVIRONMENT AND EXTERNAL FACTORS

TAKASBANK'S MISSION AND VISION



Technology and

Innovation

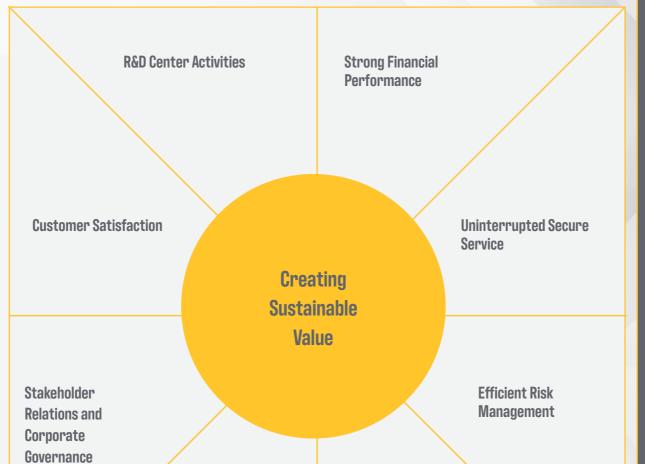


Economic Developments

Sectoral Developments

Legal Changes Other Factors

RISK MANAGEMENT



Competent Human

Employee Satisfaction

Resources and

OUTPUTS

Financial Capital

- Profit Before Tax: 2,260 million TL (2021: 1.178)
- Net Profit: **1.732 million TL** (2021: 891)
- Average Return on Equity: 44.7% (2021: 31%)
- 97.6% growth in banking service revenues (2021: 49.8% growth)

Human Capital

- The highest employee satisfaction score of the last 5 years: 81.91/100 (2021: 79.68/100)
- Female employee ratio: 43.4% (2021: 40.7%)
- Rate of female employees returning to work after maternity leave: 100% (2021: 100%)
- 72 newly employed personnel (2021: 42)
- 6.1% female and 11.5% male employee turnover rate (2021: 11.2% female and 11.9% male)

Intellectual Capital

- 4 completed R&D projects (2021: 11)
- 20 completed business development, institutional development and IT infrastructure development projects (2021: 33)
- ISIN Türkiye Portal
- Tapu Takas (Title Deed Transfer)
 E-Government Integration

Social and Relational Capital

- Member overall satisfaction score: 92% (2021: 91%)
- Services for 2,277 Institutions and 9,404 Active Users
- 23,511 Phone Calls and 76,932 E-Mail Notifications
- Social Investments in the amount of 102.9 million TL

Natural Capital

- Desktop Computers Virtualization Project
- Active Participation in the Workshop and Meetings regarding Climate Change Draft Law and Emissions Trading System

VALUE CREATED FOR STAKEHOLDERS

SHAREHOLDERS

 445 million TL dividend payments to Takasbank shareholders

EMPLOYEES

- 232.3 million TL total wages and fringe benefits provided to Takasbank employees
- Corporate culture pursuing equal opportunity
- Professional and personal development
- Employee satisfaction and loyalty to the Institution

MEMBERS

- Safe, innovative, transparent and quality service
- Sustainable customer satisfaction
- Infrastructure development projects designed for faster and uninterrupted operation of markets

REGULATORY / SUPERVISORY AUTHORITIES

- 637.3 million TL payments to tax and regulatory agencies (2021: 339.2 million TL)
- Contribution to regulatory compliance and development

SOCIETY

- Contribution to economic growth and sustainable development
- Contribution to employment
- Contribution to meet physical needs of the schools in different cities, including computers, bookcases, lockers, etc.

GRI 201-1, 203-1, 203-2

GRI 202-1, 203-1

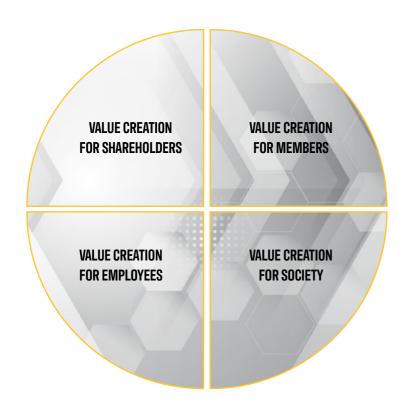
>>> VALUE CREATION

The "Takasbank Value Creation Model" is a business model evaluating the Bank's financial, human, social and relational, intellectual, manufactured, and natural capital elements in an integrated manner and focusing on creation of sustainable value for all stakeholders of the Bank. With this business model, Takasbank aims to create value for all of its stakeholders both in the short and long run.

Takasbank has positioned sustainability as one of the main focal points at the center of its value creation goal and business model; and conducts its activities related thereof through a process led by the Senior Management, and including, also the participation of all its employees and the views and opinions of its stakeholders.

Pursuing not only the needs of its stakeholders, but also the social benefit, Takasbank associates the outputs that it has achieved as a result of its value creation goal and the business model established to this effect with the United Nations Sustainability Development Goals; and thus, emphasizes its support for international development goals in the field of sustainability.

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





GRI 2-6, 2-12, 2-15, 2-29

97

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GRI 2-6, 2-12, 2-29

STAKEHOLDER RELATIONS

Associated with reputation, transparency, trust and dignity in the eyes of its stakeholders since its establishment, Takasbank is determined to maintain strong communications with and to create permanent value for its stakeholders at all times. Takasbank conducts its communications with its stakeholders through many different platforms. Shareholders, customers/members, regulatory and supervisory agencies and institutions, including especially the BRSA, CMB and CBRT, employees, subsidiaries, and suppliers are the main stakeholders of the Bank.



>>> SHAREHOLDERS

Shareholder	Ratio* (%)	Relationship with the Strategy	Material Issues	Affected Capital Element
Borsa İstanbul A.Ş.	64,18		Strong Financial	
Tacirler Menkul Değerler A.Ş.	5,00	Strong Financial	Structure	Financial Capital
	5,00	Structure	Efficient Risk	
Phillip Capital Men. Değ. A.Ş.			Management	
Türkiye Garanti Bankası A.Ş.	4,95	Efficiency and	Development and	Social and Relational
Yapı Kredi Yat. Men. Değ. A.Ş.	4,38	Deepening of Markets	Deepening of Markets	Capital
Türkiye İş Bankası A.Ş.	4,37	Increasing		Capitai
Türkiye Vakıflar Bankası T.A.O.	4,37	Organizational	Stakeholder Relations	
Other (24 Brokerage Houses)	4.40	Efficiency and Group	and Corporate	Natural Capital
ther (8 Banks) 3,35 Synergy		Governance	ivaturai Gapitai	

^{*} as of 31/12/2022

COMMUNICATION CHANNELS

E-mail addresses spy@takasbank.com.tr, rap@takasbank. com.tr, and muh@takasbank.com.tr, general assembly meetings, annual reports, newspapers, risk management synergy meetings, and information provided via Takasbank website and social media channels

COMMUNICATION TOPICS

Stakeholders' questions, institutional performance, dividend, donation policy, strategy, risks, corporate governance and sustainability, share transfers

MAJOR ISSUES AND DEVELOPMENTS IN 2022

The 27th Ordinary General Assembly Meeting was held on 28 April 2022. It was ensured that our shareholders attended the Ordinary General Assembly meeting both physically and via e-General Assembly online system.

In 2022, the portion of 445 million TL was distributed from the profit for 2021 as dividend to our shareholders.

There have been no changes in the Bank's capital and shareholding structure in the fiscal period.

INFORMATION ON THE NAMES, TITLES AND SHARES OF NATURAL OR LEGAL PERSONS HOLDING QUALIFIED SHARES

64.18% of Takasbank's 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 (Istanbul Stock Exchange), it was turned into 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 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 way 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. (https://www.borsaistanbul.com/en/sayfa/2096/

Pursuant to the Bank's Articles of Association, the share of the shareholders other than BİAŞ may not exceed 5%. The Bank did not have any privileged shares by 31 December 2022. (31 December 2021: None.)

Name & Surname/ Trade-Name	Share Amounts (Thousand TL)	Share Ratios	Paid-in Shares (Thousand TL)	Unpaid Shares (Thousand TL)
Borsa İstanbul A.Ş.	385,067	64.18%	385,067	-

GRI 2-6, 2-12, 2-25, 2-26, 2-29, 418-1

STAKEHOLDER RELATIONS

GRI 2-6, 2-12, 2-15, 2-29



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 Istanbul 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 Istanbul 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 Istanbul A.Ş. and the other affiliate, the CRA, within the fiscal y4ear of 2022 as well as all measures taken or avoided in favour of these companies.

Regarding the fiscal year of 2022, 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 transactions; 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."

> 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.

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						
Opening Balance	-	-	530.928	15.284.700	-	-
Closing Balance	-	-	2.106.283	34.398.499	-	-
Received Interests and Commission	33.212		766.265	57.880	87.519	
Incomes	33.212		- /66.265		87.519	_

Members	Relationship with the Strategy	Material Issues	Affected Capital Element
Brokerage Houses Commercial Banks	Strong Financial Structure	Strong Financial Structure	
 Participation Banks Development and Investment Banks Insurance and Pension Companies 	Efficiency and Deepening of Markets	Development and Deepening of Markets	-
 Portfolio Management Companies Financial Leasing Companies Factoring Companies Financing Companies 	Digital Transformation and Operational Competency	Customer Satisfaction Uninterrupted Secure Service	-
 Asset Management Companies Borsa İstanbul A.Ş. Merkezi Kayıt Kuruluşu A.Ş. Collective Investment Institutions Crowdfunding Platforms Payment and Electronic Money Services Institutions 	Increasing Organizational Efficiency and Group Synergy	Stakeholder Relations and Corporate Governance	Financial Capital Social and Relational Capital

COMMUNICATION CHANNELS

· Electricity Market Members

Natural Gas Market Members

Authorized Institutions

Data Vendor Companies

Institutional/Corporate Investors

· Precious Metals Brokerage Houses

· Institutions engaged in Precious Metals Production

· Agencies and Institutions requesting LEI/ISIN Codes

· Licensed Warehouses

or Trading

Official correspondences, general letters, direct communications and meetings, seminars and conferences, announcements, information e-mails, surveys, annual reports, and information provided via Takasbank website and social media channels

COMMUNICATION TOPICS

Membership procedures, services provided by the Bank, member screens, system-related developments, product and service commission tariffs and commission accruals and collections, withholding tax details, legal opinions on members' power of attorney and signature circular documents, central counterparty member audits, evaluation of member requests in terms of their compliance with the legislation

MAJOR ISSUES AND DEVELOPMENTS IN 2022

- · Temporary electronic surety bonds submitted for tenders held under the public Procurement Law no. 4734 have been started to be accepted as of 3 January 2022; and temporary letters of guarantee and surety bonds have been started to be accepted through Takasbank Public Collateral Management Platform only as of 1 December
- On 18 October 2022, a presentation was made to members through the TBB regarding the BRSA's new methodology for the counterparty credit risk calculations published in the Official Gazette no. 31740 dated 4 February 2022 and enforced as of 1 July 2022 and reflections of this methodology in the calculation of the data announced by Takasbank and the relevant notification procedures.
- · On-site audits were conducted at 10 CCP-member brokerage houses in total.
- · As with every year, members' satisfaction has been measured at Takasbank through surveys and meetings, their requests and suggestions have been collected and all requests have been reported to the Executive Management and each request has been evaluated individually in 2022.

STAKEHOLDER RELATIONS

GRI 2-6, 2-12, 2-29

GRI 2-6, 2-12, 2-29

- · Controls regarding international sanctions lists were performed within the scope of AML regulations.
- · Approval was obtained from the CMB for updating product/ service fees.
- · Various information and document requests received from the relevant regulatory and supervisory authorities were
- · Correspondences were made and a meeting was held with the Republic of Türkiye Ministry of Trade for the sharing of data in MERSIS (Central Registration System) with Takasbank. Efforts for revision of contracts related with this
- Necessary revisions regarding the Bank's outsourcing process were made in "Takasbank Support Service Procurement and Outsourcing Procedure" pursuant to the legislative obligations of the relevant regulatory and
- FAST system participation agreement has been signed
- filed with the CBRT for the transfer of silver.

>>>> REGULATORY AND SUPERVISORY AUTHORITIES

Regulatory and Supervisory Authorities	Relationship with the Strategy	Material Issues	Affected Capital Element
• BRSA	Strong Financial Structure	Efficient Risk	
· CMB		Management	_
CBRT	Efficiency and Deepening	Development and	
Republic of Türkiye Ministry of Treasury	of Markets	Deepening of Markets	
and Finance Republic of Türkiye Ministry of Industry	Digital Transformation and	Technology and	Social and Relational
and Technology	Operational Competency	Innovation	Capital
Republic of Türkiye Ministry of	operational competency	Uninterrupted Secure	
Environment, Urbanization and Climate		Service	Financial Capital
Change		OCI VICE	Intellectual Capital
Republic of Türkiye Ministry of Trade			Intellectual Capital
TMSF			Natural Capital
MASAK			rvatar ar Oapitar
EMRA			
EACH			
ESMA			
Other Regulatory and Supervisory Public			

COMMUNICATION CHANNELS

Authorities

Official correspondences, Banking Data Transfer System (BDTS), Electronic Data Transfer System (EDTS), Rapid Information Transfer System (HBAS), Registered Electronic Mail (KEP), Electronic Data Repository System (e-VEDO), direct communications and meetings

COMMUNICATION TOPICS

Audit and surveillance activities, legal reporting activities, legal regulations, updating of product/service fees and commission tariffs, legislation regarding the Bank's activities and legislation update requests, collateral, transaction and default data for the markets, exemption requests, information/ data requests for various issues, and obtaining approval for new products, services and projects

MAJOR ISSUES AND DEVELOPMENTS IN 2022

- · Routine legal reporting required to be made on a daily, weekly, monthly, quarterly and annual basis were prepared and reported by the Risk Management Department and the Reporting Team. In this context, there have been no delay or disruption in the reporting made within the year.
- · The internal audit plan, annual risk assessment report, management statement reports, annual reports, internal legislation updates, CCP and IT audit reports and member audit reports prepared by the Internal Audit Department have been shared with the relevant regulatory and supervisory authorities pursuant to the applicable legislation.
- · Periodic reporting has been made about various issues regarding the markets for which the Bank provides services (For example; the transactions executed in the Equity and Debt Securities Market over EVAS on a daily basis and the related default details, SLM and TMM

reports requested from the Bank and sent to the Board on a monthly basis within the scope of the CMB Preventive Warning Mechanism, daily custody details on an individual warehouse basis sent to the CBRT via EVAS, details about defaults arising from gross settlements in the Equity Market reported to the CMB via KEP on a monthly basis, etc.).

- · Opinions were provided for the draft laws and regulations prepared by the relevant regulatory and supervisory
- Inspections were conducted pursuant to MASAK regulations. In addition, the issues about the decisions on freezing of assets and postponement of transactions were discussed with MASAK.
- met in addition to periodic reporting made to them.
- subject matter are ongoing.
- supervisory authorities.
- between Takasbank and the CBRT as of October 2022.
- · An application for "Permit for Other Activities" has been

Institutions	Relationship with the Strategy	Material Issues	Affected Capital Element	
Bank's domestic and overseas partnerships	Efficiency and Deepening of Markets	Development and Deepening of Markets	. Financial Capital	
	Digital Transformation and Operational Competency	Technology and Innovation Uninterrupted Secure Service	-	
	Increasing Organizational Efficiency and Group Synergy	Stakeholder Relations and Corporate Governance	Capital	

COMMUNICATION CHANNELS

Official correspondences, board memberships, general assembly meetings, synergy meetings, direct communications and meetings

COMMUNICATION TOPICS

Group synergy, mutual commission agreements, new projects, joint events, applicable legislation, legal opinions

MAJOR ISSUES AND DEVELOPMENTS IN 2022

- In the General Assembly meeting held on 28 April 2022, the third article entitled "Operational Purposes and Line of Business" specified in the CRA articles of association was
- Development efforts are conducted jointly with the CRA for process improvements regarding TMM collaterals held in custody at the CRA.
- · Synergy Committee meetings are held with Group companies; joint procurements are evaluated at the meetings in order to create a synergy between institutions, and the demands of similar nature are tried to be procured collectively and at once in a single transaction (in order to ensure a price advantage and operational convenience).

Company Name	Share Ratio (%)
Merkezi Kayıt Kuruluşu A.Ş.	64,90
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	10,50
Sarajevo Stock Exchange (EUR)	5,00
Türkiye Ürün İhtisas Borsası A.Ş.	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

As the Central Depository of the Turkish Capital Markets, the CRA provides its members with depository, trade repository and reporting, corporate governance and investor services. The CRA also offers data and technological services to local and foreign capital and financial institutions through its in-house developed software, systems and platforms as part of its role as an R&D center.

https://www.mkk.com.tr/en/aboutus/about-us

Sarajevo Stock Exchange

Sarajevo Stock Exchange (SASE) was founded on 12 September 2001 by eight equal brokerage houses from the Federation of Bosnia and Herzegovina. Trading at SASE officially started on 12 April 2002 and the first auction totalled 3,099 KM. SASE's mission is to ensure the highest standards in the trading of securities and to be one of the leaders of the full development of the capital market and economic development of Bosnia and Herzegovina.

http://www.sase.ba/v1/en-us/SASE/ About-SASE/Vision-Mission

Borsa İstanbul A.Ş.

Pursuant to article 138 of the

Capital Markets Law no. 6362

which entered into force upon its publication in the Official Gazette on 30 December 2012, Borsa İstanbul A.S. was established on the enforcement date of the Law to conduct securities exchange activities. The main purpose and field of activity of Borsa Istanbul are "to ensure that capital market instruments, foreign currencies, precious metals and precious stones and other contracts, documents and assets approved 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 establish, operate, and develop markets, marketplaces, platforms, systems and other organized marketplaces in order to match or facilitate the matching of buy and sell orders in relation thereof in a way to conclude and settle them and 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."

https://www.borsaistanbul.com/en/ savfa/2096/about-us

Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.

Eae Tarım Ürünleri Lisanslı Depoculuk A.Ş. was established with the permission given in the letter no. 6844 dated 24 December 2010 sent by the Ministry of Customs and Trade to Izmir Commodity Exchange, one of the founding partners of the company; registered with Izmir Trade Registry Office on O4 January 2011, and published in the Trade Registry Gazette dated 13 January 2011. The purpose of the Company is to conduct licensed warehousing activities for preservation of the agricultural products within the scope of the license under healthy conditions and for commercial storage.

http://www.elidas.com.tr/

S.W.I.F.T. SCRL

SWIFT is a global member-owned cooperative and the world's leading provider of secure financial messaging services.

https://www.swift.com/about-us/discover-swift

Sermaye Piyasası Lisanslama Sicil ve Eğitim Kurulusu A.S.

Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş. has been authorized by the CMB to grant licenses to the existing or future employees of capital market institutions and publicly-held corporations, to keep records of license holders, and to organize training programs relating to licenses and started its activities in

https://www.spl.com.tr/content/

Türkiye Ürün İhtisas Borsası A.Ş.

TMEX (Turkish Mercantile Exchange) was founded on 08 June 2018 with reference to the Council of Ministers' decree no. 2017/9986 published in the Official Gazette no. 30030 dated 06 April 2017 upon the proposal of the Republic of Türkiye Ministry of Trade and the Capital Markets Board in order to conduct operations subject to the Turkish Commercial Code no. 6102 within the framework of the provisions of article 53 of the Law no. 5174 on the Union of Chambers and Commodity Exchanges of Türkiye, the Agricultural Products Licensed Warehousing Law no. 5300, and other applicable laws and regulations. The main operational purpose and line of business of TMEX is "to conduct exchange operations in order to ensure the trading of electronic warehouse receipts issued by licensed warehouse enterprises as well as the futures contracts based on electronic warehouse receipts in accordance with the Law no. 5300 and other relevant leaislation."

https://www.turib.com.tr/en/ about-us/

>>>> SUPPLIERS

Suppliers	Relationship with the Strategy	Material Issues	Affected Capital Element	
 Suppliers 	Strong Financial Structure	Efficient Risk Management	Social and Relational	
	Digital Transformation and	Uninterpreted Cooung Convice	Capital	
	Operational Competency	Uninterrupted Secure Service		
	Increasing Organizational	Stakeholder Relations and Corporate	Financial Capital	
	Efficiency and Group Synergy	Governance		

COMMUNICATION CHANNELS

Direct communications and meetings, e-mails, surveys

COMMUNICATION TOPICS

Procurement processes including texts of agreements, purchase amounts, etc., suppliers' annual performance assessments, audits of external service providers including support services, maintenance of products and/or services procured

MAJOR ISSUES AND DEVELOPMENTS IN 2022

- · Service Level Agreement Reports have been prepared.
- · Audit results of external service providers including support services have been addressed in the reports prepared by internal system units such as IT audit report prepared biannually, management statement efforts, etc.
- · Sustainability efforts have also been started to be taken into consideration in the supplier selection and evaluation process in the procurement of goods and services related with information technologies in order to increase the awareness in the field of sustainability.
- · Following the addition of sustainability efforts to the supplier selection and performance assessment processes regarding information technologies, sustainability surveys have been sent to suppliers by the end of the year; and evaluations have been started in this area

TAKASBANK PROCUREMENT PROCESS

· Rules and methods have been determined to ensure that all products and services to be procured by Takasbank can be purchased with high quality, at cost-effective prices and at any time desired. All processes regarding purchasing activities are already written in the Bank's internal procedures and applicable in the workflow schedules. It has been determined which unit can request which goods and services; and it is expected that each request is forwarded by the related team.

TAKASBANK RESPONSIBLE SUPPLIER RELATIONS MANAGEMENT

Determined to create a more effective and sustainable supply chain, Takasbank takes into account the environmental and social performance of its suppliers with which it conducts purchasing activities and aims to further increase their awareness in the field of sustainability. In the long-term strategic partnerships that it will establish with its suppliers, the Bank pays attention to its suppliers' sustainability perspective and their relevant goals in this field. In line with this approach, sustainability activities have also been started to be taken into account in the supplier selection and evaluation process in the procurement of goods and services related with information technologies as of the end of 2022. Necessary revisions were made in the Bank's "Supplier Relations Management Procedure" and it was published on 20 December 2022. Takasbank also pays attention to give priority to local companies in the selection of supplier firms.

Various Information and Data about Takasbank Supply Chain in 2022

Number of Contracts Signed	242			
Percentage of Local Suppliers (operating within the boundaries of Türkiye) in	99%			
the Procurement Budget used within the year	9970			
Percentage of Candidate Suppliers Screened using Environmental and Social	2%			
Criteria*	Ζ70			
Percentage of Approved Suppliers Evaluated using Environmental and Social	100%			
Criteria**	100%			
Number of Suppliers identified to have Existing and Potential Material Adverse	We have no suppliers identified to have			
Environmental and Social Impacts	material adverse environmental and social			
Environmental and Social Impacts	impacts.			
Total Number of Confirmed Cases where Contracts with the Bank's Business	There have been no violations related with			
Partners were Terminated or Not Renewed due to Corruption-Related Breaches	corruption within the year.			
*The second of December 2000.				

^{*} The screening process was started as of December 2022; however, the whole year was taken into account in the calculation of the ratio.

^{**} All suppliers included in the Approved Suppliers List were evaluated by the end of the year.

GRI 2-6, 2-7, 2-12, 2-25, 2-26, 2-29, 401-1, 401-2, 404-1, 404-2, 404-3, 406-1, 408-1, 409-1

>>> EMPLOYEES

Employees	Relationship with the Strategy	Material Issues	Affected Capital Element
 Qualified human resources 	Strong Financial Structure	Efficient Risk Management	
respectful to ethical principles	Digital Transformation and	R&D Center Activities	-
and giving importance to	Operational Competency	RAD Center Activities	Human Capital
values	Increasing Organizational	Competent Human Resources and	Intellectual Capital
	Efficiency and Group	Employee Satisfaction	-
		Stakeholder Relations and Corporate	
	Synergy	Governance	

COMMUNICATION CHANNELS

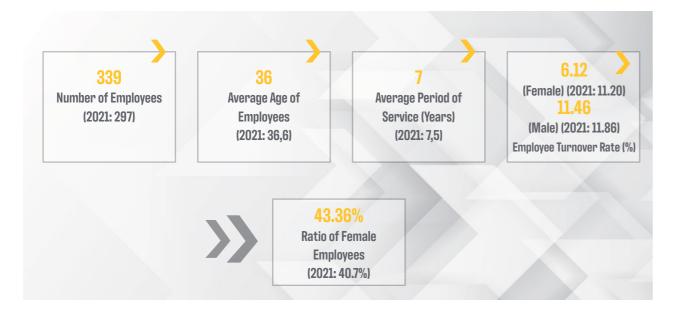
Internal communication channels, information e-mails about human resources practices, satisfaction surveys, face-to-face meetings held by the Senior Management with employees, "Önerim Var" (I have a Suggestion) application on the Takasbank Portal, performance evaluation meetings, orientation programs, trainings

COMMUNICATION TOPICS

Performance assessments, talent management, organizational arrangements, improvements to the working environment, audit and internal control activities, operational risk database updates, operational risk loss database updates, information provided with respect to the Bank activities and projects and legislation, legal opinions.

MAJOR ISSUES AND DEVELOPMENTS IN 2022

- In 2022, Takasbank 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 has reached 339, including 192 male and 147 female employees by the end of 2022. As of the end of 2022, the management staff, including the Service Manager, Director, Executive Vice President and CEO positions, are comprised of 57 people; and there are 9 members of the Board of Directors. including the Chief Executive Officer.



Employee Engagement and Satisfaction

Considering its human resources as its most important asset within the framework of its sustainable growth vision, Takasbank aims to achieve the development of its employees and to increase their effective communication and satisfaction by developing human resources strategies in line with its mission and goals. Takasbank considers it as one of its fundamental responsibilities to provide a working environment where its employees will feel themselves happy and safe. Establishing a corporate culture supporting longterm employment still remains to be one of the top priorities of the Bank.

In this context, new working methods such as remote working were also implemented at Takasbank under the changing new working conditions (pandemic) in 2020; and the continued maintenance of these working models has been ensured in 2022, independently from the pandemic. For the purpose of using human resources in the most

efficient manner and increasing employee engagement and satisfaction, the remote and in-office working model (hybrid system) is planned to be continued within the bank in the future periods as well.

Takasbank considers its human capital as its most important wealth and believes that listening to the thoughts and suggestions of its employees constitutes the basis of its business success. Accordingly, Employee Satisfaction Survey is conducted every year to develop actions to improve the corporate culture with arrangements oriented towards the improvement of the working environment and increasing employee motivation. With this survey, employees' feedbacks on working life, processes and functioning are obtained and future period plans are prepared in line with these feedbacks.

In 2022, 89% of employees participated in the Employee Satisfaction Survey held for the year 2021. The main results standing out in the survey held are as follows:

Outstanding Results of Takasbank Employee Experience Survey



Average employee satisfaction at Takasbank has been recorded at the highest level of the last five **years** (81.91/100). (2021: 79.68/100)



The highest level of progress was recorded under the **Relations with Management** heading ompared to the previous year. In addition; significant increases were observed in the scores under Internal Communications and Takasbank as an **Employer** headings compared to the previous year.



The highest employee satisfaction scores were obtained under the headings of **Teamwork** with 86.17% and Other Services (healthcare, food and transportation services offered by the Bank) with 85.70%.



Considering employees' suggestions and requests, necessary plans have been prepared and shared with employees to meet the expectations with respect to the issues standing out as a result of the survey, such as individual training, new period working models, and in-house socialization and events.

Various events were organized to improve the relations among employees within the year; and these practices will also be continued in the upcoming periods. The Bank has continued to take steps towards improving communications among employeesby sending information e-mails regarding important employee-related issues such as promotion, anniversary, birth, death, etc. In addition, the Bank supports the development of its employees engaged in sports activities, including, especially, basketball, tennis and mountaineering, by providing sponsorship support for them.

Equal Opportunity and Inclusion

Takasbank offers equal rights and opportunities to all its employees by adopting an approach that stands against any and all forms of discrimination based on race, language, religion, age, gender, ethnic origin, nationality, political opinion, disability, marital status, etc. and that does not allow forced or child labour under its roof under any circumstances. Within the framework of the principle of equality and inclusion, the Bank considers it as one of its most fundamental responsibilities to provide its employees with a safe working environment. No cases of discrimination were observed in the Bank within the reporting period. The Bank's Human Resources Policy has been developed by taking account of the basic principles of the United Nations Universal Declaration of Human Rights.

Employees can convey their ideas and suggestions through the "I Have a Suggestion" platform used by employees to forward their suggestions and evaluated by the Human Resources; the requests received are examined by the Human Resources management on the basis of the principles of sensitivity and confidentiality.

GRI 2-6, 2-7, 2-12, 2-19, 2-20, 2-29, 401-1, 401-3, 403-6, 404-1, 404-2, 404-3, 405-2

The Bank maintains its communications with its employees with an attitude in line with the basic principles of its Human Resources Policy.

Basic Principles of Takasbank Human Resources Policy

- · It is essential that all employees respect their own personality and the personality of other employees.
- · Employees are provided with proper working conditions and growth and development opportunities according to their knowledge, skills and competencies.
- · Employees are encouraged to achieve success, provided with opportunities to improve their knowledge and professional competence, and those displaying outstanding achievements are rewarded.
- · Employees are provided with a comfortable and safe working environment suitable for the importance and nature of their jobs.
- Employees' knowledge and skills are taken into consideration in their assignments.
- · Timely and adequate information on matters concerning them is given to employees. Measures are taken to make it easier for employees to notify their views, opinions, and suggestions to their managers.
- · Managers at all levels endeavour to create a working atmosphere improving employees' enthusiasm and strength and to
- · Employees' performance is assessed with objective criteria and appropriate wages and other fringe benefits are provided in line with market conditions.

Maternity Leave Practices

The Bank takes necessary measures in line with the Labour Legislation in order to ensure that its female employees are not adversely affected during their pre- and postnatal periods. Female employees can return to work in the same positions after taking their maternity leaves. Employees can, upon their request, benefit from the half-time working opportunity after they return from maternity leave. Male employees whose wives have given birth are granted the right to take paid leave for 10 business days beyond the Labour Legislation. The figures regarding the Bank's maternity leave practices are provided under the heading of "Sustainability Performance" in the "Sustainability" section of the Report.

Remuneration and Fringe Benefits provided to Employees

Takasbank has established a fair, transparent and equitable remuneration policy; and offers various fringe benefits, considering the fundamental rights of its employees. There is a Remuneration Committee established under the roof of the Board of Directors of the Bank in order to ensure an independent and efficient remuneration system, which is in charge of overseeing remuneration policies, processes and

Pay scale is updated within the scope of market researches, position in the sector, internal analyses and economic indicators in order to establish ideal wage levels within the Bank. Standard entry-level wages of all employees are above the local minimum wages at Takasbank. As with previous years, the Bank has followed a policy of increasing wages and other financial benefits in a way to raise employees' living standards in addition to rewarding productive efforts in 2022; and it has conducted efforts aiming to keep employees' motivation high, such as giving bonuses after successful implementation of projects.

The Bank offers its employees various social rights and benefits beyond the statutory regulations in order to further increase employee loyalty and thus, the work efficiency. This category of fringe benefits includes, inter alia, a multi-faceted healthcare service covering also employees' dependants such as their spouses and children in addition to standard SGK healthcare services, various social benefits (maternity benefit, marriage benefit, etc.), and the rights and opportunities such as birthday leave, etc.

Career and Performance Management

Takasbank has continued to apply its approach of using objective assessment criteria in meeting its workforce requirements; and effective and efficient management of human resources has remained as one of the main focus areas of the Bank. The Human Resources department conducts competency-based interviews and department managers conduct technical interviews in the recruitment process. All employment processes are conducted with a transparent and merit-based approach, by offering equal opportunities to all candidates.

In 2022, changes have been made in the Bank's organizational structure in order to strengthen its corporate structure and to increase its operational efficiency. Takasbank supports intra-bank appointments for new jobs or positions created within the institution, in order to increase its employees' competencies and to develop their technical skills. When making appointments, priority is given to the employees considered eligible for the relevant positions in the career plans and performance assessments. The Bank has offered its 15 employees the opportunity to gain new experiences in different teams in 2022. The figures regarding the Bank's career and performance management practices are provided under the heading of "Sustainability Performance" in the "Sustainability" section of the Report.

At Takasbank, the performance assessment process is conducted for the purpose of evaluating employees' competencies and increasing their productivity. Contributing to employees' career developments through performance feedbacks has remained as one of priorities of the Bank. In 2022, performance assessments have been made on both target and competency basis; and managers' scorecards have been created within the framework of the Bank's corporate goals. Within the framework of the scorecards created as such, each employee's own scorecard has been created and provided input for the performance management system at the end of the year. The performance assessment process includes, respectively, the stages of the "Manager Evaluation Survey" whereby employees evaluate their managers that they directly report to; the "Internal Customer Satisfaction Survey" whereby employees evaluate the teams that they work in cooperation with; the "Employee Targets and Competencies Evaluation" whereby managers evaluate their employees; the feedback meetings held between managers and employees; and finally, the "Performance Process Evaluation Survey" whereby all employees evaluate the process.

In 2022, exit interviews were held with the employees leaving their jobs in order to benefit from feedbacks. The issues such as increasing employee satisfaction, succession planning of employees at critical positions in terms of business continuity, detailed elaboration of surveys for submission to Executive Management are considered among the priority targets for the future periods.

Takasbank offers summer internship opportunities to students in the third and fourth years of their education in order to attract new talents and to contribute to the development of university students that are at the beginning of their career paths. Out of the young talents displaying successful performance during their internship period, those graduating after their internship program can be offered fulltime employment; and those continuing their studies can be offered part-time employment opportunities within the Bank. In this context, 27 students served their summer internship at the Bank during 2022; and 9 students started to work part time on a long-term basis after completing their internship.

Employee Development and Trainings

Takasbank aims to contribute to its employees' development, both on the basis of their job competence, and on a personal level, through various training programs. Encouraging continuous learning and intending to contributing in the development of qualified workforce within the organization, the Bank conducts efforts to identify employees' areas for improvement and to prepare training programs as a result of the performance assessment process.

In 2022, training activities have been continued in a manner supplementary to other human resources practices in line with corporate goals. Personal development trainings, competency development trainings, and technical trainings have been provided online and face to face.

In 2022, leadership and mentoring trainings have been provided for the expert staff; and one-to-one coaching sessions were provided for the executive staff with development programs strengthening their managerial capabilities. With the Mentorship program, it is aimed to contribute to the career and performance development of personnel newly employed at the Bank within the year and to accelerate the process of employees' adaptation to the corporate environment. In addition, face-to-face "effective communication" training has also been provided to employees working in all specialized, administrative service and auxiliary service groups throughout the year.

Employees can have access online, via the Takasbank Training Portal, to many trainings such as the Business Continuity Management System Awareness Training, MASAK-Anti-Money Laundering and Prevention of Financing of Terrorism Training, ISO 20000-1 Service Management System Training, Occupational Health and Safety Refresher Training, IT Service Management Awareness Training, Training regarding the Law on Protection of Personal Data, Information Security Management System Awareness Training, etc. The Bank also provides its employees with the Basic First Aid Training at periodic intervals on a voluntary basis. The employees entitled to receive a certificate at the end of the said training can take part in the First Aid Team, i.e., one of the Bank's Emergency

All personnel newly employed within the year are subject to an orientation training program aimed at familiarizing them with the organization. With this practice, it is aimed to accelerate the process of employees' adaptation to the working environment and organizational culture and to strengthen their communications with other employees.

Takasbank aims to support the development of all of its employees in the field of sustainability, including, the employees in the Sustainability Working Group in particular. In this context, an employee from the Strategic Planning and Investor Relations Team and an employee from the Legislation and Compliance Department have successfully completed the "Sustainability Expertise Certificate Program" comprising 33 courses and 66 hours, held through cooperation of the Capital Markets Association of Türkiye and the Sustainable Training Development and Excellence Association, and received their sustainability expertise certificates in 2022. In addition, training programs provided for one employee from each of the teams have been still ongoing by the date of the Report; and they are expected to complete their certification process by the beginning of 2023. In addition, it is planned to provide all employees with basic awareness training on sustainability in 2023.

As with previous years, the employees pursuing master's/ doctorate degree studies were also allowed to take educational leaves in 2022. Of the employees, 22% have doctorate and master's degrees; 70% have bachelor's degrees; and 8% have high school and two-year undergraduate degrees.

Various performance data regarding the trainings received by employees in 2022 (annual average training hours per employee, ratio of digital trainings in total trainings, etc.) are provided under the heading of "Sustainability Performance" in the "Sustainability" section of the Report.

Occupational Health and Safety

Takasbank's basic occupational health and safety principle is to create, implement and maintain an occupational health and safety culture supported by the Executive Management and adopted and implemented by all employees, which is audited, reviewed, made open and available for monitoring by the related parties and continuously improved. Takasbank includes all works performed under the roof of the Bank as well as all places where these works are conducted, and all employees, guests and interns within the scope of application of this principle. Accordingly, the obligations arising from the Occupational Health and Safety Law no. 6331 and the relevant legislation are fulfilled by the Human Resources Department. With the efforts conducted, not only the regulatory compliance requirements are met, but also employees are included in the processes by creating an occupational health and safety culture. The occupational health and safety-related responsibilities of the Executive Management, employees, Human Resources Department, Purchasing and Support Services Department, Occupational Safety Specialist and Workplace Doctor, technical team and employee representative within the Bank are stipulated in Takasbank Occupational Health and Safety Procedure.

Pursuant to the provisions of the relevant legislation, the Occupational Health and Safety Board was established under the roof of the Bank; and this Board convenes for a meeting on a quarterly basis. In this context, four meetings were held in 2022. The most fundamental responsibilities of the Occupational Health and Safety Board are to identify occupational health and safety hazards in the workplace, to perform risk analysis and risk assessments, to determine the measures that can be taken, and to notify the employer or the employer's representative in relation thereof. In addition, the Board prepares an annual report regarding the current occupational health and safety status of the workplace, evaluates the efforts conducted in that year, determines the issues to be included in the works schedule of the following year according to the experience gained, and submits a proposal to the Senior Management of the Bank.

The Bank performs a risk assessment within the framework of the Occupational Health and Safety Law no. 6331 and the Occupational Health and Safety Risk Assessment Regulation and within the given periods necessary for the relevant hazard groups in order to identify the hazards currently existing in the Bank or likely to be caused by external factors, and the factors causing such hazards to turn into risks, to ensure the proactive analysis and rating of the risks arising from hazards, and to decide on control measures.

Emergency Response Teams were formed, comprising the employees working at the Bank, and with different employees assigned to each floor. In this context, First Aid Team, Firefighting Team, Rescue Team, Protection Team and Social Assistance Team were formed and the duties and responsibilities of these teams were stipulated with internal regulations. The issues such as the trainings to be completed and/or the certificates to be held by the employees taking part in such teams are followed up by the Human Resources Department

At the premises where the Bank conducts its activities, an emergency drill is conducted for not more than once a year within the specified scenarios, ensuring the participation of all employees in the drills. The deficiencies identified during the drills and the issues thought likely to be improved are specified in the form of a report and corrective actions are taken. In the drill conducted in 2022, full compliance was achieved with the target of evacuating the building within the

Considering that the OH&S awareness of its employees and the continued maintenance of this awareness are as important as providing a safe working environment, Takasbank organizes periodic trainings within the year in order to further increase the OH&S awareness of all employees. The performance data regarding the OH&S trainings received by employees in 2022 are provided under the heading of "Sustainability **Performance"** in the "Sustainability" section of the Report.



GRI 2-6, 2-7, 2-12, 2-29, 3-3, 401-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-10, 404-1, 404-2, 404-3

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INFORMATION ON THE RISK MANAGEMENT POLICIES **APPLIED BY RISK TYPES**

MANAGEMENT OF THE PILLAR 1 RISKS

Takasbank Risk Management Regulation approved by the Board of Directors has established in detail, the procedures and principles regarding the functioning of the Bank's risk management system, risk management policies and implementing procedures, risk management activities, and the organizational structure and duties, powers 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.

Takasbank manages its risks by ensuring that they remain above/below the minimum/maximum limits stated in all applicable statutory regulations and below the risk appetites approved by the Board of Directors. The results of activities related with 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).

By the year-end of 2021, the Stress Test Report and the ICAAP Report prepared in coordination of the Risk Management Department and its attachment, i.e., the Validation Report prepared by the Internal Control Department, and the Examination Report prepared by the Internal Audit Department were submitted to the BRSA following their approval at the Board of Directors meeting no. 431 dated 11 April 2022.

Takasbank'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 allocated risk appetites, risk limits and signal values are exceeded, the relevant authorities are notified thereof.

The Risk Management Department manages and coordinates the operations regarding identification, measurement, assessment, monitoring, and reporting of the risks the Bank is exposed to, in accordance with the banking legislation, under the supervision of the Audit Committee and within the scope of the internal regulations approved by the Board of Directors.

Credit Risk Management

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

Takasbank's cash credit transactions consist of the credits extended to intermediary institutions. In Takasbank Money Market (TMM), these transactions are considered as noncash loans pursuant to 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, and its allocated and committed capital. Takasbank provides CCP services to the Securities Lending Market (SLM) established under its structure, and the Futures and Options Market (VIOP) established under the structure of BİAS, as well as the Money Market, Debt Securities Market, SWAP Market and over-the-counter derivatives transactions. 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 CCP 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

Takasbank 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 BRSA, 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 limits to. The GDDS 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. Derivative products may be used for the bank portfolio for hedging and liquidity management purposes. In addition, the Bank may also use derivative products 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 considering the market risk appetite, established market risk limits, signal values determined within the scope of the early warning system, and the legal and internal capital requirements.

The amount subject to market risk is calculated at the Bank using the standard method in accordance with the regulations published by the BRSA, 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.

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

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 implemented. In addition to these controls performed by management levels in a hierarchical structure; the transactions executed are controlled by the Internal Control 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 IT 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

POLICIES APPLIED BY RISK TYPES

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 Department in the Operational Risk Database; and necessary actions are taken by the Senior Management. In addition, possible risks that may be caused by any disruptions in the activities and their potential impacts are assessed 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 under the roof of the bank, enabling interdepartmental 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 the Bank 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 established 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 BRSA.

MANAGEMENT OF PILLAR II RISKS

The Bank's Pillar II risks include liquidity risk, the interest rate risk in the banking books, 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 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 resource structure and the depth of securities market; it is observed that there is a low possibility of experiencing liquidity problem in meeting obligations due to inconsistency of terms of maturity.

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 exposed to as well as the interest rate risk arising from its banking accounts 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 assets and liabilities 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 the 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 arising from the banking books. 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 banking accounts and the central counterparty general business risk are handled within the scope of ICAAP.

Sustainability and Climate Change Risks

In 2022; there have been no financial risks affecting the Bank's business model regarding sustainability and climate changerelated risks; and the statutory regulations issued in this area, especially by the Ministry of Environment, Urbanization and Climate Change, the BRSA and the CMB are followed up rigorously. According to the Sustainable Banking Action Plan (2022-2025) published by the BRSA and consisting of a total of twenty-one actions under three goals and six targets;

- Efforts will be made to set forth the data requirements in order to analyze climate change-related financial risks and to ensure that the existing data are taken into account and made usable in climate risk analyses under reasonable assumptions.
- It is planned to ensure that the BRSA actively participates in national taxonomy efforts and reviews and strengthens the legal reports obtained from the Banks in a way to include, also, the climate-related financial data until December 2023. It is also stated that, in the same period, banks will create the infrastructure for corporate structuring, policy determination, risk analysis and reporting towards managing climate change-related risks; establish risk management plans for physical and environmental transition risks; and regularly assess and analyze the climate-related risks and opportunities they are facing.
- Works will be carried out in order for banks to obtain "sustainability principles compliance reports" and verified data on "carbon emission" levels from loan customers; and a stress test/scenario analysis infrastructure will be established within the BRSA and will be put into practice until the end of 2024
- Active participation of BRSA in the efforts conducted by international platforms will be ensured; and considering national and international regulations, efforts will be made to standardize the policies implemented to reduce activities with high greenhouse gas emissions, and good practices developed by banks in the field of sustainable finance will be supported and efforts will be made to make them widespread throughout the sector until December 2025. It is also emphasized that efforts will be made to further increase the cooperation opportunities with other stakeholders.

As Takasbank, it is planned to prepare and implement the strategy and action plans for the struggle against climate crisis in line with the goals specified with respect to Environmental, Social and Governance issues in the upcoming period.

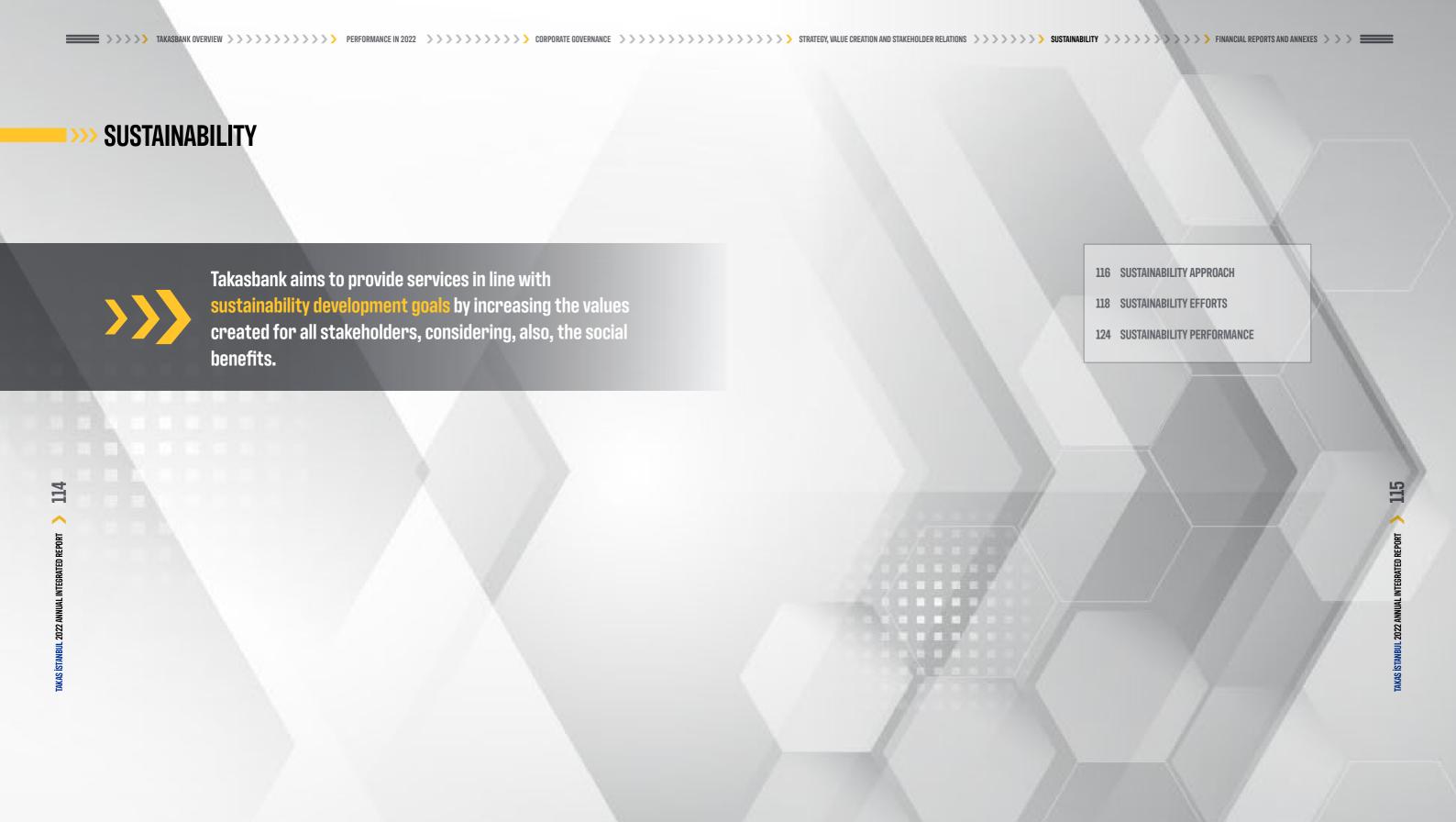
In addition, detailed information about the development of the Bank's "Sustainability Policy" and the efforts for other policies and procedures supporting the Sustainability Policy is provided under the subheading of "Sustainability Efforts - General Principles" in the "Sustainability" section of the

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

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 Takasbank is exposed to, pursuant to the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks as published by the BRSA; and the operations are conducted and maintained by taking both legal and internal capital adequacy ratios into account.



GRI 2-13, 2-14, 2-18, 2-29

Many global problems such as increasing natural disasters, extremely variable weather conditions, pandemics, etc. are threatening the entire ecosystem and human life. Climate crisis examples that occurred in many parts of the world within the year reveal the size of the global problem and indicate the requirement to conduct increasing awareness efforts and the steps taken in the field of sustainability. At this point, the measures to be taken at the level of societies and institutions are of great significance in order to leave a sustainable world to future generations. Having an important place in the financial markets of our country, Takasbank monitors the environmental, social, and economic impacts of its activities and acts with the goal of creating sustainable value for all its stakeholders. Since promoting the long-term sustainable development of Turkish economy constitutes one of its main focal points; the Bank aims to increase its efforts in this field up to the level of international standards.

Establishing coordination of the sustainability efforts in the Bank, and monitoring and reporting of the Bank's sustainability performance are the responsibility of the Strategic Planning and Investor Relations Team. When fulfilling this responsibility, the Strategic Planning and Investor Relations Team receives support from all employees and the other relevant stakeholders of the Bank, including, "Takasbank Sustainability Working Group" in particular.

TAKASBANK SUSTAINABILITY WORKING GROUP

The sustainability efforts conducted by Takasbank started, at first, with the preparation of the "Corporate Governance Principles Compliance Report" to ensure compliance with the "Corporate Governance Communiqué" no. II-17.1 and the public disclosure of this report every year. Pursuant to the "Sustainability Principles Compliance Framework" prepared by the CMB, the "Sustainable Banking Strategic Plan" published by the BRSA and international best practice examples in this field; the Bank expanded the scope of its efforts in the field of sustainability as of 2021; and the issue of "sustainability" has become one of the top priority issues in the Bank.

In 2021, a Sustainability Working Group was formed under the chairmanship of the Executive Vice President of Central Counterparty and Financial Services and with the participation of the managers and employees from the Financial Services and Reporting Department, Risk Management Department, Legislation and Compliance Department, and Member Services and Corporate Communications Department; thus, an important and concrete step was taken towards the achievement of the Bank's goal of integrating sustainability with its business model and corporate strategy. However, the participation of all stakeholders in the efforts is supported, including, without limitation, the aforementioned departments, by adopting the principle of voluntariness for sustainability efforts; and the views and suggestions forwarded by stakeholders are taken into account and sustainability efforts are tried to be further expanded. The Sustainability Working Group convenes periodically to discuss the issues such as suggestions, activities, performance results, reporting, etc.; and 4 meetings were held in 2022.

In this context, the main duties and responsibilities of the Sustainability Working Group include, without limitation, the following:

- · Conducting efforts to determine the Bank's sustainability goals in line with the Bank's strategy and market conditions;
- Preparing action plans in accordance with the Bank's specified sustainability goals and to support the activities conducted under the coordination of the Strategic Planning and Investor Relations Team accordingly;
- Ensuring the follow-up of the efforts in the field of sustainability and strengthening the sustainability performance of the Bank;
- Conducting efforts to ensure integration of sustainability into all units and processes of the bank;
- Ensuring the compliance of Takasbank's material issues with sustainability issues:
- Identifying, prioritizing and managing the risks and opportunities arising from climate change;
- Establishing a transparent and fair communication environment with the Bank's stakeholders on sustainability and overseeing this environment established as such;
- Following national and international legislation on and the best practice examples regarding sustainability;
- Conducting research on and making recommendations about the collaborations that the Bank may become a member of and provide support in the field of sustainability.



>>> SUSTAINABILITY EFFORTS

The CMB made an amendment in the Corporate Governance Communiqué no. II-17.1 on 2 October 2020, requiring that the basic principles that publicly-held companies are expected to disclose while conducting their environmental, social and corporate governance activities (Sustainability Principles Compliance Framework) be shared with their stakeholders. In this context, it has been stipulated that annual reports will include explanations regarding sustainability principles, that the implementation of sustainability principles is voluntary, and the principles regarding the content and publication of the Sustainability Principles Compliance Framework will be determined by the CMB. In addition, with the Board's decision no. 34/977 dated 23 June 2022, it was decided that the disclosures to be made by the companies whose shares are traded in the Main Market, Star Market and Sub-Market of the Stock Exchange within the scope of sustainability principles compliance framework pursuant to the Corporate Governance Communiqué no. II-17.1 be made using the Sustainability Report template provided in the annex to the decision via the PDP, which would be used starting from the reporting for 2022.

Since it is not a publicly-held corporation, Takasbank is not required to comply with the said sustainability principles and to report using the Sustainability Report template; however, Takasbank still monitors its activities falling within the scope of ESG in the light of the Sustainability Principles Compliance Framework, and reports its sustainability efforts in this section of the Annual Integrated Report. In this context, the activities conducted by Takasbank in 2022 within the scope of sustainability efforts are summarized below under the headings as included in the "Sustainability Principles Compliance Framework".

General Principles

The efforts for Takasbank Sustainability Policy, which were started in 2021, were completed in the first half of 2022 and entered into effect as of 24 June 2022 following the approval of the Policy by the Board of Directors. With this policy, Takasbank has, in brief, ensured at the level of its Board of Directors, i.e., the Bank's highest Governance Body, that it will conduct its activities in compliance with statutory regulations and national and international developments regarding the issues falling within the scope of sustainability and adopt an efficient governance model in this field; take actions to mitigate its environmental impacts, conduct efforts to raise the awareness of its stakeholders, and develop incentivizing policies for dissemination of capital market instruments

supporting SDGs; and establish a corporate culture rejecting any and all forms of discrimination, protecting employee rights and ensuring equal opportunity, and adopting the principle of zero tolerance against bribery, corruption, the laundering of proceeds of crime and the financing of criminal activities. The Bank's **Sustainability Policy** is available only in Turkish at https://www.takasbank.com.tr/tr/hakkimizda/kurumsal/takasbank-surdurulebilirlik-politikasi.

Although the efforts regarding the draft versions of the supplementary/supportive policies and internal legislation regarding sustainability, including, the Environmental Management Policy, Corporate Human Rights Policy, etc., which support Takasbank Sustainability Policy, are still ongoing; the said efforts are planned to be disclosed to the public after they are completed and necessary approvals are obtained.

Takasbank 2022 Strategic Plan Evaluation was completed by the end of 2022; and sustainability issues have also been taken into account in the reviews made in relation thereof.

Bank employees were asked to provide their opinions and suggestions regarding sustainability activities under the coordination of the Bank's Strategic Planning and Investor Relations Team in November 2022. The Strategic Planning and Investor Relations completed the preliminary works by consolidating the previously determined short-, medium-, and long-term ESG goals with the views and suggestions forwarded by employees. It is aimed that the specified goals and the action plans to be developed in relation to such goals will be put into practice in the beginning of 2023 following the approval by the Senior Management; and it is planned to provide periodic information regarding the current status of achievement of the goals throughout the year.

Contributing to the United Nations Sustainable Development Goals is one of the main focal points of the Bank; and the SDGs that the Bank's material issues are directly related to are provided under the heading of "Strategy, Value Creation and Stakeholder Relations" in the Report.

The data regarding the sustainability performance of the Bank are disclosed in the "Sustainability Performance" section of the Report. While disclosures about sustainability efforts conducted are made under various headings in the annual integrated report; it is aimed to continue to make similar disclosures through the annual integrated reports that will be prepared in the upcoming years.

Environmental Principles

Takasbank is aware of the critical role that environmental sustainability plays in the struggle against climate crisis, which constitutes one of the most important problems of our time; therefore, it takes actions to mitigate its direct and indirect environmental impacts, and aims to contribute to Türkiye's 2053 net zero emission and green development targets. Takasbank actively works on the issues such as ensuring maximum compliance with environmental legislation; reducing greenhouse gas emissions originating from its activities; and raising awareness in the field of environmental sustainability among all stakeholders. In this context, the data about environmental performance are followed up, monitored and periodically reported. The data regarding environmental performance such as the amount of greenhouse gas emissions are shared in the "Sustainability Performance" section on an annual basis, and, in comparison with the previous year. The Bank neither breached any rules nor was subject to any fine or penalty imposed due to adverse environmental impacts in 2022.

The detailed information about the workshop and meetings that the Bank attended in relation to the Climate Change Draft Law and Emissions Trading System and the workshop held with the purpose of transferring information to the relevant agencies/institutions and raising awareness in our country within the scope of the practices implemented under the sixth article of Paris Agreement, to which our Country is also a party, is provided under the heading of "Representation and Promotion" provided in the "Performance in 2022" section of the Report.

Pursuant to the Zero Waste Regulation published by the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change in 2019 and requiring agencies and institutions, including, also business centers, to ensure gradual compliance with the regulation; the application process for issuance of a zero waste certificate has been started as Borsa Istanbul Group. Accordingly, a commission was formed, consisting of the representatives of BIAS, CRA and Takasbank, all of which operate under the roof of Borsa Istanbul Group, for the purposes of completing preliminary preparations and submitting an application to the Ministry for issuance of the certificate, determining the scope of the counselling service to be outsourced and the company to be worked with, and distributing the works between institutions, etc. Following the evaluations made by Borsa Istanbul Group Zero Waste Commission and the procurement process conducted by BIAS for and on behalf of the Group, a contract

was signed with the relevant consultancy firm. The works and efforts conducted with the consultancy firm in 2022 can be summarized as follows:

- Identification efforts were conducted across the building and premises; and the locations of waste stations were identified.
- The purchasing process for procurement of indoor waste stations was initiated.
- The construction of a waste collection center in a designated area of the premises was completed.
- With the zero waste application facility registration opened by BIAS in the "Integrated Environmental Information System" on behalf of the Group, the data entry of wastes was started

Geographical data themes were created with the relevant legislation of the Republic of Türkiye Ministry of Environment, Urbanization and Climate Change in order to realize many goals specified in the United Nations Sustainable Development Goals such as "Sustainable Cities and Communities", "Affordable and Clean Energy", "Industry, Innovation and Infrastructure", and "Climate Action", and to create smart cities. In this context, Takasbank obtained a Geographical Data License to operate across Turkey for address theme.

During the year, various measures were taken within the framework of the Bank's goal of using energy more efficiently within the Bank and reducing the Bank's environmental footprint, such as using lighting equipment with sensors in offices, using faucets with sensors in washbasins, preferring low-emission hybrid cars to be allocated for use by managers, etc. It was decided to add a warning message to e-mails reminding not to take paper printouts unless necessary in order to increase environmental awareness among Bank employees and stakeholders, and thus, to reduce use of paper in operational processes. In addition, Takasbank pays utmost care and attention to the recycling of various wastes generated within the institution. Used batteries are collected in separate waste boxes and delivered to the relevant institutions for disposal purposes. Cleaning wastes in common areas and lavatories are separated and sent for recycling. The Bank works in coordination with the catering company to prevent waste of food and the number of employees envisaged to be in the bank is reported in order to determine the daily number of meals. Leftovers sent by the company to animal shelters were suspended within the scope of pandemic measures; and this practice is planned to be resumed as of the next year. The Company currently sorts waste consumables used in meals and includes them in the recycling process.

Besides pursuing environmental issues with respect to its own activities, Takasbank also aims to increase its suppliers' sensitivity about these



In addition, as with the previous years, blue caps were collected in the blue boxes placed in the Bank within the scope of the plastic cap campaign conducted by the Spinal Cord Paralytics Association of Türkiye since 2011 and the caps collected were delivered to the Association in 2022.

Various improvements have been introduced in 2022 in order to further increase operational efficiency within the structure of the Bank and to minimize the circulation of physical documents in business processes. In this context;

- It has been ensured that password unlocking and new password generation processes currently executed by the SLM and TMM representatives upon written instructions can now be performed by authorized users of the relevant institutions over the Takasbank member menu; and that the exit of assets/securities not subject to clearing and settlement, which are made from the portfolios of collective investment institutions, can now be performed upon login by members with the approval of Takasbank, without sending any original signed instructions to the Bank. In addition, only the letters of guarantee issued electronically over the KKB Findex infrastructure have been started to be accepted as TMM collaterals as of 2021. Necessary network (web) service integration developments were completed by June 2022, and electronic letter of guarantee data have been started to be automatically entered into Takasbank system; and electronic letter of guarantee business processes such as renewal of the term, return/release, etc. have now become manageable through Takasbank system interfaces. In addition, in TMM, the practice of sending written instructions by members in case of return of electronic letters of guarantee has been terminated and it has become possible to start the return workflow from the Takasbank member menu. Thus, the Bank has contributed to the reduction of paper consumption and therefore, carbon footprint both within the Bank and at the members.
- · Cash loan statements sent to brokerage houses in hard copy and via a notary public on a quarterly basis have been started to be sent over Takasbank systems with the project implemented in the beginning of 2022. With this project, operational burdens in the business process have

been eliminated, the waste of papers has been prevented; and members have been allowed to digitally view their statements whenever desired. In addition, brokerage houses' obligations regarding notary charges and fees have also been eliminated.

- In 2022, the operational processes for the entry of loan requests into the banking system have been improved, and loan requests and extensions previously received via fax and in the form printed instructions have started to be sent in the form of transmission of orders over the system via the screens opened to members. With this application, brokerage houses have now become able to realize cash loan disbursement requests more quickly; and the physical archiving process has been reduced in part.
- Improvements were also made in the process regarding the pledge agreements physically received from Takasbank by brokerage houses for disbursement of customer-guaranteed loans. Pledge agreements initialled by authorized signatories of Takasbank were uploaded to Takasbank website and brokerage houses have become able to obtain the documents over Takasbank website without going to the Bank and thus, to shorten the loan allocation process.

Another application developed to reduce the carbon footprint of the Bank and to ensure the usage of energy more efficiently is the project on virtualization of desktop computers, which was launched as of 10 March 2022. This project is expected to contribute to important issues such as ensuring the backup, ease of operation and data security as well as the contributions regarding environmental factors. Integration of some of the Bank employees with the virtualization project has been completed in 2022; and it is aimed to ensure the completion of integration of all employees within 2023. In addition, the Remote Virtual Data Center Recovery Service which was launched in February 2022 has allowed for fast and complete replication of the users used in virtualization environment to the Disaster Recovery Data Center. With the efforts completed in November 2022, the capacity of the Bank's backup infrastructure has been doubled and improvements have been achieved with respect to management and reporting issues.

In TEFAS Fund Information Platform (www.tefas.gov.tr), filtering option entitled as "sustainability funds" has been added under the fund title type in securities mutual funds and under the fund group in pension mutual funds. Thus, it has become possible to select and list "sustainability funds" on both fund comparison and historical data pages.

The Bank also pays attention to landscaping, and supports the greening efforts including the campus areas and premises where it is located together with Borsa Istanbul Group companies. In addition, it is aimed to contribute to the process of allowing next generations to have a greener future by donating saplings on behalf of Bank employees on their birthdays and on behalf of their babies when they have a baby.

The campus and premises also host many stray animals; and their needs such as sheltering, nutrition and veterinary services are met by the Group companies and volunteer employees.

Besides pursuing environmental issues with respect to its own activities, Takasbank also aims to increase its suppliers' sensitivity about these issues. In this context, a sustainability efforts survey has been initiated as of 2022, containing criteria regarding the procurement of goods and services related with information technologies, supplier selection and assessment processes, and the environmental issues with relevant companies. Detailed information about this application is provided under the subheading of "Suppliers" in the "Stakeholder Relations" section of the Report.

Social Principles

Takasbank manages its human resources in accordance with the United Nations Universal Declaration of Human Rights, the International Labour Organization conventions ratified by Turkey, and the legal framework and legislation governing human rights and working life in Türkiye. Within the scope of protection and regulation of human rights and employee rights within the Bank; Takasbank Human Resources Directive, Takasbank Corporate Governance Principles Directive, Takasbank Directive on Code of Ethics and the Social Media Policy, and Takasbank Directive on Conflicts of Interest were approved by the Board of Directors and the Exchange of Gifts Policy was approved by the Chief Executive Officer. The detailed information about the basic principles of the Bank's human resources policy and how the Bank manages its human resources (equal opportunity provided in the recruitment processes, inclusion-related issues, wages and fringe benefits and training opportunities provided for employees, employee loyalty and satisfaction, occupational health and safety policies developed by the Bank, etc.) is provided under the subheading of "Employees" in the "Stakeholder Relations" section of the Report. In addition, occupational health and safety-related data and other human resources data are shared under the heading of "Sustainability Performance" in this section on an annual basis, and, in comparison with previous years.

Takasbank takes all necessary measures to fulfil the obligations imposed on the Bank under personal data protection legislation; and sets out the procedures and principles for taking such measures, including, also, data security measures, in "Takasbank Directive on Personal Data Protection Policy". This directive is available at https://www. takasbank.com.tr/en/about-us/corporate/protection-ofpersonal-data-privacy/takasbank-personal-data-protectionpolicy. In addition, the information about online trainings regularly provided every year to inform employees about the Law on Protection of Personal Data is provided under the subheading of "Employees" in the "Stakeholder Relations" section of the Report.

The Bank is aware of the cyber risks entailed by digitalization; and develops practices to mitigate these risks. The project on virtualization of desktop computers mentioned under the heading of "Environmental Principles" in this section of the Report can be given as an example to the efforts made in this field. In addition, "Borsa Istanbul Group Information Security Bulletin" are prepared and shared with employees in order to increase employees' information security awareness through the joint efforts of BIAS. Takasbank and the CRA Information Security Departments.

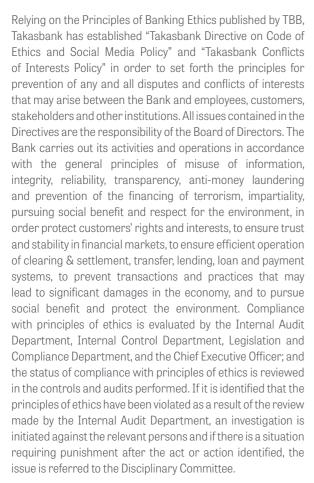




BORSA ISTANBUL GRUBU BİLGİ GÜVENLİĞİ BÜLTENİ



Member satisfaction is one of Takasbank's top priority issues: and the Bank's main goal about this issue is to meet its members' requirements at the highest level possible. The Bank offers its products and services by prioritizing its members' interests with an open, honest and transparent approach.



Member satisfaction is one of Takasbank's top priority issues; and the Bank's main goal about this issue is to meet its members' requirements at the highest level possible. The Bank offers its products and services by prioritizing its members' interests with an open, honest and transparent approach. In these products and services offered by the Bank, the security of its members is one of the most sensitive points of the Bank, and there are absolutely no practices which may jeopardize or reduce their security. Members' satisfaction is measured by conducting surveys and holding meetings periodically through the Corporate Communications and External Services Team; their requests and suggestions



are collected and all requests are reported to the Executive Management with each request evaluated on an individual basis. Necessary actions are taken to increase member satisfaction and service quality in line with such requests.

As also set forth in Takasbank Directive on Code of Ethics and Social Media Policy, the Bank is not merely focused on profitability in its activities, but also pays attention to support social and cultural events in the light of the principles of pursuing social benefit and respecting the environment. Aware of the fact that it can create a difference in the society not only with its economic impacts, but also with its social impacts; Takasbank conducts various social responsibility activities to reach wider target groups, and aims to further expand the scope of these activities in the upcoming periods. With these activities, Takasbank supports various SDGs and thus contributes to the social welfare of Türkiye. Touching on many areas ranging from increasing the financial literacy of university students to meeting physical needs of schools in different cities such as computers, bookcases, lockers, etc., the Bank is determined to continue creating permanent value for our country. In this context, the activities conducted by the Bank and the relationship of these activities with the SDGs are provided in detail under the headings of "Representation and **Promotion**", "Strategy", and "Material Issues" in the Report.

Takasbank aims to raise not only environmental awareness but also social awareness in its relations with its suppliers. In this context, as explained in detail under the subheading of "Suppliers" in the "Stakeholder Relations" section of the Report, the Bank has also added criteria regarding human and employee rights in the sustainability efforts survey that it has initiated for the suppliers from which the Bank procures goods and services related with information technologies. With this survey, The Bank aims to guide and direct its suppliers with regard to sustainability efforts.



Creating value for all its stakeholder groups in the short, medium and long run and pursuing its stakeholders' interests when determining corporate strategies are among the top priority issues of the Bank.



Corporate Governance Principles

Takasbank is subject to the Regulation on Corporate Governance Principles of Banks published by the BRSA and the "Corporate Governance Principles of Banks" as provided in the annex to the said regulation.

The "Takasbank Directive on Corporate Governance Principles", which was first developed in 2013 and approved by the Board of Directors, is regularly reviewed to ensure compliance with legislative amendments and the issues such as best practice examples, etc. The Directive covers the content of the Bank's corporate management policy established to provide guidance on the transparent, accountable, responsible and fair management of the Bank, the duties and responsibilities of the Corporate Governance Committee conducting and overseeing the practices regarding corporate governance principles, regulation of the Bank's stakeholder relations in accordance with the principles of integrity, reliability, impartiality, confidentiality and equitability, and its responsibilities regarding environment and social life. In addition, as provided under the heading of "General Principles" in this section, "Takasbank Sustainability Policy" has entered into effect in this year.

A Corporate Governance Committee was established within the structure of Takasbank Board of Directors. This committee conducts and oversees the practices related with corporate governance principles at Takasbank. The information about the duties and responsibilities of the Committee, the members of the committee and the meetings held by the committee in 2022 has been provided under the heading of "Structure and Formation of the Board of Directors".

The information regarding Takasbank's compliance with corporate governance principles is provided under the heading of "Corporate Governance Principles Compliance **Report**" in this Report. As stated in the said report, Takasbank is in constant communication with and evaluates the requests and suggestions received from its stakeholders and develops solution proposals. Creating value for all its stakeholder groups in the short, medium and long run and pursuing its stakeholders' interests when determining corporate strategies are among the top priority issues of the Bank.

Takasbank aims to become a member of various international standards and initiatives on sustainability and to contribute in the efforts of these institutions in the future periods. In addition, providing trainings in order to increase awareness of sustainability among employees is considered as one of the most important priorities of the Bank.

Takasbank has specified that it will not absolutely tolerate any unlawful acts, behaviours and crimes as well as the practices such as bribery and corruption which may be arise inside or outside the Bank and the actions that the Bank will take in case of any breach of these principles in Takasbank Directive on Code of Ethics and Social Media Policy also mentioned in the previous section. The said directive entered into effect after its approval by the Board of Directors, and was announced to all employees and also shared with and made available to all stakeholders on the Bank website. In case of identification of any corruption within the Bank, the Internal Systems Department Director is informed and the issue is escalated to the Internal Audit Department together with the relevant details. The process is concluded as a result of the investigation to be conducted by the Internal Audit Department, and if necessary, the material losses incurred by the Bank are recorded in Takasbank Operational Risk Loss Database and reported to the Executive Management. All Bank activities conducted in 2022 were evaluated in terms of corruption-related risks; and no corruption cases were identified. In addition, there have been no employees dismissed due to corruption or disciplinary action.

Takasbank has adopted the principle of zero tolerance against the laundering of proceeds of crime and the financing of terrorism and proliferation of weapons of mass destruction; and the "Takasbank Directive on Anti-Money Laundering and Prevention of Financing of Terrorism and Proliferation of Weapons of Mass Destruction" has been developed to determine the internal controls and measures, operating rules and responsibilities within the Bank and to raise awareness on these issues among Bank employees. In addition, information about the online training entitled "Anti-Money Laundering and Prevention of Financing of Terrorism" received by Bank employees is provided under the heading of "Employees" in the "Stakeholder Relations" section.

Takasbank fulfils its tax obligations in accordance with the fundamental principles of integrity and transparency and within the framework of the relevant statutory legislation. In this context, the Bank's tax obligations are controlled and approved by the relevant certified public accountancy firm and are also subject to internal controls and internal audits. Detailed information regarding the Bank's tax obligations is provided in the "Explanations on Taxation" section of the Report under the heading of "Unconsolidated Financial Statements and Independent Auditor's Report", and the effects of the tax obligations fulfilled by the Bank on the national economy in 2022 are provided under the heading of "Value Creation".

GRI 302-1, 302-4, 305-1, 305-2, 305-3, 305-4

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SUSTAINABILITY PERFORMANCE

Economic Performance Data

	20	2021		22
(Million)	TL	USD	TL	USD
Economic Value Generated				
Revenues*	1.531	172	3.171	191
Economic Value Distributed				
Operating Expenses**	234	26	606	37
Employee Wages and Benefits	119	13	232	14
Payments to Capital Providers ***	216	24	445	27
Payments to Governmental Institutions ****	339	38	637	38
Economic Value Retained				
(Revenues – Economic Value Distributed)	623	70	1.251	75

Explanations and Notes: In the calculations, the annual average exchange rate was used as 8.8854 for 2021 and 16.5850 for 2022.

*All revenues (including financial and other operating revenues) are included.

**Other operating expenses and financial expenses are included.

Environmental Performance Data

2021	2022
1.408,8	1.226,3
40,6	51,2
561,0	561,0
765,0	556,0
42,2***	58,1
6.444,6	7.211,8
6.444,6	7.211,8
180,1	199,8
177,0	190,0
2,6	2,9
0,5	1,6
-	5,3
8.033,5	8.637,9
	1.408,8 40,6 561,0 765,0 42,2*** 6.444,6 6.444,6 180,1 177,0 2,6 0,5

^{*}GWP (Global Warming Potential) values are taken from the IPCC AR5 report.

** The relevant data are the consolidated data of Borsa Istanbul Group (BIAS, Takasbank, and the CRA), and were obtained from BIAS.

*** The calculation was made by adding the procurement made by Takasbank for the Şişli building, in addition to the procurements made by Borsa Istanbul A.Ş. There are no additional purchases made in 2022.

	2021	2022
Scope 1 Total	1.408,8	1.226,3
CO ₂	1.404,1	1.222,2
CH ₄	2,3	2,0
N ₂ O	2,4	2,1
Scope 2 Total	6.444,6	7.211,8
CO ₂	6.423,2	7.187,9
CH ₄	2,5	2,8
N ₂ O	18,9	21,1
Scope 3 Total	180,1	199,8
CO ₂	179,5	199,1
CH ₄	0,1	0,1
N ₂ O	0,5	0,6
Grand Total	8.033,6	8.637,9
CO ₂	8.006,8	8.609,2
CH ₄	4,9	4,9
N ₂ 0	21,9	23,8

^{***} Includes dividend payments.

**** Consist of the CMB Board Share Provisions, BRSA Participation Share, Corporate Tax, and other taxes.

GRI 2-7, 2-8, 202-1, 404-1, 404-2, 404-3, 405-1

Social Performance Data

NUMBER OF EMPLOYEES	202	2021		2022	
	Female	Male	Female	Male	
Total Number of Employees	121	176	147	192	
Percentage of Employees by Gender	40.7%	59.3%	43.4%	56.6%	
Total		297		339	

NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT TYPE	202	1	202	2
	Full Time	Part Time	Full Time	Part Time
Female	121	-	142	5
Male	176	-	188	4
Total	297	-	330	9

NUMBER OF EMPLOYEES BY PERIODS OF EMPLOYMENT	2021	2022
0-5 Years	161	153
5-10 Years	74	111
10+ Years	62	75
Total	297	339
Average Period of Employment	7,5	7

AGE DISTRIBUTION OF EMPLOYEES	2021	2022
Above 50 years of age	18	23
Between 30-50 years of age	223	245
Under 30 years of age	56	71
Total Number of Employees	297	339
Average Age of Employees	36,6	36

NUMBER OF DISABLED EMPLOYEES BY GENDER	202	21	202	22
	Female	Male	Female	Male
Number of Disabled Employees	1	8	1	7
Total		9		8

BREAKDOWN OF EMPLOYEES AT MANAGERIAL POSITIONS BY GENDER AND AGE (Service Manager and Above)	2021		2022	
	Female	Male	Female	Male
Above 50 years of age	1	8	1	10
30-50 years of age	12	29	13	33
Under 30 years of age	_	_	_	_

BREAKDOWN OF EXPERT GROUP EMPLOYEES BY GENDER AND AGE	2021		2022	
	Female	Male	Female	Male
Above 50 years of age	-	3	2	8
30-50 years of age	82	86	88	89
Under 30 years of age	14	21	31	34

BREAKDOWN OF ADMINISTRATIVE SERVICE GROUP EMPLOYEES BY GENDER AND AGE	2021		2022	
	Female	Male	Female	Male
Above 50 years of age	-	4	-	1
30-50 years of age	10	13	11	6
Under 30 years of age	2	3	1	4

BREAKDOWN OF AUXILIARY SERVICE GROUP EMPLOYEES BY GENDER AND AGE	2021		2022	
	Female	Male	Female	Male
Above 50 years of age	-	-	-	1
30-50 years of age	-	6	-	5
Under 30 years of age	-	3	-	1

BREAKDOWN OF EMPLOYEES BY GENDER AND EDUCATIONAL BACKGROUND	2021		2022	
	Female	Male	Female	Male
Doctorate (PhD)	1	-	-	-
Master's (MSc/MA)	31	56	28	45
Bachelor's (BSc/MA)	84	105	108	129
High School and Two-Year Undergraduate	5	15	11	18

NUMBER OF NEW EMPLOYEES	2021		2022	
	Female	Male	Female	Male
Number of newly recruited employees	18	24	35	37
Above 50 years of age	-	1	-	1
30-50 years of age	7	15	15	13
Under 30 years of age	11	8	20	23

NUMBER OF LEAVING EMPLOYEES	2021		2022	
	Female	Male	Female	Male
Number of leaving employees within the year	13	21	9	22
Above 50 years of age	1	2	1	4
30-50 years of age	7	18	8	14
Under 30 years of age	5	1	-	4
Employee Turnover Rate	11.2%	11.9%	6.1%	11.5%

EMPLOYEE'S REMOTE / HYBRID WORKING RATIOS	2021	2022
Remote / Hybrid Working Ratio*	50%	37%

 $[\]ensuremath{^{\star}}\xspace \ensuremath{\text{Service}}\xspace$ managers and above are not included in the calculation.

GRI 2-7, 2-8, 202-1, 205-2, 404-1, 404-2, 404-3, 405-1

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EQUAL OPPORTUNITY PURSUED IN ALL HR PRACTICES (% of Female Emp.) 2021 2022 49% 36% Average number of days remotely worked per employee 42% 49% Newly recruited employees Promoted employees 41% 49% 66,7% 60% Change of departments (rotation, internal transfer)

EMPLOYEES TAKING MATERNITY LEAVE AND EMPLOYEES RETURNING TO WORK AFTER MATERNITY LEAVE	2021		2022	
	Female	Male *	Female	Male*
Employees Entitled to and Benefiting from Maternity Leave	5	13	6	11
Employees Returning to Work after Maternity Leave	5	13	3	11
Employees Returning to Work after the End of Maternity Leave and still at Work Twelve Months After Their Return to Work	5	13	3	11
Return to Work Rate of Employees Taking Maternity Leave	100%	100%	100%**	100%
Retention Rate of Employees Taking Maternity Leave	100%	100%	100%	100%
Number of Employees Working Part Time after Giving Birth	-	-	2***	-

^{*} refers to the number of male employees entitled to 10-day paternity leave after his wife gives birth.

RIGHT OF LEAVE GRANTED TO EMPLOYEES	2021		2022	
	Female	Male	Female	Male
Average number of days of leave granted per employee other than the mandatory periods specified in the legislation (Administrative leave, maternity leave longer than the period specified in the legislation, etc.)	2,4	2,8	3,6	3,5

OCCUPATIONAL HEALTH AND SAFETY DATA*	2021	2022
Number of Takasbank Employees	297	339
Number of Subcontracted Employees	-	-
Number of Fatal Accidents (All)	-	-
Number and Rate of Serious Work-Related Injuries (Excluding Deaths);	-	-
Number and Rate of Work Accidents reported to Relevant Governmental Authorities pursuant to Applicable Legislation (All)	-	1
Major Work-Related Injury Types	-	-
Accident Frequency Rate (Takasbank)	-	-
Accident Frequency Rate (Subcontractors)	-	-
Rate of Lost Days (Subcontractors)	-	-
Number of Deaths as a result of Work-Related Health Problems	-	-
Number and Rate of Employees with Health Problems reported to Relevant Governmental Authorities pursuant to Applicable Legislation (All)	-	-
Major Work-Related Disease Types	-	-
Number of Employees receiving Occupational Health and Safety Training*	297	308
Total Hours of Occupational Health and Safety Training Provided*	2.376	2.464
Total Number of Hours Worked	494.026	580.495

^{*} Pursuant to applicable legislation, 8-hour basic occupational health and safety training per employee should be received. This training should be provided every 3 years for the less dangerous class. In this context, all of the Bank's employees have completed necessary trainings in accordance with applicable legislation.

EMPLOYEE TRAININGS - 1	2021	2022
Annual Average Training Hours per Employee	19,20	30,42
Annual Average Training Hours per Employee*	24,92	33,72
Annual Average Training Hours Per Female Employee*	26,07	37,42
Annual Average Training Hours per Male Employee*	24,21	30,94
Ratio of Digital Trainings in Total Trainings	18%	12%
Total Number and Percentage of Senior Managing Officials who received Anti-Corruption Training	2-50%	4-100%
Total Number and Percentage of Employees who received Anti-Corruption Training	263-95%	343-99.7%**

^{*} Calculated based on the number of trained employees.
** One employee could not complete the training since she was on maternity leave in 2022.

EMPLOYEE TRAININGS - 2		2022*
	Female	Male
Annual Average Training Hours per Employee Group**		
Manager Group (Service Manager and Above)	33,71	30,77
Expert Group	35,75	29,74
Administrative Service Group	12,67	11,77
Auxiliary Service Group	3,50	5,79

^{*} The data for 2021 could not be reported since they were not kept on an individual employee group basis. They will be continued to be reported on a comparative basis in the upcoming years.

** Calculated on the basis of all employees, rather than only trained employees.

EMPLOYEES SUBJECT TO PERFORMANCE ASSESSMENT - 1	2021		2022	
	Female	Male	Female	Male
Number of Employees subject to Performance Assessment	121	174	142	187
Ratio of Employees subject to Performance Assessment to Total Employees	100%	99%	97%	97%

EMPLOYEES SUBJECT TO PERFORMANCE ASSESSMENT - 2	2021		2022	
	Female	Male	Female	Male
Number of Employees subject to Performance Assessment by Employee Groups	121	174	149	180
Manager Group (Service Manager and Above)	14	41	14	42
Expert Group	96	112	121	127
Administrative Service Group	11	15	7	11
Auxiliary Service Group	-	6	-	7

EMPLOYEE SATISFACTION SURVEY	2021	2022
Rate of participation in the employee satisfaction survey	89%	92%
Employees' general satisfaction score about the Bank according to the employee satisfaction survey (out of 100)	79,7%	81,9%
Number of suggestions made by employees*	58	35

^{*} An average number was calculated according to the answers to the open-ended question.

^{** 6} female employees became entitled to maternity leave in 2022; and since 3 female employees were still on maternity leave by the date of the report, they were not included in the calculation.

*** Two employees returning to work after maternity leave wanted to work part time upon their own request in 2022.

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SUMMARY BOARD RESOLUTION PRESENTED TO THE GENERAL ASSEMBLY

Dear Shareholders,

In 2022, high inflation, shrinking global trade, recession concerns have become the current issues on the main agenda of the global economy. The coronavirus pandemic that broke out in 2019 has decreased in 2022 compared to the previous years and countries have started to lift their pandemic restrictions. Central banks that applied expansionary monetary policies during the pandemic period have changed their policies to limit the rising inflation in 2022. In addition, the war that broke out between Russia and Ukraine in February has led to sharp fluctuations in commodity and food prices.

The Russian-Ukrainian war has caused disruptions especially in the food supply chain, leading to conflicts on energy trade between Europe and Russia. European countries dependent on foreign energy have encountered rapidly increasing natural gas and electricity prices since the very first months of 2022. Inflation in European countries has started to display an upward trend due to the rise in energy prices. The inflation in Euro Zone was recorded as 10.6%, quite above the target level of 2% within the year, reaching the highest levels in records. The inflation in the US economy has reached its peak in 41 years with an annual rate of 9.1% recorded within the year. Thus, the incentives and interest rate cuts provided during the pandemic period have been replaced with monetary tightening and interest rate hikes as part of the fight against inflation. The Central Bank of the USA (Federal Reserve) increased its policy interest from 0-0.25% applied in the beginning of 2022 to 4.25-4.50% at the end of the year. The European Central Bank increased the main refinancing rate from 0% to 2.50%.

While global recession concerns rose, growth forecasts for the next year were revised downwards at the end of 2022. While IMF expected the global growth to be 3.2% in 2022, they downgraded their expectation for 2023 from 2.9% to 2.7%. The World Trade Organization shared their anticipation that the global merchandise trade volume would grow by 1% only in 2023 following the 3.5% growth forecast for 2022. On the other hand, the recurrence of coronavirus cases in China towards the end of the year keeps the coronavirus-related concerns alive. In this context, the course of coronavirus cases, the Russia-Ukraine war, inflationary developments, the global stagnation and the course of commodity prices are important for the following period.

Our national economy has achieved a growth rate above expectations, with 7.5% in the first quarter and 7.7% in the second quarter of this year; however, the growth has slowed down with a rate of 3.9% in the third quarter. Thus, the growth rate for the first nine months of the year was recorded as 6.2%. The increases in commodity and food prices and the global strengthening of the dollar have increased inflationary pressures in this period. In 2022, foreign trade has been adversely affected by the slowdown in economic activities and high energy imports in Europe, i.e., the largest export market of our country. In 2022, exports increased by 12.9% reaching 254.2 billion dollars while imports increased by 34.3% reaching 364.4 billion dollars, compared to the previous year. The inflation is expected to decline with the base effects and the economic activity is expected to gain strength with the CBRT's policies prioritizing growth in the upcoming period.

Conducting its activities as an investment bank, central clearing & settlement and central counterparty institution, payment system and R&D Center and providing important services such as clearing, custody, collateral and risk management, settlement, central counterparty and banking to its members in Turkish capital markets, Takasbank has efficiently continued to provide its services that it renders for the money and capital markets of our country during the year 2022 and to contribute to the growth of our financial markets with a stable and sustainable structure; and as with previous years, it has focused on the efforts towards further deepening of markets and management of financial risks.

Our projects and initiatives aimed at the development and diversification of the services offered to 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.

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.

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 four of its projects in this context in 2022; and seven of our projects are still under construction. In 2022, our Bank won the third prize with its "Precious Metals Transfer System" project in the category of "Best in Future of Industry Ecosystems" at IDC Türkiye Financial Services Summit organized by IDC (International Data Corporation) Türkiye.

Through the "Takasbank Public Collateral Management Platform" that our Bank commissioned in September 2021 in cooperation with the Public Procurement Authority, the Bank started to provide collateral custody and management services regarding the acceptance, custody, registration as revenue, return, extension of the validity and reporting of temporary letters of guarantee and surety bonds accepted for tenders held within the scope of the Public Procurement Law no. 4734. As of 1 December 2022, all temporary letters of guarantee have been started to be accepted through Takasbank Public Collateral Management Platform in line with the decision taken by the Public Procurement Authority.

The "Takasbank ISIN Portal" service has been launched within the year, thus allowing for faster and more practical ISIN applications in a fully-automated environment thanks to its user-friendly interface.

The technical infrastructure efforts and legislative arrangements have been completed for the Risk-Mitigating Netting Function, i.e., our project allowing offset collaterals to be deposited for the purpose of netting in the risk calculations of equity-based futures and equity-based short-call option contracts with short positions. The said function has been commissioned and deployed in real environment as of 7 March 2022.

With its strategic perspective and effective management policies, Takasbank has completed the year 2022 successfully in terms of growth and profitability. Our profit before tax was recorded as 2.3 billion TL; our net profit was 1.7 billion TL; and our size of assets reached 85.8 billion TL while our shareholders' equity reached 4.5 billion TL.

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 many different 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 Integrated Annual Report, which we have prepared for the second time this year for sharing our Bank's future-oriented strategy by providing a holistic assessment of the financial and non-financial performance of our Bank in 2022, containing also the Balance Sheet and Profit and Loss statements; 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 esteemed shareholders and your representatives for putting your trust in our Bank and honouring our General Assembly with your presence.

Yours sincerely,

For and on behalf of the Board of Directors of

İstanbul Takas ve Saklama Bankası A.Ş.

Avsar R. SUNGURLU

Dr. Mahmut KAYACIK

CEO

Chairman of the Board

Board Member

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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, pursuant to temporary article 8 of the Law, Istanbul Settlement and Custody Bank (Bank) 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 Markets 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 corporate 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

Dr. Gülseren TOPUZ

Member of the Corporate Governance Committee

Chairperson of the Corporate Governance Committee

Annex 1: Corporate Governance Principles Compliance 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:

- a) Ensuring that accurate, secure and up-to-date records are kept in relation to investors;
- b) Ensuring that the General Assembly meeting is held in accordance with applicable legislation, articles of association and other internal regulations of the Bank;
- c) Preparing the annual report for the last completed fiscal year, which can be used by shareholders at the General Assembly meeting;
- d) Ensuring that the voting results of General Assembly meetings are recorded and the reports related with such results are duly sent to investors;
- e) Pursuing and monitoring any and all issues related with public disclosure according to the legislation and Bank's disclosure
- f) 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;
- g) Conducting efforts to improve the Bank's corporate governance practices and submitting them to the Committee for

In 2022, information requests obtained from shareholders in relation to their shares in the Bank were duly answered by the relevant departments.

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 meetings 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 2021 were discussed was held on 28 April 2022. The General Assembly Meeting was held at Borsa Istanbul A.S. Conference Hall in Sariyer 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 date 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. 10551 dated 04 April 2022, in Dünya Newspaper dated 04 April 2022, 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 April 2022.

Our Bank's Annual Report for 2022 containing the Balance Sheet and Income Statement for the fiscal period of 1 January 2022 - 31 December 2022 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 guestions received from our 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 upon their request 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 Bank's 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 meeting	Number of the article or paragraph regarding the related parties in the General Assembly minutes			
28/04/2022		96.39%		96.39%	About Us/Corporate/ Information Society Services	About Us/Corporate/ Information Society Services				
20/04/2022		00,0070	-	00,0070	About Us/Investor Relations/ Investor Relations	About Us/ Investor Relations/ Investor Relations	-			



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.S., no shareholder's share may directly or indirectly exceed 5% of the Bank's capital. As of the end of 2022, The Bank's capital is owned by Borsa Istanbul 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 Istanbul 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 Istanbul A.S. is considered as the controlling company and our Bank and the CRA are considered as affiliated companies in the group of companies under the current conditions. Although our Bank holds a nominal share in 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 Istanbul 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 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 2022, 445 million TL was distributed among our shareholders as dividends from the profit of 2021.

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 Istanbul 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 transfer of shares is not contrary to the capital markets legislation; 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.

ANNUL 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.

The annual report has been started to be published in the form of an integrated annual report as of 2022 by combining the Bank's activities with sustainability efforts.

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 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.

The part containing the human resources policy including the measures to prevent discrimination and ill treatment is published in the section 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 issued against the Bank due to the liabilities arising from work accidents.

RELATIONS WITH CUSTOMERS AND SUPPLIERS

Our 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 Policy 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.



GRI 2-9, 2-10, 2-11, 2-15

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 28 April 2022. 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 Bank 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.

- · Dr. Mahmut KAYACIK Chairman of the Board
- · Korkmaz ERGUN Vice Chairman of the Board
- Avsar R. SUNGURLU Board Member / Chief Executive Officer
- · Bekir BAYRAKDAR Board Member
- · Dr. Gülseren TOPUZ Board Member
- Prof. Dr. 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 and the contents of such powers are as follows.

AUDIT COMMITTEE

- Prof. Dr. Münevver CETİN Audit Committee Chairperson
- Murat TACİR Audit Committee Member

CREDIT COMMITTEE

- · Avşar R. SUNGURLU Credit Committee Chairperson
- Murat ONUK Credit Committee Permanent Member
- Dr. Gülseren TOPUZ Credit Committee Permanent Member
- Bekir BAYRAKDAR Credit Committee Substitute Member
- Yusuf KARALOĞLU Credit Committee Substitute Member

CORPORATE GOVERNANCE COMMITTEE

- Dr. Gülseren TOPUZ Corporate Governance Committee Chairperson
- · Murat ONUK Corporate Governance Committee Member

RISK COMMITTEE

- Murat TACİR Risk Committee Chairperson
- · Prof. Dr. Münevver CETİN Risk Committee Member

REMUNERATION COMMITTEE

- Bekir BAYRAKDAR Remuneration Committee Chairperson
- Yusuf KARALOĞLU Remuneration Committee Member

The information regarding the assessment of the efficiency of the internal control system, the Audit Committee's evaluations about the functioning of the Legislation and Compliance, Internal Control, Internal Audit and Risk Management Systems and the information about the Committee's activities within the fiscal period are provided on page 154 of the Integrated Annual 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			
Dr. 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			
Dr. Gülseren TOPUZ	No	Yes	09/06/2017	-	No	No	Yes			
Prof. Dr. 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	21/04/2020	-	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.

GRI 2-9, 2-10, 2-11, 2-15, 2-19

COMMITTEES FORMED UNDER THE BOARD OF DIRECTORS

In the Integrated Annual Report, the information about the committees of the Board of Directors has been provided on page 78 under the heading entitled "Information on Takasbank Policy Documents, Activities of the Committees reporting to or formed to assist the Board of Directors within the Framework of the Provisions of the Relevant Legislation, 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 154 of the integrated annual report in the section entitled as the Information on the Audit Committee's Assessment of the Functioning of the Legislation and Compliance, Internal Control, Internal Audit and Risk Management Systems, and on Their Activities within the Fiscal Period.

The Corporate Governance Principles Compliance Report containing information about the activities of the Corporate Governance Committee is published in the section About Us/ Investor Relations on the Bank's website. The said report has also been provided on pages 134 – 153 of the integrated 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%	15	8			
Credit Committee		80%	25%	1	1			
Corporate Governance Committee		100%	50%	2	2			
Central Counterparty Risk Committee		100%	50%	2	0			
Remuneration Committee		100%	0%	3	1			

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

The "Structure and Formation of the Board of Directors" and the "Information on the Total Amounts of Financial Rights granted, Allowances given, and Travel, Accommodation and Representation Expenses, Real and Cash Allowances, Insurances and Other Similar Guarantees provided to Board Members and Senior Managing Officials" are provided on page 77 of the integrated annual report.

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 Senior 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 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 2022.

		Com	pliopoo (totuo		
	Yes	Partly	pliance S No	Exempt	N/A	Description
1. SHAREHOLDERS	IGS	rairuy	NU	LXCIIIpt	IVA	
1.1. Facilitating the Exercise of Shareholding Rights						
1.1.2- Current information and explanations that						
may affect the exercise of shareholding rights	Χ					
are made available for use by investors on the	٨					
corporate website.						
1.2. Right to Information and Review						
1.2.1- The Company management avoids making						
any transactions that may make it difficult to	Χ					
conduct special audits. 1.3. General Assembly						
1.3.2- The Company ensured that the agenda of the Assembly is clearly specified and each	Χ					
proposal is provided under a separate heading.	/\					
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					Χ	
to the board of directors for addition to the						
agenda in order to ensure that such information is provided at the General Assembly.						
1.3.8- The members of the Board of Directors						
related with the matters of interest on the						
agenda, other related persons, the authorized	Χ					
officials responsible for preparation of financial	^					
statements, and auditors were present at the						
general assembly meeting.						
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	Χ					
Assembly.						
1.3.11- The General Assembly was held open to						Stakeholders may participate.
the public, including stakeholders and the media,		X				Media organizations are not
without the right to speak during the meeting.		^				invited to the General Assembly
						meeting.
1.4. Voting Rights						
1.4.1- There are no restrictions or practices	V					
making it difficult for shareholders to exercise their voting rights.	Χ					
1.4.2- The company does not have any shares with						
privileged voting rights.	Χ					
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	Χ					
relationship, which also brings forth a dominance						
relationship.						
1.5. Minority Rights						
1.5.1- The Company has paid utmost attention to	Χ					
the exercise of minority rights.	^					
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		Χ				
been arranged and expanded in the articles of						
association.						

		Com	oliance	Status		
	Yes	Partly	No	Exempt	N/A	Description
1. SHAREHOLDERS						
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.	Χ					
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.	Χ					
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.					Χ	
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.	Х					
1.7. TRANSFER OF SHARES						
1.7.1- There are no restrictions making it difficult to transfer the shares.		Х				
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.	Χ					
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.	Χ					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.	Χ					
2.2. Annual Report						
2.2.1- The Board of Directors ensures that the annual report fully and accurately reflects the company's activities.	Χ					
2.2.2- The annual report contains all the elements specified in principle no. 2.2.2.	Χ					
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.	Χ					
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.	Χ					
3.1.5- The company handles the conflicts of interests arising among stakeholders in a balanced manner.	Χ					

		Com	pliance S	tatus		
	Yes	Partly	No	Exempt	N/A	Description
3.2. Supporting Stakeholders' Participation in Company Mana	gement					
3.2.1 - The employees' participation in	0					
management has been set forth with the articles	X					
of association and internal regulations.						
3.2.2 - The methods like surveys / consultations						
were implemented to obtain the opinions of						
stakeholders about important decisions bearing	Χ					
consequences for the stakeholders.						
3.3. Company's Human Resources Policy						
3.3.1- The Company has adopted an employment						
policy providing equal opportunities and a						
succession planning for all key management	X					
positions.						
3.3.2 - The criteria regarding personnel						
recruitment have been set forth in writing.	Χ					
3.3.3 - The Company has a Human Resources						
Development Policy and trainings are organized	Χ					
for employees in this context.	^					
3.3.4 - Meetings were held to inform employees						
about the issues such as company's financial						
position, remuneration, career planning, training	Χ					
and health.						
3.3.5 - The decisions that may affect employees						
were notified to them and employee						
representatives. The opinions of the relevant						There are no trade unions.
unions on these issues were also taken.						
3.3.6 - Job descriptions and performance criteria						
were notified to all employee representatives. The						
opinions of the relevant unions on these issues						There are no trade unions.
were also taken.						
3.3.7 - Measures such as procedures, trainings,						
awareness raising, objectives, monitoring, and						
complaint mechanisms have been taken to						
prevent discrimination among employees and	X					
to protect them against physical, mental and						
emotional ill-treatments within the company.						
3.3.8- The Company supports the freedom of						
association and the effective recognition of the			Χ			
right to collective bargaining agreement.						
3.3.9 - A safe working environment is provided for	X					
employees.	^					
3.4. Relations with Customers and Suppliers						
3.4.1 - The company has measured customer						
satisfaction and operated with an unconditional	Χ					
customer satisfaction approach.						
3.4.2 - When there is a delay in the processing of						
customer requests for the goods and services	Χ					
purchased, this is notified to the customers.						
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	X					
scope of trade secrets.						

CORPORATE GOVERNANCE PRINCIPLES
COMPLIANCE REPORT

RI 2-9, 2-10	GRI 2-9, 2-10

		Com	pliance S	tatus		
	Yes	Partly	No	Exempt	N/A	Description
3.5. Code of Ethics and Social Responsibility	.00	I di ciy	110	Exompt		
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.	Χ					
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					
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.	Χ					
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.	Х					
4.2.2- The duties and authorities of the Board Members have been explained in the annual report.	Х					
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.	Х					
4.2.7- The Board of Directors ensures the effective functioning of the investor relations department and the corporate governance committee; 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 nomination 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.	Χ					

		Com	pliance S	tatus		Description
	Yes	Partly	No	Exempt	N/A	Description -
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.	Х					
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.	Х					The procedure of meeting of the Board of Directors is specified 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.	Χ					
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 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.	Χ					
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.			Χ			
4.5.6- The committees invited the people whose opinions were needed to the meetings and obtained their opinions.	Χ					
4.5.7- The information regarding the independence of the person/entity the committee receives consultancy service(s) from has been provided in the annual report.			Х			Committees did not receive an consultancy service.
4.5.8- Reports on the results of committee meetings were prepared and presented to the members of the Board of Directors.	Χ					
4.6. Financial Rights provided to the Members of the Board of	f Directo	rs and Exe	cutives v	vith Adminis	strative	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.
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.	Х					
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			

attendance status of members in such meetings

1.SHAREHOLDERS	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDING RIGHTS	
The number of investor conferences and meetings held by the company	Not applicable
throughout the year	. Tot 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	Not applicable
meeting	ινοι αρμικασίο
1.3. GENERAL ASSEMBLY	
Link to the PDP announcement containing the information requested under 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 are no foreign shareholders.
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	A-ti-l 10 17 10 10 00 01 00
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 Assemble meetings.
1.4. VOTING RIGHTS	
Whether there are any privileges related with voting rights	No
If there are any voting privileges, holders of preferred stocks 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 Assen	nbly Meetings									
General Assembly Date	Number of requests notified to the company 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 company's 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 meeting	Number of the article or paragraph regarding the related parties in the General Assembly minutes	Number of persons having privileged access to company information and reporting to the board of directors (Insiders list)		
00/04/0000	·	00.000		00.000	About Us/ Corporate/ Information Society Services	About Us/ Corporate/ Information Society Services				
28/04/2022	-	96,39%	-	96,39%	About Us/ Investor Relations/ Investor Relations	About Us/ Investor Relations/ Investor Relations	-	-		
0 PUPL 10 P100	I COURT AND TRAN	IODADENOV								
	LOSURE AND TRAN	ISPARENCY								
2.1. CORPORAT	E MERSIIE				orporate/legal-fr					
Names of the sections of the corporate website containing the information requested in the corporate governance principle no. 2.1.1			about-us/investor-relations/financial-reports about-us/investor-relations/annual-reports Hakkımızda/yatirimci-iliskileri/yatirimci-iliskileri about-us/corporate/dividend-distribution-policy about-us/corporate/it-security-policy about-us/corporate/business-continuity-policy about-us/corporate/protection-of-personal-data-privacy about-us/corporate/takasbank-donation-policy https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/belge- goruntuleme/10258							
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 o	options of the o	corporate webs	site	Turkish – English						
2.2. ANNUAL R	EPORT									
containing		titles of the and n specified in th 2.2.2.								
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 78 – 81							
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 77							

COMPLIANCE REPORT

GRI 2-9, 2-10, 2-18, 205-1

GRI 2-26

ç) Page number or title of the section about the legislative changes that may materially affect the company's operations	Pages 154 – 156
d) Page number or title of the section containing the information about the major lawsuits filed against the company and their possible consequences	Page 29
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 interests has been provided on page 122 and mentioned in the Corporate Governance Principles Compliance Report; and the ratings assigne to Takasbank by Fitch Ratings are provided on page 160 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 97
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	Pages 104 - 109, Pages 114 - 129
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 MANA	GEMENT
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 th 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	
Title of the section of the corporate website containing the code of ethics policy	About Us/Corporate/Legal Framework
Title 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
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 meeting.
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, CCP Risk Committee, Credit Committee, Remuneration Committee
Number of reports submitted by the internal control unit to the audit committee or other relevant committees	9
Title or page number of the section of the annual report containing the assessment of the efficiency of the internal control system	Pages 154 - 156
Name of the chairman of the Board of Directors	Dr. Mahmut KAYACIK
Name of the Chief Executive Officer	Avşar R. SUNGURLU

GRI 2-9, 2-10

GRI 2-9, 2-10

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
Title 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 independent Board Members should be a female member. About Us/Corporate/Legal Framework/Articles of Association
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	19 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	95%
Whether an electronic portal is used to facilitate the activities of the board of directors	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 78 - 81
Link to the PDP announcement containing Committee operating principles	Not applicable

Committees of the Board of Dir	rectors-l				
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	Prof. Dr. Münevver ÇETİN	All me	mbers are Board
Corporate Governance Committee		Murat ONUK	Dr. Gülseren TOPUZ		mbers are Board Members
Risk Committee		Prof. Dr. Münevver ÇETİN	Murat TACİR	All me Memb	mbers are Board ers.
Credit Committee		Murat ONUK, Dr. Gülseren TOPUZ	Avşar R. SUNGURLU	All me Memb	mbers are Board ers.
Remuneration Committee	Yusuf KARALOĞLU	Bekir BAYRAKDAR	All me Memb	mbers are Board ers.	
4. BOARD OF DIRECTORS-III					
4.5. COMMITTEES FORMED UNDE Specify the section of the Activities of the Audit Com	Annual Repor		providing information about	the	Page 78
	Annual Repor		providing information about	the	Page 79
<u> </u>	Annual Repor	rt or the Corporate website	providing information about	the	Not applicable
		rt or the Corporate website nagement of Risks Committ	providing information about	the	Page 113
Specify the section of the A activities of the Remunera			providing information about	the	Page 79
4 6 FINANCIAI RIGHTS PROVIDED	TO THE MEMBE	RS OF THE ROARD OF DIRECTORS AN	D EXECUTIVES WITH ADMINISTRATIV	F RESPO	NSIRII ITY
	e section of th onal and fina	ne annual report providing		No	
Title of the section of the c remuneration policy for th duties		_		No	
the remunerations paid ar	nd all other be	ne annual report specifying enefits provided to the Iministrative responsibility	Page 77, Title of the Section the Board of Directors/ Info of Financial Rights granted Accommodation and Reland Cash Allowances, In Guarantees provided to Managing Officials	ormati d, Allov presei nsuran	ion on the Total Amounts vances given, and Travel ntation Expenses, Rea ices and Other Similar

GRI 2-9, 2-10, 2-27 GRI 2-9, 2-10,2-27

>>> AUDIT COMMITTEE REPORT

No: 2023/DK/02

Istanbul, 05 January 2023

The internal audit, internal control, legislation and compliance and risk management activities of İstanbul Takas ve Saklama Bankası A.Ş. (Takasbank) 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 Department, Legislation 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 2022 by the Internal Audit Department, Internal Control Department, Legislation and Compliance Department, and Risk Management Department which are administratively independent and report our Board of Directors through our Audit Committee in accordance with the provisions of the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process, 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, restructuring plans, internal audit plan, audit, investigation and examination reports, the reports prepared about the independent audit company, the reports forming the basis for management statements, member audit reports, independent audit results, activity reports of Internal Systems Department, internal control review plan, 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 our Committee as well as the relevant activities were presented to the Board of Directors. Internal Systems Department 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 team 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 roles and responsibilities, and having the processes and functions reviewed by the Risk Management Department and the Internal Control 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 plan; 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 ICAAP.

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 the Internal Capital Adequacy Assessment Process (ICAAP) Report, prepared in coordination with the Risk Management Department, and its attachment, the Validation Report prepared by the Internal Control Department, as well as the Review Report prepared by the Internal Audit Department were presented to us and the said reports were submitted to the BRSA following their approval at the Board of Directors' meeting no. 413 dated 21 April 2022.

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, 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 Department over the control points determined within the framework of the Internal Control Review Plan and the internal control lists of the information technologies units.

Within the scope of self-assessment activities, the Internal Control Department performed the operations such as periodic review of the internal control 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; validation of the TFRS-9 expected credit loss model; establishing coordination between independent auditors and business units during the audits of banking processes; supporting independent audits conducted within the scope of information systems processes; conducting the ISO 27001 internal audit and ensuring participation as a supervisor in other internal audits; participation, upon request, in project and working groups and boards and committees related with the changes and innovations planned to be made in the Bank's services and processes or those related to the critical processes falling within the scope of the Bank's field of duties, and making suggestions at the relevant meetings in order to minimize the risks.

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, which were controlled by the Internal Control Department, were also submitted by our Committee to the Board of Directors for information.

The Legislation and Compliance Department performed the operations such as the follow-up and announcement of the changes in the Bank's internal and external legislation; development/updating of the Bank's internal and external legislation and other processes under the legislation that the Bank is subject to; performing regulatory compliance assessments for new products and transactions as well as the activities planned to be carried out in future; establishing coordination in the review of work flow and job description forms and preparation of the report indicating the level of compliance with the specified goals regarding the functioning, reliability, durability and continuity of information systems within the framework of the service levels; conducting MASAK, AML, FATCA and CRS efforts; provision of KVKK (Law on Protection of Personal Data) and MASAK (Financial Crimes Investigation Board) trainings; ensuring the coordination of the CBRT surveys and CPMI-IOSCO compliance documents within the scope of payment and securities settlement systems; conducting awareness-raising activities in the Bank under Takasbank Information Sharing Committee Directive, Takasbank Directive on Code of Ethics and Social Media Policy and Takasbank Directive on Conflicts of Interests Policy; preparation/updating of the business continuity and IT legal requirements document; performing the secretarial duties of the Information Sharing Committee; preparation of the corporate governance principles compliance report; supporting sustainability efforts; review of the contracts within the scope of the Bank's procurements; preparing a periodic report regarding the information shared by the Bank with third parties and submitting this report to the Board of Directors and then to the BRSA; completing and checking know-your-customer, central counterparty and business and

>>> AUDIT COMMITTEE REPORT

information systems continuity surveys of foreign institutions resident abroad, and conducting negotiations in relation thereof, where necessary, and any other related activities.

In 2022, 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 Report and containing also the information systems (IS) audit plan and the work programs, control lists and IS audit quidelines prepared within the scope of the said plan; conducting ICAAP reviews; conducting audits within the scope of the plan prepared on the basis of the Information and Communication Security Audit Guideline published by the Digital Transformation Office of the Presidency; conducting the ISO 27001 internal audit; 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, Senior Management and Executive Management; and assessment and improvement of the efficiency and adequacy of the Bank's risk management, internal control, legislation and compliance, and governance processes.

The Internal Audit Department also conducted, in 2021, on-site audits at central counterparty members in order to determine whether the members established efficient, adequate and compliant internal audit, internal control and risk management mechanisms regarding the markets or capital market instruments for which the Bank provides central counterparty services pursuant to the provisions of İstanbul Takas ve Saklama Bankası Anonim Şirketi Central Counterparty Regulation, Directive on Information, Risk Management, Internal Audit and Internal Control Systems of Takasbank Central Counterparty Members, and the relevant legislation.

Within the scope of the management statement efforts jointly conducted by the Internal Control Department and Internal Control Department according to the plan approved by our Committee, the Bank's business and IS controls have been reviewed, and an assessment has been made to identify all major control deficiencies about such controls independently from the efforts conducted by independent audit companies. In this context, assurance has been 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 causing a material misstatement in the financial statements or materially affecting the continuity of the activities and the integrity, consistency, reliability, and if necessary, confidentiality of the data which 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

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 and Internal Control, Legislation and Compliance, and Risk Management Departments structured and operating efficiently and adequately in accordance with the provisions of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Process of Banks 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

Prof. Dr. Münevver ÇETİN

Audit Committee Member Board Member

Audit Committee Chairperson Board Member

>>> EVALUATION OF THE FINANCIAL STATUS, PROFITABILITY AND SOLVENCY AND ACHIEVEMENT OF STRATEGIC GOALS

As of 31 December 2022, Takasbank's assets have increased by 90.58% compared to the year-end of the previous year, thus, reaching 85,804,572 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 91.41% (78,433,306 thousand TL) and Other Financial Assets Measured at their Redeemed Value account for 3.38% (2,901,106 thousand TL), and Loans account for 3.12% (2,681,206 thousand TL) of the Bank's assets.

By year-end of 2022, Takasbank has borrowed domestic loans in the amount of 6,821,660 thousand TL; accounting for 7.95% 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, accounts for 86.01% (73,800,448 thousand TL) of the liabilities. The Bank's paid-up capital is 600,000 thousand TL; and by the end of 2022, its shareholders' equity has reached 4,516,938 thousand TL.

The Bank's profit before tax has been recorded as 2,260,168 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 AREAS OF ACTIVITIES FOR WHICH AND THE PERSONS AND ENTITIES FROM WHICH SUPPORT SERVICES ARE OUTSOURCED PURSUANT TO THE REGULATION ON THE BANKS' PROCUREMENT OF SUPPORT SERVICES AND THE AUTHORIZATION OF SUPPORT SERVICE PROVIDERS

In 2022, within the scope of the Regulation on Procurement of Support Services by Banks and Takasbank Support Service Procurement and Outsourcing Procedure, Takasbank has received the following services:

- · Server hosting service for Borsa Data Center received from Borsa İstanbul 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.:
- · Infrastructure, connection, maintenance, e-mail and telephone support service received for the SWIFT server;
- · Sanctions list inquiry software and the maintenance service related to this software;
- PayGate converter software converting SWIFT message format into the format compatible with ISO 20022 standards and the maintenance service related to this software.

Before a contract is signed for procurement of support services or the service contract is renewed with the relevant support service provider, a Risk Analysis Report and a Technical Adequacy Report are prepared and submitted to the Board of Directors as an annex attached to the Audit Committee Assessment Report.

>>> INFORMATION ON THE AREAS OF ACTIVITIES FOR WHICH AND THE PERSONS AND ENTITIES FROM WHICH EXTERNAL SERVICES ARE OUTSOURCED PURSUANT TO THE REGULATION ON INFORMATION SYSTEMS AND ELECTRONIC BANKING SERVICES OF BANKS

In 2022, within the scope of the Regulation on Information Systems and Electronic Banking Services of Banks and Takasbank Support Service Procurement and Outsourcing Procedure, 28 suppliers have been selected within the scope of Outsourced Services in the evaluations made with respect to the outsourced services regarding banks' information systems, considering the service procurements which are likely to affect the confidentiality, integrity and accessibility of banking data and the continuity of banking services, and through which banking data can be accessed or shared, and on the basis of operational functions, services and activities falling within the scope of the capital markets legislation.

Pos. No.	Company Trade-Name	Scope of Contract
1	Refinitiv Enformasyon Ltd. Şti.	Refinitiv data vendoring subscription
2	Bloomberg Finance L.P.	Bloomberg data vendoring subscription
3	NSC Bilişim Hiz. Tic. Ltd. Şti.	Firewall software maintenance, updating and upgrading services
4	BTS Kurumsal Bilgi ve İletişim Hiz. Ltd. Şti.	Proxy license and maintenance services
5	BTS Kurumsal Bilgi ve İletişim Hiz. Ltd. Şti.	E-mail security server license and maintenance services
6	VK Bilgi Teknolojileri San. Tic. Ltd. Şti.	F5 Load Balancer System software maintenance & support service
7	Güvenpark Bilişim Teknolojileri Araştırma ve Geliştirme Tic. Ltd. Şti.	HSM device and maintenance service
8	Türk Telekomünikasyon A.Ş.	Server hosting service
9	Partnera Bilgi Sistemleri ve Dan. Hiz. A.Ş.	Support service for Oracle EBS modules
10	Unicorp Bilişim Hiz. Tic. Ltd. Şti.	Trend Micro licensing
11	Refinitiv Enformasyon Ltd. Şti.	Refinitiv data acquisition licensing service
12	Fineksus Bilişim Çözümleri Tic. A.Ş.	PayGate converter service
13	Barikat BT Bilişim Tic. A.Ş.	Qradar licensing
14	Türk Telekomünikasyon A.Ş.	Procurement of data leak prevention system
15	G Teknoloji Bilişim San. ve Tic. A.Ş.	Oracle Hyperion maintenance and support service
16	Borsa İstanbul A.Ş.	Primary data center usage service
17	Borsa İstanbul A.Ş.	Bistech (Nasdaq) infrastructure management services
18	Partnera Bilgi Sistemleri ve Dan. Hiz. A.Ş.	ERP - Performance module customization service
19	Partnera Bilgi Sistemleri ve Dan. Hiz. A.Ş.	ERP - Two-stage screens development service
20	Gantek Teknoloji Bilişim Çözümleri A.Ş.	Local manager management product procurement
21	Gantek Teknoloji Bilişim Çözümleri A.Ş.	Access authorization product license maintenance renewal service
22	Fineksus Bilişim Çözümleri Tic. A.Ş.	Sanctions list inquiry software maintenance & support service
23	Fineksus Bilişim Çözümleri Tic. A.Ş.	SWIFT software maintenance, updating and upgrading services
24	Borsa İstanbul A.Ş.	ODVM (Disaster Recovery Data Center) non-standard cabinet rental service
25	CBK Soft Yazılım Donanım Elektronik ve Bilgisayar Sistemleri San. Tic. A.Ş.	Electronic documentation and document management system maintenance service
26	Partnera Bilgi Sistemleri ve Dan. Hiz. A.Ş.	ERP Oracle license renewal service
27	Türk Telekomünikasyon A.Ş.	Non-standard cabinet rental service
28	Partnera Bilgi Sistemleri ve Dan. Hiz. A.Ş.	Support service for Oracle EBS modules

If the external service is considered within the scope of Outsourced Services pursuant to the CMB and BRSA legislation, the Technical Adequacy Report regarding the relevant service and the information notes containing other issues such as risk assessments, exit strategies, etc. are prepared.

GRI 2-12, 2-14, 2-22

RATINGS GIVEN TO TAKASBANK BY INTERNATIONAL RATING **AGENCIES**

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

Fitch Ratings (2022, July)	
Long-Term Foreign Currency IDR	В
Outlook	Negative
Short-Term Foreign Currency IDR	В
Long-Term Local Currency IDR	В
Outlook	Negative
Short-Term Local Currency IDR	В
Viability Rating	b-
Government Support	b

>>>> RESPONSIBILITY OF THE BOARD OF DIRECTORS REGARDING THE INTEGRATED ANNUAL REPORT

Our Integrated Annual Report for 2022 sets out the financial and non-financial values generated by İstanbul Takas ve Saklama Bankası A.Ş. (Takasbank) as a result of its operations between the dates of O1 January 2022 - 31 December 2022 and how Takasbank utilized its financial, human, intellectual, manufactured, natural and social capital elements during the said period.

As the Board of Directors of Takasbank, we hereby state that this Report prepared in accordance with the international integrated reporting framework addresses all relevant topics in line with the materiality approach and ensures the integrity of the report. We accept responsibility in relation to these matters.

Avşar R. SUNGURLU

Dr. Mahmut KAYACIK

Chief Executive Officer

Chairman of the Board of Directors

Member of the Board of Directors

GRI 2-5

>>>> UNCONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL PERIOD THAT ENDED ON 31 DECEMBER 2022

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AL INTEGRATED REPORT

) II

INDEPENDENT AUDITORS' 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) Opinio

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 2022 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 2022, 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

The Bank has a total amount of TL 1,321,892 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 2022.

The Bank's revenue mainly consists of banking service revenues.

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.

Explanations on the accounting policies and amounts of the Bank regarding "fees and commission income received" are included in the Notes of Section 3 and 5 Section VI and Section IV.

How the matter is addressed in our audit

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.

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.

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.

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 BRSA 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.

INDEPENDENT AUDITORS' REPORT

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.
- 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 2022 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.
- 3) As explained in the section four Note 8, as of December 31, 2022, the leverage ratio of the bank was below the minimum required rate specified in the BRSA's regulation on the measurement and evaluation of the leverage level of banks, prepared on the basis of the Banking Law No. 5411 dated October 19, 2005. The Bank's Management applied to the BRSA for the change of the relevant calculation method on 5 July 2022 and the BRSA approved the relevant calculation in its letter dated 7 February 2023

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



13 February 2023 İstanbul, Türkiye İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

THE UNCONSOLIDATED FINANCIAL REPORT OF ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. AS AT AND THE YEAR ENDED OF 31 DECEMBER 2022

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 KAYACIKMünevver ÇETİNMurat TACİRChairman of the Management BoardHead of the Audit CommitteeMember of the Audit Committee

Avşar R. SUNGURLUMurat GÖRGÜNOya DEMİRDAĞGeneral ManagerExecutive Vice PresidentDirectorBoard Member

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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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. (ISE Settlement and Custody Company Inc.) 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. (ISE Settlement and Custody Bank Inc.), 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 Istanbul 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 Istanbul" 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 2022 and 31 December 2021, the shareholders' structure and their respective ownerships are summarized as follows:

		Cur	rent Period		P	rior Period	
		Paid in			Paid in		
No	Name of Shareholders	Capital	(%)	Number	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 Bankasi 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 28 April 2022. The Bank has decided to pay a dividend of TL 445,000 to shareholders. The dividend payments were made on 29 April 2022.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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				
Dr. 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				
		Medipol University/Institute of Social Sciences/banking and Finance/PhD				
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	Uludag University/Faculty of Economics and Administrative Sciences/Business Administration/Bachelor's Degree				
	Credit Committee	Erzincan University/Institute of Social Sciences/Public Law/Master's Degree				
Prof. Dr. Münewer Çetin	Member (Chairman of the Audit	Ankara University/Department of Economics Management/Undergraduate				
	Committee - Member of the Risk Committee)	Ankara University/Institute of Social Sciences/Educational Administration and Planning/Graduate				
		Istanbul University/Institute of Social Sciences/Money and Monetary Policy/PhD				
Dr. Gülseren Topuz	Member (Chairman of the Corporate	Ankara University/Faculty of Economics/Economics/Graduate				
	Governance Committee - Noble Member	Marmara University/Institute of Social Sciences/Statistics/Postgraduate				
	of the Credit Committee)	Istanbul University/Institute of Social Sciences/Money and Monetary Policy/ Postgraduate				

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

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	Ankara University/Faculty of Political Sciences/Finance/Bachelor's Degree
	Operations	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	İstanbul University/Faculty of Engineering/Department of Electrical
	Technologies	Electronics/Graduate

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 2022 (31 December 2021: 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.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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



UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION TWO

I. UNCONSOLIDATED BALANCE SHEET

			Audited				Audited		
			C	Current Period			Prior Period		
		_	31	December 2022		31	December 2021		
	ASSETS	Note	TL	FC	Total	TL	FC	Total	
I.	FINANCIAL ASSETS (NET)		60.407.858	19.036.502	79.444.360	32.144.284	6.702.999	38.847.283	
1.1	Cash and Cash Equivalents		60,339,479	19,035,841	79,375,320	32.140.613	6.702.338	38.842.951	
1.1.1	Cash and Balances with Central Bank	I-(1)	1,451	1,028,407	1,029,858	67	-	67	
1.1.2	Banks	I-(3)	60,425,872	18,007,434	78,433,306	32,149,899	6,702,338	38,852,237	
1.1.3	Money Markets	I-(3)	00,720,012	10,001,707	10,400,000	35,961	0,102,000	35,961	
1.1.4	Expected Loss Provision (-)	I-(6)	87.844		87.844	45.314		45.314	
1.2	Financial Assets at Fair Value Through Profit or Loss	I-(0)	64,708		64,708	40,014		40,014	
1.2.1	Government Debt Securities	1-(2)	63.652	_	63.652	_	_	_	
1.2.2	Equity Instruments		00,002		00,002				
1.2.3	Other Financial Assets		1,056	_	1,056	_	_	_	
1.2.3			1,000	-	1,000	-	-	-	
1.0	Financial Assets at Fair Value Through Other Comprehensive	T (A)	0.074	004		0.074			
4.04	Income	I-(4)	3,671	661	4,332	3,671	661	4,332	
1.3.1	Government Debt Securities		0.071	- 001	4.000	0.071	- 001	4.000	
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.	FİNANCİAL ASSETS MEASURED AT AMORTİSED COST (Net)		3,056,688	2,521,911	5,578,599	1,200,885	4,207,513	5,408,398	
2.1	Loans	I-(6)	2,681,206	-	2,681,206	573,749	-	573,749	
2.2	Lease Receivables	I-(11)							
2.3	Factoring Receivables		-	-	-	-	-	-	
2.4	Financial Assets Measured at Amortised Cost	I-(7)	379,195	2,521,911	2,901,106	628,467	4,207,513	4,835,980	
2.4.1	Government Debt Securities		379,195	1,995,037	2,374,232	628,467	4,207,513	4,835,980	
2.4.2	Other Financial Assets		-	526,874	526,874	-	-	-	
2.5	Expected Loss Provision (-)		3,713	-	3,713	1,331	-	1,331	
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.	EOUITY INVESTMENTS		4,825	_	4,825	4,825	_	4,825	
4.1	Investments in Associates (Net)	I-(8)	-	_	-	-,020	_	.,020	
4.1.1	Associates Valued Based on Equity Method	2 (0)					_	_	
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	1 (5)	4,825		4,825	4,825		4,825	
4.2.2	Unconsolidated Non-Financial Subsidiaries		4,020		4,020	4,020		4,020	
4.3	Joint Ventures (Net)	I-(10)	_	_	_	_	_	_	
4.3.1	Joint Ventures (Net) Joint Ventures Valued Based on Equity Method	1-(10)	-	-	-	-	-	-	
4.3.1	Unconsolidated Joint Ventures		-	-	-	-	-	-	
4.3.2 V.	PROPERTY AND EQUIPMENT (Net)	I-(13)	32.355	-	32.355	7.621	-	7.621	
v. VI.		I-(13) I-(14)	32,355 125.517	-	32,355 125.517	116.214	-	116.214	
	INTANGIBLE ASSETS (Net)	1-(14)	120,017	-	125,517	110,214	-	110,214	
6.1	Goodwill		105 517	-	105 517	110.014	-	110.014	
6.2	Other	T (40)	125,517	-	125,517	116,214	-	116,214	
VII.	INVESTMENT PROPERTY (Net)	I-(12)	141,630	-	141,630	46,250	-	46,250	
VIII.	CURRENT TAX ASSET	7 (40)	-	-	-	-	-	-	
IX.	DEFERRED TAX ASSET	I-(16)	43,267	-	43,267	9,066	-	9,066	
X.	OTHER ASSETS (NET)	I-(17)	426,114	7,905	434,019	583,426	928	584,354	
	TOTAL ASSETS		64,238,254	21,566,318	85,804,572	34,112,571	10,911,440	45,024,011	

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

I. UNCONSOLIDATED BALANCE SHEET (Continued)

						Audited Prior Period 31 December 2021		
	LIABILITIES	Notes	TL	December 2022 FC	TL	FC	TL	FC
I.	FUNDO COLL FOTED	TT (4)						
	FUNDS COLLECTED	II-(1)	-	0.001.000	0.001.000	- 01.000	- 0.005 550	0.410.500
II.	FUNDS BORROWED	II-(3)	-	6,821,660	6,821,660	21,008	3,395,552	3,416,560
III.	MONEY MARKETS DEBTS		206,603	-	206,603	218,904	-	218,904
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	
4.1	Bills		-	-	-	-	-	
4.2	Asset Backed Securities		-	-	-	-	-	
4.3	Bonds		-	-	-	-	-	
V.	FUNDS	II-(4)	59,113,644	14,686,805	73,800,449	30,460,007	7,495,950	37,955,957
5.1	Borrower Funds		-	-	-	-	-	
5.2	Other		59,113,644	14,686,805	73,800,449	30,460,007	7,495,950	37,955,957
VI.	FİNANCIAL 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	TT (F)	4.075	-	4,675	2,033	-	2,033
		II-(5)	4,675	-			-	
X.	PROVISIONS	II-(6)	221,393	-	221,393	87,149	-	87,149
10.1	Restructuring Provisions		-	-	-		-	00.400
10.2	Reserve for Employee Benefits		44,709	-	44,709	20,409	-	20,409
10.3	Insurance Technical Provisions (Net)			-	-		-	
10.4	Other Provisions		176,684	-	176,684	66,740	-	66,740
XI.	CURRENT TAX LIABILITY	II-(7)	232,854	-	232,854	106,506	-	106,506
XII.	DEFERRED TAX LIABILITY	II-(7)	-	-	-	-	-	-
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)	4,516,938		4,516,938	3,236,902		3,236,902
16.1	Paid-in capital	11 (0)	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			-			-	
16.2.1			33,019	-	33,019	33,019	-	33,019
	Share Cancellation Profits		0.001	-	0.001	0.001	-	0.00
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		(7,681)	-	(7,681)	(596)	-	(596)
16.4	Accumulated Other Comprehensive Income or Loss Reclassified							
	Through Profit or Loss		-	-	-	-	-	
16.5	Profit Reserves		2,133,415	-	2,133,415	1,687,658	-	1,687,658
16.5.1	Legal Reserves		240,563	_	240,563	199,063	_	199,063
16.5.2	Status Reserves		-	_	-	-	_	100,000
16.5.3	Extraordinary Reserves		1,889,914	_	1,889,914	1,485,951	_	1,485,95
16.5.4	Other Profit Reserves		2,938	_	2,938	2,644	_	2,644
16.6	Income or (Loss)		1,754,924	-	1,754,924	913,560	-	913,560
16.6.1				-			-	
	Prior Periods' Income or (Loss)		22,803	-	22,803	22,803	-	22,80
16.6.2	Current Period Income or (Loss)		1,732,121	-	1,732,121	890,757	-	890,757
16.7	Share Premium		-	-	-	-	-	
	TOTAL LIABLITIES AND EQUITY		64,296,107	21,508,465	85,804,572	34,132,509	10,891,502	45,024,011

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

			A	udited				
		_		ent Period		F		
	OFE DATAMOS SUSES COMMITMENTS	Notes	31 Dec	ember 2022 PC	Total	31 D TL	December 2021 FC	Total
	OFF-BALANCE SHEET COMMITMENTS	Notes	IL .	PU	IULAI	IL .	ru	IULAI
A.	OFF-BALANCE SHEET COMMITMENTS							
	(I+II+III)		90,964,679	-	90,964,679	40,081,926	-	40,081,926
I.	GUARANTEES AND WARRANTIES	III-(1)	90,147,147	-	90,147,147	39,299,417	-	39,299,417
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. 1.3.2.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-	-
1.4.	Prefinancing Given as Guarantee Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the		-	-	-	-	-	-
1.0.1.	Republic of Turkey							
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		-	-	-	-	-	-
1.7.	Other Collaterals							
1.8.	Import Letter of Acceptance		90,147,147	_	90,147,147	39,299,417		39,299,417
1.9.	Other Bank Acceptances		50,141,141		00,141,141	-		00,200,411
II.	COMMITMENTS	III-(1)	817,532	_	817,532	782,509	_	782,509
2.1.	Irrevocable Commitments	111 (1)	817,532	_	817,532	782,509	_	782,509
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		817,532	_	817,532	782,509	_	782.509
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		-	-	-	-	-	-

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 (Continued)

				Audited			Audited	
			Cı	urrent Period			Prior Period	
		_		ecember 2022			December 2021	
	OFF-BALANCE SHEET COMMITMENTS	Notes	TL	PC	Total	TL	FC	Total
3.1.1	Fair value hedge		_	_	_	_	_	-
3.1.2	Cash flow hedge		-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges		-	-	-	-	-	-
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							
3.2.4.1	Foreign Currency Futures-Sell		-	-	-	_	-	_
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Buy Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		5,837,900,793	7,703,493	5,845,604,286	4,941,116,912	9,499,345	4,950,616,257
IV.	ITEMS HELD IN CUSTODY		5,750,430,596	1,103,493	5,750,430,596	4,895,527,426	3,433,343	4,895,527,426
4.1.	Customer Fund and Portfolio Balances		3,462	-	3,462		-	4,695,521,426 1.831
4.1.	Investment Securities Held in Custody	III-(1)		-	5,750,425,634	1,831 4,895,524,095	-	4,895,524,095
		111-(1)	5,750,425,634	-	0,/00,420,034	4,090,024,090	-	4,893,324,093
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		4.500	-	1500	1500	-	4.500
4.7.	Other Items Under Custody		1,500	-	1,500	1,500	-	1,500
4.8.	Custodians				-			
V.	PLEDGES RECEIVED		87,470,197	7,703,493	95,173,690	45,589,486	9,499,345	55,088,831
5.1.	Marketable Securities		18,195,224	7,703,493	25,898,717	21,900,065	9,499,345	31,399,410
5.2.	Guarantee Notes		-	-	-	-	-	-
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		-	-	-	-	-	-
5.6.	Other Pledged Items		69,274,973	-	69,274,973	23,689,421	-	23,689,421
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND							
	WARRANTIES		-	-	-	-	-	-
	TOTAL OFF DALLAHOT C		-	-	-	-		
	TOTAL OFF-BALANCE SHEET COMMITMENTS		E 000 00E 470	7700 400	E 000 E00 005	4 001100 000	0.400.045	4 000 000 100
	(A+B)		5,928,865,472	7,703,493	5,936,568,965	4,981,198,838	9,499,345	4,990,698,183

III. STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS	Notes _	Current Period 1 January 2022 - 31 December 2022	Prior Period Restate 1 January 2021 - 31 December 2021
OWEREN OF HOLLOW	110103	Tourista y Local Of Bosombol Local	Touridary Edel Of Docombor Ede
INTEREST INCOME		1,686,940	821,00
	IV-(1)	230,737	24,60
	D.(.(4)	1.057515	077.00
	1V-(1)	1,257,515	677,92
	TV_(1)	103 697	117.50
	14 (1)	-	111,001
		8.372	
Financial Assets Measured at Amortised Cost		185,255	117,50
Financial Lease Income		-	
Other Interest Income		5,061	97
	IV-(2)	121,465	30,650
		-	
			20,83
		14,671	9,50
		252	308
		200	300
		1 565 475	790.35
			604.12
Fees and Commissions Received		1,321,892	668.94
Non-cash Loans		193,919	54,819
Other	IV-(11)	1,127,973	614,123
Fees and Commissions Paid	IV-(12)	127,328	64,820
Non-cash Loans		-	
Other		127,328	64,820
			15,213
	IV-(4)		13,694
		10,191	0.70
		19.710	2,730 10.95
	TV-(5)		11,82
	14 (3)		1,435,20
	IV-(6)		26.33
OTHER PROVISION EXPENSES (-)	IV-(7)	127,649	37,33
PERSONNEL EXPENSES (-)	IV-(7)	232,311	118,90
OTHER OPERATING EXPENSES (-)	IV-(7)	229,598	74,604
		2,260,168	1,178,029
		-	
		-	
		9 900 100	1170.00
	TV. (8)		1,178,029 (287,268
	14-(0)		(297,170
			9.90
		-	3,00
NET INCOME/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-(9)	1,732,121	890,75
INCOME FROM DISCONTINUED OPERATIONS		=	
Income from Non-Current Assets Held for Resale		=	
Sale Income from Associates, Subsidiaries and Joint Ventures		-	
		-	
		=	
		-	
		-	
		-	
		=	
		=	
		- -	
		_	
NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	
	IV-(10)	1,732,121	890,75
	Interest TNCOME Interest Received from Reserve Requirements Interest Received from Banks Interest Received from Manket Transactions Interest Received from Marketable Securities Portfolio Financial Assets at Fair Value Through Profit or Loss Financial Assets at Fair Value Through Profit or Loss Financial Assets at Fair Value Through Profit or Loss Financial Assets Measured at Amortised Cost Financial Lease Income Other Interest Income INTEREST EXPENSE Interest on Deposits Interest on Deposits Interest on Deposits Interest on Deposits Interest on Securities Issued Lease Interest Expenses Interest on Securities Issued Lease Interest Tempense Interest on Securities Issued Lease Interest Tempense Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other Interest Expenses Other TEXINITEREST INCOME (I - 1) NET FEES AND COMMISSIONS INCOME/EXPENSE Fees and Commissions Received Non-cash Loans Other TRADING INCOME/LOSS (Net) Trading Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchange Gains/Losses on Derivative Financial Instruments Foreign Exchang	Interest in Come Interest Received from Reserve Requirements Interest Received from Reserve Requirements Interest Received from Banks Interest Received from Many Market Transactions Interest Received from Many Market Transactions Interest Received from Many Market Transactions Interest Received from Many Market Transactions Interest Received from Many Market Transactions Interest Received from Many Market Transactions Interest A fair Value Through Other Comprehensive Income Financial Assets a fair Value Through Other Comprehensive Income Financial Assets Tair Value Transactions Interest Interest Income INTEREST EXPENSE Interest on Funds Borrowed Interest Capenses Other Interest Spenses Use Interest on Funds Borrowed Interest Spenses Use Interest On Securities Issued Lease Interest Spenses Use Int	NITERST INCOME 1888.49 Interest Received from Beasure Requirements 11-(1) 230,737 Interest Received from Beasure Requirements 11-(1) 1257,515 Interest Received from Many Market Iransactions 11-(1) 130,827 Interest Received from Many Market Iransactions 11-(1) 130,827 Interest Received from Many Market Iransactions 11-(1) 130,827 Interest Received from Many Market Iransactions 11-(1) 130,827 Interest Received from Many Market Iransactions 11-(1) 130,827 Interest Received from Many Market Iransactions 185,755 Interest call Assets at air Value Irrough Other Comprehensive Income 3,877 Interest call Assets at air Value Irrough Other Comprehensive Income 3,877 Interest Call Assets Assets at air Value Irrough Other Comprehensive Income 3,877 Interest Call Assets Assets at air Value Irrough Other Comprehensive Income 3,877 Interest Call Assets Asse

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(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	Prior Period Restated
		1 January- 31 December 2022	1 January- 31 December 2021
I.	CURRENT PERIOD INCOME/LOSS	1,732,121	890,757
II.	OTHER COMPREHENSIVE INCOME	(7,085)	(302)
2.1	Not Reclassified Through Profit or Loss	(7,085)	(302)
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	(9,447)	(378)
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	2,362	76
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		
0 0 0	Comprehensive Income	-	-
2.2.3	Cash Flow Hedge Income/Loss	-	-
	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)	1,725,036	890,455

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

						Accumulated 0				er Comprehensive Income or E	Expense						
						Income or Expe		ssified		Reclassified through							
	Changes in shareholders' equity					through	Profit or Loss			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	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
	Current Period																
	1 January 2022-31 December 2022																
I.	Prior Period End Balance	600,000	33,019	-	3,261	_	(596)	-	-	_	_	1,687,658	913,560	_	_	-	3,236,902
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	-	(596)	-	-	-	-	1,687,658	913,560	-	-	-	3,236,902
IV.	Total Comprehensive Income	-	-	-	-	-	(7,085)	-	-	-	-	-	-	1,732,121	-	-	1,725,036
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal																
	Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.																	
	difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes																
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	445,757	(890,757)	-	-	-	(445,000)
		-	-	-	-	-	-	-	-	-	-	440,101	(445,000)	-	-	-	
11.1	Dividends paid Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	445,757	(445,000)	-	-	-	(445,000)
11.2 11.3		-	-	-	-	-	-	-	-	-	-	440,101	(440,101)	-	-	-	-
11.3	OUIGI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+	000.000	00.045		0.000		(= 004)					0400 ***	00.000	4700404			4 540 000
	+X+XI)	600,000	33,019	-	3,261	-	(7,681)	-	-	-		2,133,415	22,803	1,732,121		-	4,516,938

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UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

	Changes in shareholders' equity					Accumulated 0 Income or Expo through		ssified	Accumulated 0	Ither Comprehensive Income or Reclassified through Profit or Loss	Expense						
	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	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
	Prior Period																
	1 January 2021-31 December 2021						(00.4)						E00477				0.500.445
I.	Prior Period End Balance	600,000	33,019	-	3,261	-	(294)	-	-	-	-	1,364,284	562,177	-	-	-	2,562,447
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	_	_	_	_	-	_	_	<u>-</u>	-	_	_	_	_	_	_	-
III.	Adjusted Beginning Balance (I+II)	600,000	33,019	-	3,261	_	(294)	_	-	-	_	1,364,284	562,177	_	_	_	2,562,447
IV.	Total Comprehensive Income	-	_	-	-	-	(302)	-	-	-	-	_	-	890,757	_	_	890,455
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	_	_	_	_	-	_	-	-	_	_	_	_	_	_	_	-
	Increase/Decrease by Other																
	Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	323,374	(539,374)	-	-	-	(216,000)
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(216,000)	-	-	-	(216,000)
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	323,374	(323,374)	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-End Balance (III+IV+ +X+XI)	600,000	33,019		3,261		(596)					1,687,658	22,803	890,757			3,236,902

			Audited	Audited
			Current Period	Prior Period
		Noted	1 January - 31 December 2022	1 January - 31 December 2021
Α.	CASH FLOWS FROM BANKING OPERATIONS		373300111201	0.5000,000,500
1.1	Operating Profit/(Loss) Before Changes in Operating Assets and Liabilities		1,527,035	(1,770,349)
1.1.1	Interest Received		1,660,169	794,245
1.1.2	Interest Paid		(121,604)	(30,942)
1.1.3 1.1.4	Dividend Received Fees and Commissions Received		29,446 1,321,470	15,213 666.726
1.1.5	Other Income		1,321,470	11.824
1.1.6	Collections from Previously Written-off Loans and Other Receivables		103,234	11,024
1.1.7	Payments to Personnel and Service Suppliers		(242,357)	(124.208)
1.1.8	Taxes Paid		(295,900)	(215,613)
1.1.9	Other		(933,483)	(2,887,594)
1.2	Changes in Operating Assets and Liabilities		37,184,078	16,675,589
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		64,708	-
1.2.3	Net (increase)/decrease in Loans		(110,097)	(18,637)
1.2.4	Net (increase)/decrease in Other Assets		(2,104,192)	(468,420)
1.2.5	Net increase/(decrease) in Bank Deposits		150,757	(370,485)
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		3,392,807	1,588,715
1.2.9 1.2.10	Net increase/(decrease) in Payables Net increase/(decrease) in Other Liabilities		35.790.095	15,944,416
I.	Net Cash Provided from Banking Operations		38,711,113	14,905,240
В.	CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II.	Net Cash Provided from Investing Activities		1,782,035	(1,097,232)
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		(127,606)	(13,074)
2.4	Disposals of Property and Equipment		2,420	147
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		(F 000 0F0)	(0.000.007)
2.7	Purchase of Financial Assets Measured at Amortised Cost		(5,269,658)	(3,399,687)
2.8 2.9	Sale of Financial Assets Measured at Amortised Cost Other		7,759,202 (582,323)	2,339,027 (23,645)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		-	-
			(402.071)	(107.00 A)
III.	Net Cash Provided from Financing Activities		(483,671)	(187,684)
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		(445,000)	(216,000)
3.5	Payments for Leases		253	(4,540)
3.6	Other		(38,924)	32,856
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		455,325	2,742,292
V.	Net Decrease in Cash and Cash Equivalents (I+II+III+IV)		40,464,802	16,362,616
VI.	Cash and Cash Equivalents at Beginning of the Period		38,848,153	22,485,537
VII.	Cash and Cash Equivalents at End of the Period	V-2	79,312,955	38,848,153

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

VII. STATEMENT OF PROFIT DISTRIBUTION

		Audited	Audite
		Current Period	Prior Peri
		31 December 2022(*)	31 December 20
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	2,260,168	1,178,02
1.2	TAXES AND LEGALDUTIES PAYABLE (-)	(528,047)	(287,26)
1.2.1	Corporate tax (income tax)	(559,886)	(297,170
1.2.2	Withholding tax	-	
1.2.3	Other taxes and duties	31,839	9,90
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	1,732,121	890,75
1.3	ACCUMULATED LOSSES (-)		
1.4	LEGAL RESERVES (-)	-	
1.5	OTHER STATUTORY RESERVES (-)	-	
В.	NET PROFIT AVAÎLABLE FOR DISTRIBUTION [(A-(1.3-1.4-1.5)] ⁽¹⁾	1,732,121	890,75
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	445,00
1.6.1	To owners of ordinary shares	-	445,00
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 DIVIDENS 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 (-)	-	403,96
1.12	EXTRAORDINARY RESERVES	-	41,79
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	2.8869	1.484
3.2	TO OWNERS OF ORDINARY SHARES (%)	288.69	148.4
3.3	TO OWNERS OF PRIVILEGED SHARES		
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	
IV.	DIVIDENDS PER SHARE	-	
4.1	TO QUARTED OF ODDINADA OF STADE	-	
4.1	TO OWNERS OF ORDINARY SHARES	-	
		-	
		-	
4.2 4.3 4.4	TO OWNERS OF PRIVILEGED SHARES (%) TO OWNERS OF PRIVILEGED SHARES TO OWNERS OF PRIVILEGED SHARES (%)	- - -	

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 vet.

^{(&}quot;) 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.

^(***) Previous period adjustments have not been reflected in the third section Note on other matters

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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

The accounting policies followed and the valuation principles used in the preparation of the financial statements are within the scope of the regulations, communiqués, explanations and circulars published by the BRSA on accounting and financial reporting principles, and the TFRS (all "BRSA Accounting and Financial Reporting Legislation"), which was put into effect by the KGK. determined on the basis of these principles.

According to TAS 29 Financial Reporting Standard in Hyperinflationary Economies, enterprises whose functional currency is the currency of a hyperinflationary economy report their financial statements according to the purchasing power of money at the end of the reporting period. TAS 29 defines characteristics that may indicate that an economy is a hyperinflationary economy. At the same time, all entities reporting in the currency of a hyperinflationary economy in accordance with IAS 29 are required to apply this Standard from the same date. For this reason, as stated in TAS 29, it is expected that all businesses will start to implement TAS 29 at the same time, with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in practice across the country. However, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on 31 December 2022. Therefore, TAS 29 has not been applied and no inflation adjustment has been made in the financial statements dated 31 December 2022.

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.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022 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 icome 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.



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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 "TFRS 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 TFRS 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.

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.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

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.

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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.

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)".



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

d. Loans (Continued)

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 senarately.

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 Istanbul'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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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 2022 is TL 15,371.40 (31 December 2021: TL 8,254.51).

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 2022, actuarial loss after deferred tax effect amounting to TL 9,447 (31 December 2021: TL 378 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

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 2022, a tax rate of 25% is used for temporary differences expected to be realized/closed within 2022, and 25% 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% for corporate earnings in Turkey is 25% to be applied to the corporate earnings for the 2021 taxation period, pursuant to the regulation introduced with the Law No. While this rate is applied as 23% to be applied to the corporate earnings of the banks, this rate is applied as 23% to the banks, pursuant to the Law No. 7394 on the Amendment of the Law No. As of 2022, 25% to be applied to corporate earnings for the taxation period of companies within the scope of the law, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. has been established. The Bank applies its current and deferred tax liabilities according to the new regulation. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions (such as the participation earnings exception) and deductions in the tax laws. No further tax is paid if the profit is not distributed. 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

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. 195

GRI 2-21, 201-3, 205-2, 207-1, 207-2, 207-3, 207-4, 402-1

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. 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 (TPP), 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 quarantees, 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 quarantee 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.

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.

GRI 205-2, 207-1, 207-2, 207-3, 207-4

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

XXVII. Explanations on TFRS 16 Leases

"TFRS 16 Leases Standard", which covers operational leasing transactions to which the Bank is a party, was put into practice in January 2019 at the Bank. The Bank has used the model stipulated by the standard, excluding low-value assets and short-term leases (1 year or less) in transactions where

TFRS 16 standard eliminates the dual accounting model, which is the current practice for lessees, in which financial leasing transactions are shown on the balance sheet and operational leasing transactions are shown off-balance sheet. Instead, a balance sheet-based singular accounting model is introduced, similar to the current leasing accounting. Accounting for lessors remains substantially similar to current practices. The Bank has started to apply TFRS 16 Leases standard as of 1 January 2019. As of 31 December 2022, the Bank's assets in use, classified under tangible fixed assets with the TFRS 16 application, are TL 9,663 and the lease liability is TL 4,675.

On June 5, 2020, POA made changes to TFRS 16 "Leases" by publishing Concessions Granted in Rent Payments Related to COVID-19 - "Amendments to TFRS 16 Leases". With this change, tenants are exempted from evaluating whether the concessions granted due to COVID-19 in rent payments have been changed or not. The said change did not have a significant impact on the financial position or performance of the Bank.

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders' Equity

In accordance with the Board decision dated 28.04.2022 and numbered 10188, the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks published in the Official Gazette dated 23.10.2015 and numbered 29511, specified in the Board Decision dated 21.12.2021 and numbered 9996, to be implemented as of 01.05.2022 (In the calculation of the amount subject to credit risk in accordance with the Regulation; In order to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31.12. the application; Until a Board Decision to the contrary is taken, it has been decided to continue using the Central Bank's foreign exchange buying rate of 31.12.2021. This facility has been used in bank calculations since April 2022.

The Bank's current period equity capital is TL 4,548,037 (31 December 2021: TL 3,204,332), capital adequacy standard ratio is 14.81% (31 December 2021: 19.66%). The Bank's capital adequacy standard ratio is above the minimum rate defined by legislation.





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GRI 201-4, 205-2, 207-1, 207-2, 207-3, 207-4

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders' Equity (Continued)

Summary information related to the capital shareholders' equity:

are issue premiums serves ins recognized in equity as per TAS fift rrent Period Profit or Period Profit or Period Profit ares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised thin profit for the period mmon Equity Tier 1 Capital Before Deductions ductions from Common Equity Tier 1 Capital mmon Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks rtion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in cordance with TAS provement costs for operating leasing odwill (net of related tax liability) ner intangibles other than mortgage-servicing rights (net of related tax liability) ferered tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax bility) ferences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk mmuniqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total pected loss amount exceeds the total provision ins arising from securitization transactions realized gains and losses due to changes in own credit risk on fair valued liabilities fined-benefit pension fund net assets rect and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	600,000 33,019 2,136,676 - 1,754,924 1,732,121 22,803 - 4,524,619	600,000 33,019 1,690,919 - 913,560 890,757 22,803 - 3,237,498
are issue premiums serves ins recognized in equity as per TAS offit renet Period Profit or Period Profit ares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised thin profit for the period mmon Equity Tier 1 Capital Before Deductions ductions from Common Equity Tier 1 Capital mmon Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks retion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in cordance with TAS provement costs for operating leasing odwill (net of related tax liability) ner intangibles other than mortgage-servicing rights (net of related tax liability) ferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax sibility) ferences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk mmuniqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total pected loss amount exceeds the total provision ins arising from securitization transactions realized gains and losses due to changes in own credit risk on fair valued liabilities fined-benefit pension fund net assets rect and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rition of the total of net long positions of investments made in equity items of banks and financial institutions outside the	33,019 2,136,676 - 1,754,924 1,732,121 22,803 - 4,524,619	33,019 1,690,919 - 913,560 890,757 22,803 - 3,237,498
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cordance with TAS provement costs for operating leasing odwill (net of related tax liability) her intangibles other than mortgage-servicing rights (net of related tax liability) ferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax bility) ferences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk mmuniqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total bected loss amount exceeds the total provision ins arising from securitization transactions realized gains and losses due to changes in own credit risk on fair valued liabilities fined-benefit pension fund net assets feet and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	7,681	596
provement costs for operating leasing odwill (net of related tax liability) ner intangibles other than mortgage-servicing rights (net of related tax liability) ferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax bility) ferences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk mmuniqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total bected loss amount exceeds the total provision ins arising from securitization transactions realized gains and losses due to changes in own credit risk on fair valued liabilities fined-benefit pension fund net assets feet and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	7,681	596
odwill (net of related tax liability) ner intangibles other than mortgage-servicing rights (net of related tax liability) ferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax bility) ferences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk mmuniqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total bected loss amount exceeds the total provision ins arising from securitization transactions realized gains and losses due to changes in own credit risk on fair valued liabilities fined-benefit pension fund net assets feet and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	-	000
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mmuniqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total pected loss amount exceeds the total provision ins arising from securitization transactions realized gains and losses due to changes in own credit risk on fair valued liabilities fined-benefit pension fund net assets rect and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	-	-
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fined-benefit pension fund net assets rect and indirect investments of the Bank in its own Common Equity ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	-	-
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ares obtained contrary to the 4th clause of the 56th Article of the Law rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the	-	-
	-	-
ope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common		
uity of the Bank	-	-
rtion of the total of net long positions of investments made in equity items of banks and financial institutions outside the ope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common		
uity of the Bank	-	-
rtion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
rtion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
nount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity Banks	-	
cess amount arising from the net long positions of investments in common equity items of banks and financial institutions tside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	_	_
cess amount arising from mortgage servicing rights	_	
cess amount arising from deferred tax assets based on temporary differences	_	
ner items to be defined by the BRSA	4.825	4.825
ductions to be defined by the BRSA ductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	4,020	4,020
tal Deductions From Common Equity Tier 1 Capital	138,023	121,644
1 7 1	1.386.596	3.115.854

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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)	4,386,596	3,115,854
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	161,441	88,478
Tier II Capital Before Deductions	161,441	88,478
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 DDCA ()		-
Other items to be defined by the BRSA (-) Total Deductions from Tier II Capital Total Tier II Capital	161,441	88.478

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İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders' Equity (Continued)

	Current Period	Period
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,548,037	3,204,332
Deductions from Total Capital	4,548,037	3,204,332
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)	4,548,037	3,204,332
Total risk weighted amounts	30,709,683	16,298,780
CAPITAL ADEQUACY RATIOS	30,709,003	10,230,100
Core Capital Adequacy Ratio (%)	14.28	19.12
Tier 1 Capital Adequacy Ratio (%)	14.28	19.12
Capital Adequacy Ratio (%)	14.81	19.66
BUFFERS	11101	10100
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 (%)	-	-

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders' Equity (Continued)

	Current Period	Prior Period
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)	161,441	88,478
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach		
used	161,441	88,478
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) &}quot;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

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.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

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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 Istanbul 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	16	Loans
Number of non cash loan customers	153	Loans
Amount of general provisions for credit risks	66,412	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:

	Current Period	Average
Risk Classifications	Risk Amount	Risk Amount
Contingent and non-contingent receivables from central governments or central banks	10,149,311	7,439,021
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	133,024,980	93,488,183
Contingent and uncontingent corporate receivables	26,601,075	19,974,458
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	1,403,318	776,621

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Credit Risk (Continued)

	Prior Period	Average
Risk Classifications	Risk Amount	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 multilateral development banks	-	-
Contingent and non-contingent receivables from international organizations	59,893,066	45,120,490
Contingent and non-contingent receivables from banks and intermediary institutions	12,465,517	9,168,018
Contingent and uncontingent corporate receivables	-	-
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



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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														
	Conditional and	Conditional and	unconditional	Conditional and													
	unconditional	unconditional	receivables from	unconditional	Conditional and	Conditional and											
	exposures	exposures	administrative	exposures to	unconditional	unconditional	Conditional and		Conditional and					Short term	Exposures in the		
	to central	to regional	units and	multilateral		exposures to banks	unconditional	Conditional and			Receivables defined	•		exposures to banks,	form of collective		
	governments or	governments or	non-commercial	development	international	and brokerage		unconditional retail			in high risk category	bonds secured by	Securitization	brokerage houses	investment	Other	
Current Period	central banks	local authorities	enterprises	banks	organisations	houses	corporates	exposures	real estate propery	Past due receivables	by BRSA	mortgages	Positions	and corporates	undertakings	Receivables	Total
Domestic	10,149,311	-	-	-	-	132,330,798	26,601,075	-		-	-	-	-	-	-	1,403,318	170,484,502
European Union Countries	-	-	-	-	-	647,684	-	-		-	-	-	-	-	-	-	647,684
OECD Countries ⁽¹⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	46,498	-	-	-	-	-	-	-	-	-	-	46,498
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, subsidiaries and jointly																	
controlled partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (2)	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Total	10,149,311	-	-	-	-	133,024,980	26,601,075	-	-	-	-	-	-	-	-	1,403,318	171,178,684
Prior Period																	
Domestic	11.975.557					59.292.161.00	12.465.517									918.767	84,652,002
European Union Countries	11,313,331	-	-	-	-	596.897	,	-	·	-	-	-	-	-	-	310,101	596,897
		-	-	-	-	390,097	-	-	-	-	-	-	-	-	-	-	
OECD Countries ⁽¹⁾	-	-	-	-	-	-	-	-	· ·	-	-	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	4.000	-	-	· ·	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	4,008	-	-	-	-	-	-	-	-	-	-	4,008
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, subsidiaries and jointly																	
controlled partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities (2)	<u> </u>	-	-	-	-		<u> </u>	-	-	-	-	-	-	-	-		<u> </u>
Total	11,975,557	-	-	-	-	59,893,066	12,465,517	-	-	-	-	-	-	-	-	918,767	85,252,907

 $^{^{\}mbox{\tiny (1)}}$ OECD Countries excluding European countries, USA and Canada

⁽²⁾ Assets and liabilities that cannot be allocated on a consistent basis

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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														
	Conditional and	Conditional and	unconditional	Conditional and													
	unconditional	unconditional	receivables from	unconditional	Conditional and	Conditional and											
	exposures	exposures	administrative	exposures to	unconditional	unconditional	Conditional and		Conditional and								
	to central	to regional	units and	multilateral	exposures to	exposures to banks	unconditional	Conditional and	unconditional			Exposures in the form	Investments				
	governments or	governments or	non-commercial	development	International	and brokerage	exposures to	unconditional retail	exposures secured by		in high risk category	of bonds secured by	similar to collective	Other			
Current Period	central banks	local authorities	enterprises	banks	organisations	houses	corporates	exposures	real estate property	Past due receivables	by BRSA	mortgages	investment fund	receivables	TL	FC	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity, Gas and Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Services	-	-	-	-	-	133,024,980	26,601,075	-	-	-	-	-	-	-	138,059,737	21,566,318	159,626,055
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	133,024,980	26,601,075	-	-	-	-	-	-	-	138,059,737	21,566,318	159,626,055
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,149,311	-	-	-	-	-	-	-	-	-	-	-	-	1,403,318	11,552,629	-	11,552,629
Total	10,149,311	-	_	_	_	133,024,980	26,601,075	_	-	-	_	-	_	1,403,318	149,612,366	21,566,318	171,178,684

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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														
	Conditional and	Conditional and	unconditional	Conditional and													
	unconditional	unconditional	receivables from	unconditional	Conditional and	Conditional and											
	exposures	exposures	administrative	exposures to	unconditional	unconditional	Conditional and		Conditional and								
	to central	to regional	units and	multilateral	exposures to	exposures to banks	unconditional	Conditional and	unconditional			Exposures in the form					
	governments or	governments or	non-commercial	development	International	and brokerage	exposures to	unconditional retail	exposures secured by		in high risk category	of bonds secured by	similar to collective				
Prior Period	central banks	local authorities	enterprises	banks	organisations	houses	corporates	exposures	real estate property	Past due receivables	by BRSA	mortgages	investment fund	Other receivables	TL	FC	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining and Quarry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Electricity, Gas and Water	-	-		-	-	-	-	-	-		-	-	-	-		-	-
Construction	-		-	-	-	-	-	-	-		-	-	-		-	-	-
Services	-	-	-	-	-	59,893,066	12,465,517	-	-		-	-	-	-	61,447,143	10,991,440	72,358,583
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Transportation and Telecom	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	59,893,066	12,465,517	-	-	-	-	-	-	-	61,447,143	10,991,440	72,358,583
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Educational Services	_	-	_	_	_	_	_	_	-		_	-	-	_	-	-	_
Health and Social Services	-	-	_	_	_	_	_	_	-		_	-	-	-	-	-	_
Other (2)	11,975,557	-	-	-	-	-	-	-	-	-	-	-	-	918,767	12,894,324	-	12,894,324
Total	11,975,557	_	_	_	_	59,893,066	12,465,517	_	-			_	_	918,767	74,341,467	10,991,440	85,252,907

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

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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

		Term to Maturity									
	Exposures Classifications-Current Period	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	8,259,251	1,024	1,889,036	-	-					
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	100 050 550	0.004.410	054.000		010.70.4					
7	brokerage houses	129,353,559	3,004,418	354,300	-	312,704					
1	Conditional and unconditional exposures to corporates	23,426,525	2,821,822	352,728	-	-					
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	1,403,318	-	-	-	-					
	Total	162,442,653	5,827,264	2,596,064		312,704					

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 (Continued)

			erm to Maturity	to Maturity				
	Exposures Classifications-Prior Period	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		

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 2021: 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.

(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 (Continued)

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	3,034,386	-	162,985,531	2,980,659	-	2,178,108	-	-	-	130,342
Exposures after credit risk mitigation	37,394,373	-	130,108,015	2,198,143	-	1,478,153	-	-	-	130,342
Risk Weights - Prior 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

Informations in terms of major sectors and type of counterparties:

None.

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Information related to impairment and loan loss provisions

	Opening Balance	Charge for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific Provisions	678	2,114	-	-	2,792
General Provisions	-	-	-	-	-
	Opening	Charge			Closing
Prior Period	Balance	for Period	Provision Reversals	Other Adjustments	Balance
Specific Provisions	122	556	-	-	678
General Provisions	-	-	-	-	-

Risks of Cyclical Capital Buffer Calculation

None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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.

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	84	-
	Capital requirement against Specific Risks of Securitisation Positions- Standard Method	-	-
(III)	Capital Requirement against Currency Exchange Risk - Standard Method	4,628	1,595
(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)	4,712	1,595
(X)	Amount Subject to Market Risk (12,5 x VIII) or (12,5 x IX)	58,906	19,938

Average Market Risk Table for the Market Risk Calculated by the End of the Month in the Period:

	C	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum	
Interest rate risk	7	84	-	2	20	-	
Equity risk	-	-	-	-	-	-	
Foreign exchange risk	5,185	9,441	2,586	2,524	4,265	781	
Commodity risk	-	-	-	-	-	-	
Swap risk	-	-	-	-	-	-	
Option risk	-	-	-	-	-	-	
Counterparty credit risk	-	-	-	-	-	-	
Total Value at Risk	5,192	9,525	2,586	2,526	4,285	781	

Information on counterparty credit risk:

The Bank has no counterparty credit risk for purchase and sell accounts as of 31 December 2022 (31 December 2021: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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 2021, 2020 and 2019. The amount subject to Operational Risk for the current period is TL 2,051,949 (31 December 2021: TL 1,629,131).

31 December

31 December

Total/Total number

Rate

a) Operational risk amount is measured by basic indicator approach on a yearly basis.

b) In case of basic indicator approach is used, information in below table should be used:

31 December

Current Period	2019	2020	2021	of years	(%)	Total
Gross Income	958,185	889,842	1,435,092	1,094,373	15	164,156
Amount subject to operational risk						
(Total*12.5)						2,051,949
	31 December	31 December	31 December	Total/Total number	Rate	
Prior Period	2018	2019	2020	of years	(%)	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

- 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.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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 $and\ Options\ Market\ (VIOP), Electricity\ Market\ , Precious\ Metals\ Market\ , BİAS\ Money\ Market\ , Equity\ Market\ , Leveraged\ Trading\ Transactions\ , investor$ 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 Communiqu'e on the context of theRequired 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 57,853 (31 December 2021: TL 19,938) 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	1USD	1EURO	1GBP	100 JPY
Current Exchange Rate on Balance Sheet Date	18.6983	19.9349	22.4892	14.1301
1st Business Day's Current Exchange Rate	18.6966	19.8816	22.4663	13.9478
2 nd Business Day's Current Exchange Rate	18.6966	19.8816	22.4663	13.9478
3rd Business Day's Current Exchange Rate	18.6964	19.8946	22.4804	13.9238
4th Business Day's Current Exchange Rate	18.6813	19.9087	22.5142	14.0034
5th Business Day's Current Exchange Rate	18.6649	19.8324	22.4831	14.0059
Simple arithmetic averages for last 31 days	18.6396	19.7147	22.6385	13.7756



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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	-	1,028,407	-	1,028,407
Banks	5,496,004	12,430,501	80,929	18,007,434
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	1,995,037	526,874	-	2,521,911
Hedging derivative financial assets	-			-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	684	7,221	-	7,905
Total Assets	7,492,386	13,993,003	80,929	21,566,318
Liabilities				
Bank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market funds	-	-	-	-
Funds provided from other financial institutions	3,333,476	3,488,184	-	6,821,660
Securities issued	-	-	-	-
Funds	4,119,797	10,486,335	80,673	14,686,805
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	-	-	-	
Total Liabilities	7,453,273	13,974,519	80,673	21,508,465
Net Balance Sheet Position	39,113	18,484	256	57,853
Net Off-Balance Sheet Position	-	-	-	-
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	
Prior Period				
Total assets	4,273,121	6,570,169	68,150	10,911,440
Total liabilities	4,271,448	6,552,110	67,944	10,891,502
Net Balance Sheet Position	1,673	18,059	206	19,938
Not Dalance Orlect I dollari	1,010	10,000	200	10,000
Net Off-Balance Sheet Position	-	-	-	-
Financial derivative assets			_	
Titational dollivativo doodto	-			
Financial derivative liabilities	-	-	-	-

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.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Current Period		Prior Period	
	EURO	USD	EUR	USD
Change in net asset value when the TL depreciated by 10% against the related FX	3,911	1,848	167	1,806
Change in net asset value when the TL gains 10% against the related FX	(3,911)	(1,848)	(167)	(1,806)

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 2022. The Bank has no derivative obligations in its transactions aimed at evaluating the sources of funds.

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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):

		1-3	3-12	1-5	5 Years	Non-Interest	
End of Current Period	Up to 1 Month	Months	Months	Years	and Over	Bearing ⁽²⁾	Total
Assets							
Cash (cash in vault, effectives, cash in							
transit, cheques purchased) and balances							
with the Central Bank of the Republic	1,000,407					1 451	1,000,050
Turkey	1,028,407	-	-	-	-	1,451	1,029,858
Banks ⁽²⁾	76,763,734	886,942	-	-	-	694,786	78,345,462
Financial assets at fair value through profit					00.050	1.050	04700
and loss	-	-	-	-	63,652	1,056	64,708
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other						4 000	4 000
comprehensive income	0.070.414	-	-	-	-	4,332	4,332
Loans ⁽³⁾	2,678,414	-	-	-	-	-	2,678,414
Financial assets measured at amortised cost ⁽⁴⁾	88,204		2,373,311		438,670		2,900,185
Other assets (1)	3,333	-	2,3/3,3/1	-	430,070	778,280	781,613
Total Assets	80,562,092	886,942	2,373,311		502,322	1,479,905	85,804,572
Total Assets	00,302,032	000,342	2,313,311		302,322	1,419,900	00,004,012
Liabilities							
Bank deposits	_					_	_
Other deposits	_					_	_
Money market funds	206,603					_	206,603
Miscellaneous payables	15,963,165					57,837,284	73,800,449
Marketable securities issued	10,000,100	_	_	_	_	31,031,204	10,000,440
Funds borrowed from other financial	_	-	-	_	-	_	-
institutions	6,821,660	_	_	_	_	_	6,821,660
Other liabilities (1)	-	_	_	_	_	4,975,860	4,975,860
Total Liabilities	22,991,428					62,813,144	85,804,572
Total Elabilities	22,001,420					02,010,144	00,004,012
Balance sheet long position	57,570,664	886,942	2,373,311	_	502,322	_	61,333,239
Balance sheet short position	-	-	_	_	-	(61,333,239)	(61,333,239)
Off-balance sheet long position	_	_	_	_	_	(01,000,200)	(01,000,200)
Off-balance sheet short position	_	_	_	_	_	_	_
Total Position	57,570,664	886,942	2,373,311	_	502,322	(61,333,239)	
Total Foliabil	01,010,004	000,042	2,010,011		001,011	(01,000,200)	

⁽¹⁾ Explanations of other assets and other liabilities are provided below.

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

		1-3	3-12	1-5	5 Years	Non-Interest	
End of Previous Period	Up to 1 Month	Months	Months	Years	and Over	Bearing ⁽²⁾	Total
Assets							

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(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

Net Position	26,608,947	1,312,182	1,727,412	1,795,733	_	(31,444,274)	_
Off-balance sheet short position	-	-	-	-	-	-	
Off-balance sheet long position	-	-	-	-	-	-	-
Balance sheet short position	-	-	-	-	-	(31,444,274)	(31,444,274)
Balance sheet long position	26,608,947	1,312,182	1,727,412	1,795,733	-	-	31,444,274
IVIAI LIADIIIIIV	12,200,000					02,010,101	40,024,011
Total Liabilities	12,208,850					32,815,161	45,024,011
Other liabilities ⁽¹⁾	-	_	_	_	_	3,432,590	3,432,590
institutions	3,416,560	_	_	_	_	_	3,416,560
Funds borrowed from other financial	_	-	-	_	-	-	
Marketable securities issued	0,010,000	_	-	_	_	20,002,011	01,000,001
Miscellaneous payables	8,573,386	-	-	_	-	29,382,571	37,955,957
Money market funds	218,904	-	-	_	-	-	218,904
Other deposits	_	_	_	_	_	_	
Bank deposits	_	_	_	_	_	_	_
Liabilities							
Total Assets	38,817,796	1,312,182	1,727,412	1,795,733	-	1,370,888	45,024,011
Other assets (1)	2,911	-	-	-	_	765,419	768,330
Held-to-maturity investments	-	1,312,182	1,727,412	1,795,733	-	-	4,835,327
Loans	573,071	-	-	-	-	-	573,071
Financial assets available-for-sale	-	-	-	-	-	4,332	4,332
Money market placements	35,961	-	-	-	-	-	35,961
profit and loss	-	-	-	-	-		-
Financial assets at fair value through							
Banks	38,205,853	-	_	-	_	601,070	38,806,923
balances with the Central Bank of the Republic Turkey	-	-	_	_	_	67	67

⁽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

 $^{^{(2)}}$ 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.

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

Other Assets	Current Period	Prior Period
Miscellaneous receivables	300,282	513,365
Intangible assets	141,630	46,250
Custody services comission rediscount	125,517	116,214
Investment properties	120,718	67,655
Intangible assets	43,267	9,066
Temporary accounts	32,355	7,621
Subsidiaries	12,627	3,201
Stationary supplies	4,825	4,825
Deferred tax asset	392	133
Total	781,613	768,330
Other Liabilities	Current Period	Prior Period
Shareholder's equity	4,516,938	3,236,902
Provisions	232,854	106,506
Current tax liability	221,393	87,149
Lease liabilities	4,675	2,033
Total	4,975,860	3,432,590

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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	EUR0	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	3.73	5.94	11.07
Financial assets at fair value through profit and loss	-	-	9.40
Money market placements	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-
Loans	-	-	15.28
Financial assets measured at amortized cost	2.07	7.09	15.45
Liabilities			
Bank deposits	-	-	-
Other deposits	-	-	-
Money market borrowings	-	-	9.00
Funds			10.24
Securities issued	-	-	-
Funds borrowed	1.95	4.46	-
Prior 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 available-for-sale	-	-	-
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
Securities issued	-	-	14.22

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Interest Rate Risk (Continued)

Interest rate risk on banking accounts:

	Shock Applied		Gains/Equity
Type of Currency	(+/- x basis point)	Gains/(Losses)	(Losses)/Equity
TRY	(+) 500 bp	(116,571)	(0.026)
TRY	(-) 400 bp	97,085	0.021
EUR	(+) 200 bp	(12,892)	(0.003)
EUR	(-) 200 bp	13,213	0.003
USD	(+) 200 bp	(48,264)	(0.011)
USD	(-) 200 bp	52,619	0.012
Total (of negative shocks)		162,917	0.036
Total (of positive shocks)		(177,727)	(0.039)

VII. Equity share position risk in banking accounts

As of 31 December 2022, the Bank has no equity share position risk arising from the equity share and banking accounts (31 December 2021: 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 overthe-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.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

The Bank's cash flows, its own funds and amounts remaining in members' free accounts, Takasbank money market (TPP), 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	263	266
Highest	292	340
Lowest	230	247



(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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	Undistri- buted ⁽¹⁾	Total
Assets	Demanu	Op to 1 Month	WOULI	WOTU	IGAI	OVEI	buteu	IULdi
Cash (cash in vault, foreign currency cash, money in								
transit, cheques purchased) and balances with the								
Central Bank of Turkey	1,451	1,028,407	-	-	-	-	-	1,029,858
Banks	694,786	76,763,734	886,942	-	-	-	-	78,345,462
Financial assets at fair value through profit and loss	1,056	-	-	-	-	63,652	-	64,708
Money market placements	-	-	-	-	-	-	-	-
Fair value with changes in other comprehensive								
income	4,332	-	-	-	-	-	-	4,332
Loans	-	2,678,414	-	-	-	-	-	2,678,414
Financial assets measured at amortized cost	-	88,204	-	2,373,311	-	438,670	-	2,900,185
Other assets (1)	-	3,333	-	-	-	-	778,280	781,613
Total Assets	701,625	80,562,092	886,942	2,373,311	-	502,322	778,280	85,804,572
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed	-	6,821,660	-	-	-	-	-	6,821,660
Money market borrowings	-	206,603	-	-	-	-	-	206,603
Securities issued	-	-	=	-	-	-	-	-
Funds	57,837,284	15,963,165	=	-	-	-	-	73,800,449
Other liabilities	-	55,948	-	237,492	4,412	-	4,678,008	4,975,860
Total Liabilities	57,837,284	23,047,376	-	237,492	4,412	-	4,678,008	85,804,572
Liquidity gap	(57,135,659)	57,514,716	886,942	2,135,819	(4,412)	502,322	(3,899,728)	
Net position	-	-	-	-	-	-	-	-
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-
Liabilities from derivative financial instruments	_	_	_	_	_	_	_	-
Non-Cash Loans	-	85,036,149	3,191,188	1,919,810	-	-	-	90,147,147
Prior period								
Total assets	605,469	38,817,796	1,312,182	1,727,412	1,795,733	-	765,419	45,024,011
Total liabilities	29,384,604	12,239,423	-	101,966	-	-	3,298,018	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

⁽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 2022 (31 December 2021: None).

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Leverage Ratio: (Continued)

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 2.55% (31 December 2021: 3.91%). This ratio is below 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.

In the calculation of leverage ratio, necessary planning and initiatives are made by the Bank Management within the scope of considering the amount allocated and committed from Takasbank's capital instead of the open position amount in the Takasbank Money Market, which is included in the calculation as non-cash loans off the balance sheet.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

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In accordance with the letter dated 07.02.2023 and numbered 10042 received from the BRSA, the gross risk amount assumed by our Bank for Takasbank Money Market and the markets where central counterparty service is provided is calculated according to the amount of allocated and committed capital, and the off-balance sheet risk amount is reduced, and the leverage ratio is rises over 3% within the legal limit

b) Leverage ratio:

	Current Period (1)	Prior Period ⁽¹⁾
Assets on the balance sheet	Guiteiil Periou **	Periou "
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including		
collaterals)	80.016.265	40,152,948
(Assets deducted from core capital)	(135,836)	(119,603)
Total risk amount for assets on the balance sheet	79,880,429	40,033,345
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	81,402,099	37,586,290
(Adjustment amount arising from multiplying by the credit conversion rate)		
Total risk amount for off-balance sheet transactions	81,402,099	37,586,290
Capital and total risk		
Tier1capital	4,119,327	3,031,349
Total risk amount	161,282,528	77,619,635
Leverage ratio		
Leverage ratio (%)	2.55	3.91

 $^{^{\}left(1\right) }$ The amounts in the table are calculated by using the quarterly average amounts.



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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

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.

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 Müstesarlığı Varlık Kiralama A.S., 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 Istanbul 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.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

Credit risk mitigation techniques (continued)

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.

- a) 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.
- b) 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.
- c) 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,
- c) 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
- g) 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
- 1) The price announced by the issuer for equity umbrella fund units and debt umbrella fund units.





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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

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	3,034,366	7,114,945	-	-
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	106,891,677	26,133,303	-	-
Conditional and unconditional corporate receivables	25,489,336	1,111,739	-	-
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	1,403,318	-	-	-
Total	136,818,697	34,359,987	-	-

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations Related to Liquidity Risk (Continued)

Collaterals in terms of risk categories: (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	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)

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 2022 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
- $\quad Securitization \, exposures \, in \, the \, banking \, book \, and \, associated \, capital \, requirements \, \, bank \, acting \, as \, investor \, capital \, requirements \, \, bank \, acting \, as \, investor \, capital \, requirements \, \, bank \, acting \, as \, investor \, capital \, requirements \, \, bank \, acting \, as \, investor \, capital \, requirements \, \, bank \, acting \, as \, investor \, capital \,$

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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 risk management department semi-annually and results are reported to Board of Directors at least annually through Summary IT Risk Assessment Report. In addition, recommended actions and key risk indicators for risks at or above the operational risk appetite are monitored by the Internal Control 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.

(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)

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 Department besides operational units performing such functions. Internal Control 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 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):

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 Istanbul Settlement and Custody Bank 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

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 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 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.



(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)

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

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) Qualititive 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 guarterly basis.



(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)

1. Risk management approach and risk weighted amounts (Continued)

1.1. Bank's risk management approach (continued)

f) Qualititive 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.

q) 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.

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 Istanbul Settlement and Custody Bank 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

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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 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 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)	28,598,828	14,649,703	2,287,906	
Standardised approach	28,598,828	14,649,703	2,287,906	
Internal rating-based approach				
Counterparty credit risk	-	8	-	
Standardised approach for counterparty credit risk	-	8	-	
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	58,906	19,938	4,712	
Standardised approach	58,906	19,938	4,712	
Internal model approaches	-	-	-	
Operational risk	2,051,949	1,629,131	164,156	
Basic Indicator approach	2,051,949	1,629,131	164,156	
Standard approach	-	-	-	
Advanced measurement approach	-	-	-	
The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-	
Floor adjustments	-	-	-	
Total	30,709,683	16,298,780	2,456,774	

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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					TAS
	Carrying values				
	under scope		Subject to		Not subject to capita
	of regulatory	Subject of credit risk	counterparty credit	Subject to the market	requirements or subject to
	consolidation	framework	risk framework	risk framework	deduction from capital
Assets					·
Cash and balances at central bank	1,029,858	1,029,858	-	1,028,407	-
Financial assets held for trading	-	-	-	-	-
Financial assets at fair value through profit or loss	64,708	-	-	64,708	-
Banks	78,345,462	78,433,306	-	18,007,434	-
Receivables from money markets	-	-	-	-	-
Financial assets available for sale (net)	4.332	4,332	-	661	-
Loans and receivables	2,678,414	2,681,206	-	-	-
Factoring receivables	-	-	-	_	-
Held-to-maturity investments (net)	2,900,185	2,897,393	-	2,521,911	_
Investments in associates (net)	-	-	_	-	
Investments in subsidiaries (net)	4,825	_	_	_	4,825
Investments in joint ventures (net)	1,020	_	_	_	-
Leasing receivables	_		_	_	_
Derivative financial assets held for hedges					
Tangible assets (net)	32.355	32.355			
Intangible assets (net)	125,517	32,303		_	125,517
Investment properties (net)	141,630	141,630	-	-	110,011
Tax assets	43,267	141,030	-	-	43,267
	43,207	-	-	-	43,201
Assets held for sale and discontinued operations (net)	40.4.010	40.4.010		7005	-
Other assets	434,019	434,019	-	7,905	170.000
Total assets Liabilities	85,804,572	85,654,099		21,631,026	173,609
Deposits	-		-	-	-
Derivative financial liabilities	0.001.000		-	0.001.000	-
Loans	6,821,660		-	6,821,660	-
Debts to money markets	206,603		=	=	-
Issued securities			-	-	-
Funds	73,800,449		-	14,686,805	-
Miscellaneous debts	-		-	-	-
Other liabilities	-		-	-	-
Factoring debts	-		-	-	-
Debts from leasing transactions	4,675		-	=	-
Derivative financial liabilities	-		-	-	-
Provisions	221,393		-	-	-
Tax liability	232,854		-	-	-
Liabilities for assets held for sale and discontinued					
operations (net)	-		-	-	-
Subordinated loans	-		-	-	-
Equity	4,516,938				7,681
Total liabilities	85,804,572			21,508,465	7,681

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.

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

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

	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	Consolidation	II dillework	I ISK II dillewol k	I ISK II dillewoi k	ueuuctioii ii oiii capitai
Cash and balances at central bank	67	67	-	_	_
Banks	38.806.923	38.852.237	_	6.702.338	_
Receivables from money markets	35,961	-	35,961	-	-
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 thorough amortized cost	573,071	573,749	-	-	-
Derivative financial assets	-	-	-	_	-
Loans (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
Non-current assets and disposal groups classified as held					
for sale (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		-	-	-	-
Loans	3,416,560		-	3,395,552	-
Debt to money markets	218,904		-	-	-
Debt securities in issue	-	-	-	-	-
Funds	37,955,957		-	7,495,950	-
Derivative financial liabilities	-	-	-	-	-
Factoring debts	-	-	-	-	-
Other liabilities	-	-	-	-	-
Debts from leasing transactions	2,033	-	-	-	-
Provisions	87,149	-	-	-	-
Tax liability	106,506	-	-	-	-
Liabilities included in disposal groups classified as held for					
sale (net)	-	-	-	-	-
Subordinated loans	-	-	-	-	-
Equity	3,236,902		-		596
Total liabilities	45,024,011	-	-	10,891,502	596

⁽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.

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 - Curretn Period	Total	Items subject to credit risk framework	to counterparty credit risk framework	Items subject to market risk framework
Liabilities carrying value amount under regulatory scope of consolidation	85,804,572	85,654,099	-	21,631,026
Total net amount under regulatory scope of				
consolidation	85,804,572	-	-	21,508,465
Off-balance sheet amounts	85,804,572	85,654,099	-	58,906
Differences in valuations	90,964,679	90,964,679	-	-
Differences due to different netting rules (except placed row 2)	-	-	-	-
Differences due to consideration of provisions	_	-	-	-

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Differences due to prudential filters	-	-	-	-
Exposure amounts considered for regulatory purposes	-	-	-	-
Asset carrying value amount under scope of regulatory consolidation	171,237,590	171,178,684	-	58,906
			Items subject	
		Items subject	to counterparty	Items subject
Asset carrying value amount under scope of regulatory consolidation -		to credit risk	credit risk	to market risk
Prior Period	Total	framework	framework	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

2.3 Explanations of differences between accounting and Regulatory exposure amounts in accordance with TAS:

a) 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.

- b) Banks explain the origins of differences between carrying values and amounts considered for regulatory purposes shown in B2.
- c) In accordance with the implementation of the quidance 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).

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 and Pension 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

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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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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 Department besides operational units performing such functions. Internal Control 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 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 noncash 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 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 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.

(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)

- 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.

a	b	C	d
Gross amount valued i	in accordance with TMS	Provisions	Net values (a+b-c)
Defaulted	Non-defaulted exposures		
-	2,681,206	2,792	2,678,414
-	2,901,106	921	2,900,185
-	90,964,679	63,619	90,901,060
-	96,546,991	67,332	96,479,659
Gross amount valued	in accordance with TMS	Provisions	Net values (a+b-c)
Defaulted	Non-defaulted exposures		
-	573,749	678	573,071
-	4,835,980	653	4,835,327
-	40,081,926	33,161	40,048,765
-	45,491,655	34,492	45,457,163
	Gross amount valued Defaulted Gross amount valued	Gross amount valued in accordance with TMS	Gross amount valued in accordance with TMS Provisions Defaulted Non-defaulted exposures - 2,681,206 2,792 - 2,901,106 921 - 90,964,679 63,619 - 96,546,991 67,332 Gross amount valued in accordance with TMS Provisions Defaulted Non-defaulted exposures - 573,749 678 - 4,835,980 653 - 40,081,926 33,161

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	-	

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Managament 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
- a) 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.

b) 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.

- c) Description of methods used for determining impairments: The bank's own definition of a restructured exposure: The Bank does not have restructured receivables.
- d) Breakdown of exposures by geographical areas, industry and residual maturity:

None.

The respective amount is classified under non-performing loans.

e) Breakdown of exposures by geographical areas, industry and residual maturity:

None.

- f) 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.
- g) Ageing analysis of accounting past-due exposures: None.
- h) Breakdown of restructured exposures between impaired and not impaired exposures:

There is no restructured receivable.



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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IX. Risk Managament Objectives and Policies (Continued)

- 3. Credit Risk Disclosure (continued)
- 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

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

Current Period	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
Loans	2,678,414	-	-	-	-	-	-
Debt securities	2,900,185	-	-	-	-	-	-
Total	5,578,599	-	-	-	-	-	-
Of which defaulted	-	-	-	-	-	-	

Prior Period	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
Loans	573,071	-	-	-	-	-	-
Debt securities	4,835,327	-	-	-	-	-	-
Total	5,408,398	-	-	-	-	-	-
Of which defaulted	-	-	-	-	-	-	

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

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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 2022, 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 alphanumerical 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 effects

Current Period	Exposure CCF an		Exposure CCF and		RWA and RWA density		
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Risk classes	On-balance sheet amount	Off-balance sheet amoun	
Exposures to sovereigns and their central banks	3,034,366	-	3,034,366	7,114,945	-	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	76,593,853	62,498,762	96,659,521	36,365,459	21,666,728	75.8%	
Exposures to corporates	-	27,648,385	64,429	26,536,646	5,528,801	19.3%	
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	585,786	817,532	585,786	817,532	1,403,298	4.9%	
Equity share investments	-	-	-	-	-		
Total	80,214,005	90,964,679	100,344,102	70,834,582	28,598,828	100,0%	

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

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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 effects (continued)

Prior Period	Exposure CCF an		Exposure CCF and		RWA and RWA density		
Risk classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Risk classes	On-balance sheet amount	Off-balance sheet amount	
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	100,0%	

(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)

- 3. Credit Risk Disclosure (continued)
- 3.3 Credit risk under standardised approach
- 3.3.3 Exposures by asset 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	10,149,311	_	_	_	_	_	_	_	_	10.149.311
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	26,133,303	-	105,930,367	961,310	-	-	-	-	-	133,024,980
Exposures to corporates	1,111,739	-	24,177,648	1,236,833	-	74,855	-	-	-	26,601,075
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	20	-	-	-	-	1,403,298	-	-	-	1,403,318
Total	37,394,373	_	130,108,015	2,198,143	-	1,478,153	_	_	-	171,178,684

⁽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 Exposures by asset 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	11.975.557	_	_	_	_	_	_	_	_	11,975,557
Exposures to regional governments or local	11,010,001									11,010,001
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

Alnha usad

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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. There is none counterparty credit risk as of 31.12.2022.

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.

Potential

4.1 Analysis of counterparty credit risk (CCR) exposure by approach

		Potential		Alpha useu		KISK
	Replacement	future		for computing	EAD post	Weighted
Current Period	cost	exposure	EEPE(1)	regulatory EAD	CRM	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)					-	-
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						-

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) 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	-	-	-	1.4	-	-
or commodity lending or borrowing transactions, for a long time swap transactions with credit securities transactions) 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)					42	8.4
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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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None.

4.3 CCR exposures by regulatory portfolio and risk weights

Current period:

									Total credit
Risk Weight/Regulatory portfolio	0%	10%	20%(1)	50%(1)	75%	100%	150%	0thers	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	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	_	-		-

⁽¹⁾ It expresses the non-rated receivables.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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)

- 4. Qualitative Disclosure Related to Counterparty Credit Risk (Continued)
- 4.3 CCR exposures by regulatory portfolio and risk weights (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	-	-	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

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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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 Composition of collateral for CCR exposure

	(Collateral for derivat	ive transactions		Collateral f transac	
	Collateral i	received	Collatera	l given	Collateral	Collateral
Current Period	Segregated	Unsegregated	Segregated	Unsegregated	received	given
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Sovereign debts- domestic	-	-	-	-	-	-
Sovereign debts -other	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	_	-

		Co	ollateral for deriva	tive transactions	Collateral for othe transaction	
	C	ollateral received		Collateral given	Collateral	Collateral
Prior Period	Segregated	Unsegregated	Segregated	Unsegregated	received	given
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	-

4.5 Credit derivatives

None (31 December 2021: None).

4.6 Central counterparty risk

None (31 December 2021: 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.

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

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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 riskreturn 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 subregulations. 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.

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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.

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.
- 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 Department besides operational units performing such functions. Internal Control 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 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.

(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)

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 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 Amou	nt
	Current Period	Prior Period
Outright products		
Interest rate risk (general and specific)	1,056	-
Equity risk (general and specific)	-	-
Foreign exchange risk	57,850	19,938
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitization	-	-
Total	58,906	19,938

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)

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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 annual periods in accordance with the related communiqué, have not been presented as of 31 December 2022 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
- Comparison of RmD estimates with profit/loss

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 2022	31 December 2022
Financial Assets	84,084,658	84,122,288
Financial assets at fair value through profit/loss	64,708	64,708
Money market placements	-	-
Banks	78,433,306	78,433,306
Financial assets at fair value through other comprehensive income	4,332	4,332
Financial assets at fair value through amortized cost	2,901,106	2,938,736
Loans	2,681,206	2,681,206
Financial Liabilities	80,828,712	80,828,712
Bank deposits	-	-
Other deposits	-	-
Payables to money market	206,603	206,603
Funds borrowed from other financial institutions	6,821,660	6,821,660
Securities issued	-	-
Other liabilities	73,800,449	73,800,449



(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (Continued)

	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

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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

Level 1	Level 2	Level 3	Total
-	-	4,332	4,332
-	-	4,332	4,332
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Level 1	Level 2	Level 3	Total
-	-	4,332	4,332
-	-	4,332	4,332
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
	- - - - - Level 1		

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 3,462 (31 December 2021: TL 1,831) 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.

	Custody,				
O Don't d	Clearing and	Loans and	Treasury	Hardtan Barra	Tatal
Current Period Cash and Balances with Central Bank	Operation	MM	Transactions	Undistributed	Total
	-	-	1,029,858	- 04700	1,029,858
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	70.045.400	64,708	64,708
Banks	-	-	78,345,462	-	78,345,462
Money Markets	-	-	-		-
Financial Assets At Fair Value Through Other			4.000		4.000
Comprehensive Income	-	-	4,332	-	4,332
Loans ⁽¹⁾	-	2,678,414	-	-	2,678,414
Financial Assets At Fair Value Through Amortized Cost ⁽²⁾	-	-	2,900,185	-	2,900,185
Subsidiaries	-	-	-	-	-
Joint Ventures (Net)	-	-	4,825	-	4,825
Tangible Assets (Net)	-	-	-	32,355	32,355
Intangible Assets (Net)	-	-	-	125,517	125,517
Investment Properties (Net)				141,630	141,630
Tax Assets	-	-	-	43,267	43,267
Other Assets ⁽³⁾	120,717	-	-	313,302	434,019
Total Assets	120,717	2,678,414	82,284,662	720,779	85,804,572
Funds Borrowed			6,821,660		6,821,660
	-	-		-	
Debts to the Money Markets	-	4.751.540	206,603	0.050.011	206,603
Funds	65,095,890	4,751,548	-	3,953,011	73,800,449
Lease Liability				4,675	4,675
Derivative Financial Liability			-		-
Provisions	-	60,558	-	160,835	221,393
Tax Liability	-	-	-	232,854	232,854
Shareholder's Equity	-	-	-	4,516,938	4,516,938
Total Liabilities	65,095,890	4,812,106	7,028,263	8,868,313	85,804,572

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XII. Explanations on Segment Reporting (Continued)

Prior Period	Custody, Clearing and	Loans and MM	Treasury Transactions	Undistributed	Total
Cash and Balances with Central Bank	Operation	IVIIVI	1ransactions 67	Undistributed	
dani ana palandoo men done al palin	-	-	01	-	01
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	00 000 000	-	
Banks Manual Manuals	-	-	38,806,923	-	38,806,923
Money Markets	-	-	35,961	-	35,961
Available-For-Sale Financial Assets (Net)	-	-	4,332	-	4,332
Loans	-	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	43,687,435	695,851	45,024,011
Funds Borrowed	_	_	3,416,560	_	3,416,560
Debts to the Money Market	_	_	218,904	_	218,904
Funds	33,535,090	1,551,268	-	2,869,599	37,955,957
Leasing liabilities	00,000,000	1,001,200		2,033	2,033
Derivative Financial Liabilities			_	2,000	2,000
Provisions	_	32,740	_	54,409	87,149
Tax Liability	_	UL,17U	_	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	45,024,01

 $^{^{\}mbox{\scriptsize (1)}}$ 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..

 $^{^{\}mbox{\tiny (3)}}$ Derivative financial assets item is included under the heading of treasury transactions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

XII. Explanations on Segment Reporting (Continued)

The Bank operates mainly in the areas of clearing-operation, custody service, credit and treasury transactions.

	Custody,		T		
Current Period	Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net interest income	-	235,798	1,329,677	-	1,565,475
Net fees and commissions income and other			,,.		,,
operating income	1,000,645	193,919	-	-	1,194,564
Dividend income	-	-	29,446	-	29,446
Trading profit/loss	-	-	23,910	-	23,910
Other operating receivables	-	-	-	109,294	109,294
Impairment provision for loans and other receivables	-	(72,963)	-	-	(72,963)
Other operating expenses ⁽¹⁾	-	-	-	(589,558)	(589,558)
Profit before taxes	1,000,645	356,754	1,383,033	(480,264)	2,260,168
Tax provision	-	-	-	(528,047)	(528,047)
Net profit for the period	1,000,645	356,754	1,383,033	(1,008,311)	1,732,121

	Custody, Clearing and		Treasurv		
Prior Period	Operation	Loans and MM	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	-	-	-	(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

⁽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 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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	1,431	1,028,407	5	-
Cash/foreign currency	20	-	62	-
Other	-	-	-	-
Total	1,451	1,028,407	67	-

1.b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1,431	1,028,407	5	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	1,431	1,028,407	5	-

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.

1.d.) Information on securities:

 $In accordance \ with \ 2022/20 \ on the \ Establishment \ of \ Turkish \ Lira \ Securities \ for \ Foreign \ Currency \ Liabilities, taxes \ have \ been \ amended. \ With \ the$ regulation numbered 2022/23, the name of the communiqué was changed to "Communiqué on the Establishment of Securities". The scope of the restrictions specified in the new communiqué As of December 31, 2022, the establishment of Compulsory Securities is established on the blocked account on January 27, 2023.

2. Information on financial assets at fair value through profit or loss (combination with net values)

	Current Period	1	Prior Period	
	LC	FC	LC	FC
Alım Satım Amaçlı Türev Finansal Varlıklar				
Forward transactions	63,652	-	-	-
Swap transactions Futures transactions	-	-	-	-
Options transactions	-	-	-	-
Other	1,056			
Total	64,708	-	-	-

- 2.a) Information on government debt securities: None (31 December 2021: None).
- 2.b) Information on marketable securities representing the Bank's share: None (31 December 2021: None).
- 2.c) Information on other financial assets: None (31 December 2021: None)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

- 3. Information on Banks
- 3.a) Information on banks and other financial institutions:

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

	Current Period		Prior Per	iod
	TL	FC	TL	FC
Banks				
Domestic	60,425,866	17,313,258	32,149,899	6,101,433
Foreign	6	694,176	-	600,905
Branches and overseas head office	-	-	-	-
Total	60,425,872	18,007,434	32,149,899	6,702,338

As of 31 December 2022, the Expected Loss Provision balance reserved for the Banks account is TL 87,844. (31 December 2021: 45,314 TL)

3.b) Information on foreign banks account:

	Unrestricted	Unrestricted amount		nount
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	647,684	596,897	-	-
USA, Canada	46,498	4,008	-	-
OECD countries	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	694,182	600,905	-	-

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
Receivables from Central Bank	-	-
Total	-	35,961

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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:

		Current Period		Prior Per	iod
Name	Acquired On	Amount	Ratio (%)	Amount	Ratio (%)
Borsa İstanbulA.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 Ihtisas 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	-	-
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	-	-
Share certificates	4,332	4,332
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	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 2021: None).
- a) ii. Information on derivative financial assets at fair value through other comprehensive income: None (31 December 2021: None).

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Perio	riod	
	Cash	Non-Cash	Cash	Non-Cash	
Direct loans granted to shareholders	2,107,175	34,398,499	530,928	15,284,700	
Corporate shareholders	2,107,175	34,398,499	530,928	15,284,700	
Real person shareholders	-	-	-	-	
Indirect loans granted to shareholders	-	-	-	-	
Loans granted to employees	-	-	-	-	
Total	2,107,175	34,398,499	530,928	15,284,700	

b) Information on loans with standard qualifications and close monitoring followed by restructured loans:

		Loans under Follow-up			
Cash Loans	Performing Loans	Non-restructured	Restructur	ed	
			Revised Contract		
Current Period			Terms	Refinanced	
Non-specialized loans	2,681,206	=	-	-	
Business loans	-	-	-	-	
Export loans	-	-	-	-	
Import loans	-	-	-	-	
Loans given to financial sector	2,681,206	-	-	-	
Consumer loans	-	-	-	-	
Credit cards	-	-	-	-	
Other	-	-	-	-	
Specialized loans	-	-	-	-	
Other receivables	-	-	-	-	
Total	2,681,206	-	-	-	

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on Loans (continued)

Cash Loans		andard Loans and ther Receivables			her Receivables se Monitoring	
	Loans (Total)	Revised contract	t terms		Loans (Total)	
Prior Period		Restructure for extending the payment plan	Prior Period	ex	ructure for ending the yment plan	Prior 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	-	-	-	-	-

- c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards: None (31 December 2021: None).
- d) Information on commercial loans with instalments and corporate credit cards: None (31 December 2021: None).

e) Loans according to borrowers:

	Current Period	Prior Period
Private	2,681,206	573,749
Public	-	-
Total	2,681,206	573,749

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	2,681,206	573,749
Foreign loans	-	-
Total	2,681,206	573,749

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on loans (Continued):

g) Loans granted to subsidiaries and associates: None (31 December 2021: 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) Information on non-performing loans (Net) (Continued):

i.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled: None (31 December 2021:

i.2) Information on movement of non-performing loans: None (31 December 2021: None).

i.3) Information on non-performing loans arising from foreign currency loans: None (31 December 2021: None).

j) Expected credit losses:

	Current F	Current Period		eriod
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month expected credit losses Significant increase in credit risk	2,792	-	678	-
Total	2,792	-	678	

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.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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:

7.a) i. Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Government bonds	2,374,232	3,256,237
Treasury bills	-,,	-,,
Other public sector debt instruments	526,874	1,579,743
Total	2,901,106	4,835,980
a) ii. Information on government debt instruments:		
	Current Period	Prior Period
Debt securities	2,901,106	4,835,980
Quoted on a stock exchange	2,901,106	4,835,980
Not quoted on a stock exchange	-	
Impairment provision (-)	-	
Total	2,901,106	4,835,980
a) iii. Movement of financial assets measured at amortised cost:		
	Current Period	
	our entre er lou	Prior Period
Beginning balance	4,835,980	2,435,054
Beginning balance Foreign currency differences on monetary assets		
Foreign currency differences on monetary assets		2,435,054
	4,835,980	2,435,054 3,399,687
Foreign currency differences on monetary assets Purchases during year Disposals through sales and redemptions ⁽¹⁾	4,835,980 - 5,269,658	2,435,054 3,399,68
Foreign currency differences on monetary assets Purchases during year	4,835,980 - 5,269,658	

 $^{^{\}mbox{\tiny (1)}}$ All of disposals through sales and redemptions amount is from redemptions.



⁽²⁾ Includes interest accruals change.

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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	87,844	45,313
Miscellaneous Receivables	6,265	8,672
Reverse Repo	-	1
Total	94,109	53,986
	Current Period	Prior Period
Other Financial Assets Measured at Amortized Cost	921	653
Total	921	653

7.c) Information on other financial assets:

None. (31 December 2021: 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 2021: None).

- 8.b) Information on the unconsolidated associates: None (31 December 2021: None).
- 8.c) Explanations of consolidated associates: None (31 December 2021: None).
- 8.d) Information on sector information on consolidated associates: None (31 December 2021: None).
- 8.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2021: None).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

9. Information on subsidiaries (Net):

9.a) Information on the unconsolidated subsidiaries:

		Bank's share percentage-	
	Address	If different voting percentage	Bank risk group's share
Description	(City/Country)	(%)	percentage (%)
Merkezi Kayıt Kuruluşu A.Ş.	İstanbul/Türkiye	28.57	65

	Income from Marketable						
Total Assets (1)	Shareholder's Equity	Total Fixed Assets	Interest Income		Current Period Profit/Loss	Prior Period Profits/Losses	Fair Value
530,238	293,280	129,578	47,144	22,208	135,531	88,100	-

Ucrrent period financial statements are obtained from unreviewed financial statements prepared as of 31 December 2022 in accordance with the TAS.

	31 December 2021	31 December 2020
Paid-in capital	100,000	100,000
Legal reserves	27,566	19,179
Other reserves	37,853	-
Profit/loss	135,579	86,204
Prior periods profit/loss	48	48
Current period net profit/loss	135,531	88,100
Intangible Assets (-)	(20,451)	(12,549)
Total Core Capital	280,547	194,778
Supplementary Capital	-	-
Capital	280,547	194,778
Net Usable Equity	280,547	194,778

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.





(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

9. Information on subsidiaries (Net) (Continued):

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

9.b) Information on the consolidated subsidiaries:

i. Information on the consolidated subsidiaries: None (31 December 2021: None).

ii. Information on movement of consolidated subsidiaries: None (31 December 2021: None).

iii. Sectorial information on the consolidated subsidiaries: None (31 December 2021: None).

iv. Consolidated subsidiaries quoted on the stock exchange: None (31 December 2021: None).

10. Information on entities under common control (joint ventures): None (31 December 2021: None).

11. Information on finance lease receivables (Net): None (31 December 2021: None).

12. Information on investment property:

As of 31 December 2022, the Bank's investment property amounting to TL 141,630 (31 December 2021: TL 46,250).

As of 31 December 2022, the Bank has no rental income from investment properties.

13. Information on tangible assets

	Prior Year			Closing Year
	31 December 2021	Additions	Disposals	31 December 2022
Cost:				
Real Estate	-	_	-	-
Vehicles	-	-	-	-
Other	34,223	32,226	(2,420)	64,029
Total Cost	34,223	32,226	(2,420)	64,029
	31 December 2021	Charge for the Year	Disposals	31 December 2022
Accumulated Depreciation:		-	-	
Real Estate	-	-	-	-
Vehicles	-	-	-	-
Other	(26,602)	(6,861)	1,789	(31,674)
Total Accumulated Depreciation	(26,602)	(6,861)	1,789	(31,674)
Net Book Value	7,621	25,365	(631)	32,355

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

13. Information on tangible assets (Continued)

	Prior Year			Closing Year
	31 December 2020	Additions	Disposals	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

a) If impairment amount on individual asset booked or reversed in the current period is material for the overall financial statements:

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 2021: None).

There is no impairment accounted related to property and equipment in the current period (31 December 2021: 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 2021: None).

i. 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.

ii. 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

14. Information on intangible assets:

	Prior Year			Current Year
_	31 December 2021	Additions	Disposals	31 December 2022
Cost:				
Leasehold improvements	-	-	-	-
Other intangible assets	176,930	27,653	-	204,583
Total Cost	176,930	27,653	-	204,583
	31 December 2021	Charge for the Year	Disposals	31 December 2022
Accumulated Amortization:			-	
Leasehold improvements	-	-	-	-
Other intangible assets	(60,716)	(18,350)		(79,066)
Total Accumulated Amortization	(60,716)	(18,350)	-	(79,066)
Net Book Value	116,214	9,303	-	125,517
	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

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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 2021: None).
- b) Disclosure for intangible assets acquired through government grants and accounted for at fair value at initial recognition: None (31 December 2021: 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 2021: None).
- d) The book value of intangible assets that are pledged or restricted for use: None (31 December 2021: None).
- e) Amount of purchase commitments for intangible assets: None (31 December 2021: None).
- f) Information on revalued intangible assets according to their types: None (31 December 2021: None).
- g) Amount of total research and development expenses recorded in income statement within the period if any: None (31 December 2021: None).
- h) Positive or negative consolidation goodwill on entity basis: None (31 December 2021: None).
- i) Information on goodwill: None (31 December 2021: None).
- j) Movements on goodwill in the current period: None (31 December 2021: None).

15. Information on assets held for sale and discontinued operations:

None (31 December 2021: 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
Invoices payables	162,380	936
VIOP Guarantees	137,513	512,111
Custody and fee accruals	120,718	67,655
Prepaid expenses	12,627	3,201
Cash guarantees given	392	133
Stationary supplies	355	283
Other	34	35
Total	434,019	584,354

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2021: None).
- a) ii. Derivative financial liabilities at fair value through other comprehensive income: None (31 December 2021: None).

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	-	6,821,660	21,008	3,395,552
From foreign banks, institutions and funds	-	-	-	-
Total	-	6,821,660	21,008	3,395,552

b) Information on money markets debts:

	Current Perio	Current Period		
	TL	FC	TL	FC
TCMB	206,603	-	218,904	-
Total	206,603	-	218,904	-

c) Maturity analysis of Funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	6,821,660	21,008	3,395,552
Medium and long-term	-	-	-	-
Total	-	6,821,660	21,008	3,395,552

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.

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 2021: None).
- b) Information on other funds:

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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	56,607,745	12,318,209	28,885,752	6,083,820
Members' receivables	1,225,396	2,368,596	493,929	1,412,130
Capital Markets Board Share	-	-	-	-
Partners' Dividend Receivables	-	-	-	-
Expense accruals	15,616	-	5,625	-
Other ⁽¹⁾	1,264,887	-	1,074,701	
	59,113,644	14,686,805	30,460,007	7,495,950

⁽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 2021: None).

b) Explanations regarding operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	9,663	4,675	4,739	2,033
More than 4 years	-	-	-	-
Total	9,663	4,675	4,739	2,033

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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 15,371,40(31 December 2021: TL 8,284.51) (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 2022, 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 17.78% and interest rate 21% and a discount rate of 3.11% (31 December 2021: 16.40% inflation rate, 4% 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)	34,537	18,072
Provision for employee termination (Presented in financial statements)	22,380	10,647
The ratio of provision to undiscounted total liabilities (%)	64.80	58.91

As of 31 December 2022, the Bank provided a reserve of TL 22,329 (31 December 2021: TL 9,762) for the unused vacation which classified under Reserve for Employee Benefits in the financial statements.

a.1) Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	10,647	8,785
Paid during the year	(1,813)	(621)
Actuarial (gain)/loss	9,447	377
Charge for the year	4,099	2,106
Service charge	1,440	907
Interest charge	2,659	1,199
Total	22,380	10,647

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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.2) The reserve for employee benefits:

	Current Period	Prior Period
Unused vacation provision	22,329	9,762
Total	22,329	9,762

- b) Information on other provisions:
- b.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2021: 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 Loses ⁽²⁾	63,618	33,162
Provisions for CMB's Share Fee (1)	54,854	-
Provision for litigation	54,150	29,918
Provision for employee benefits	4,062	3,660
Total	176,684	66,740

According to the related article of the Bank's Capital Markets Law, the board share to be paid to the Capital Markets Board in 2022 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	3,660	2,943
Additions	1,215	1,671
Payments (-)	(160)	-
Cancellations (-)	(653)	(954)
Provisions for cases year end	4,062	3,660

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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 2021: None).
- c.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2021: None).
- c.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post-retirement benefits for the employees: None (31 December 2021: None).

7. Explanations on taxes payable:

- a) Information on current tax liability:
- a.1) Corporate tax:

	Current Period	Prior Period
Provision for corporate taxes	559,886	297,170
Prepaid taxes (-)	367,366	215,613
Corporate Income Tax Payable	192,520	81,557
a.2) Information on taxes payable:		
	Current Period	Prior Period
Corporate taxes payable	192,520	81,557
Taxation on securities	19,945	11,334
Banking insurance transaction tax (BITT)	6,286	8,209
Value added tax payable	4,189	2,702
Other	336	241
Total	223,276	104,043
a.3) Information on premiums: (3 months)		
	Current Period	Prior Period
Social security premiums-employer	4,493	1,152
Social security premiums-employee	4,187	1,080
Unemployment insurance-employer	599	154
Unemployment insurance-employee	299	77
Total	9,578	2,463

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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:

	Current	Period	Prior P	erind
	Accumulated	TOTIOU	Accumulated	Criou
	Temporary Differences	Deferred tax asset/(liability)	Temporary Differences	Deferred tax asset/(liability
Provisions for severance pay	22,380	5,595	10,647	2,129
Vacation pay liability	77,183	19,296	9,762	2,246
CMB Board share provision - other provision	54,150	13,538	29,918	6,881
Internal yield and market value differences of financial				
assets and government securities measured at				
amortized cost	(2,888)	(722)	(4,657)	(1,071)
TFRS 9 provision for expected losses	161,441	40,360	88,478	17,695
Lawsuits and bonus	4,062	1,015	3,661	732
Interest accruals	647	162	98	23
TFRS 16 Leases	445	111	201	46
Deferred tax asset	317,420	79,355	138,108	28,681
Differences between the book value of fixed assests				
and tax value	-	-	-	-
Internal yield and market value differences of financial				
assets and government securities measured at				
amortized cost	(144,351)	(36,088)	(96,972)	(19,615)
Financial instruments value difference - from swap				
transactions	-	-	-	-
Deferred tax liability	(144,351)	(36,088)	(96,972)	(19,615)
Deferred tax liability		43,267		9,066
Deferred tax asset transaction table :				
			Current Period	Prior Period
Previous period balance			9,066	(912)
Previous period balance Deferred tax income/(expense)			9,066 31,839	(912) 9,902
•				

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 Perio

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

Common stock (1) 600,000 600,000

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

Registered share capital system is not applied as of the balance sheet date (31 December 2021: 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 2021: None).

d) Information on share capital increases from capital reserves during the current period:

None (31 December 2021: 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 2021: 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 2022, the Bank has no preferred shares (31 December 2021: None).

h) Information on marketable securities valuation reserve:

None (31 December 2021: None).

i) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	1,889,914	1,485,951
Retained Earnings	-	-
Accumulated Losses	-	-
Foreign Capital Exchange Difference	-	-
Total	1,889,914	1,485,951

j) Information on past year profit distribution:

At the General Assembly meeting held on 28 April 2022, it was decided to pay dividends of TL 445,000 to the shareholders. Dividend payments have been made on 29 April 2022.

k) Information on minority shares:

None (31 December 2021: None).

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 2021: 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.

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	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)	90,147,147	39,299,417
Total Non-Cash Loans	90,147,147	39,299,417

[🛮] 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:

	0	urrent Peri	od			Prior Period	1	
	TL	(%)	FC	(%)	TL	(%)	FC	(%
Agricultural								
Farming and Livestock	-	-	-	-	-	-	-	
Forestry	-	-	-	-	-	-	-	
Fishery	-	-	-	-	-	-	-	
Industry	-	-	-	-	-	-	-	
Mining and Quarry	-	-	-	-	-	-	-	
Manufacturing Industry	-	-	-	-	-	-	-	
Electric, Gas and Water	-	-	-	-	-	-	-	
Construction	-	-	-	-	-	-	-	
Services	90,147,147	100	-	-	39,299,417	100	-	
Wholesale and Retail Trade	-	-	-	-	-	-	-	
Hotel, Food and Beverage Services	-	-	-	-	-	-	-	
Transportation and Telecommunication	-	-	-	-	-	-	-	
Financial Institutions	90,147,147	100	-	-	39,299,417	100	-	
Real Estate and Renting Services	-	-	-	-	-	-	-	
Self-employment Services	-	-	-	-	-	-	-	
Education Services	-	-	-	-	-	-	-	
Health and Social Services	-	-	-	-	-	-	_	
Other	-	-	-	-	-	-	-	
Total	90,147,147	100	_	_	39,299,417	100	_	

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	90,147,147	-	-	-
Letters of Guarantee	-	-	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	-	-	_
Endorsements	-	-	-	_
Purchase Guarantees for Securities Issuance	-	-	-	_
Factoring Commitments	-	-	-	_
Other Commitments and Contingencies	90,147,147	-	-	-

⁽¹⁾ As of 31 December 2022, the Bank has totally 6,000,000,000 issued share certificates

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2021: 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)	69.597		88.591	
	03,331	_	00,001	_
Capital commitment for ÖPP Market (Bank is central counterparty services)	4,342	-	3,983	_
Capital commitment for MKT (Bank is central counterparty services)	-	-	-	-
Capital commitment for Money Market (Bank is central counterparty				
services (CCP))	783	-	1,562	-
Capital commitment for PAY (Bank is central counterparty services)	15,913	-	26,993	-
Capital commitment for Debt Instruments Market (Bank is central				
counterparty services)	138,032	-	270,285	-
Capital commitment for Swap Market (Bank is central counterparty				
services)	225,788	-	381,590	-
Capital commitment for the OTC Market (Bank is central counterparty				
services)	4,944	-	9,505	-
Capital commitment for the TPP Market (Bank is central counterparty				
services)	8,035	-	-	-
Total	467,434	-	782,509	_

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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):

c) Disclosure of Allocations:

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital commitment for VIOP (Bank is central counterparty services)	52,126	-	25,900	-
Capital commitment for ÖPP Market (Bank is central counterparty services)	3,252	-	1,164	-
Capital commitment for Money Market (Bank is central counterparty services (CCP))	587	-	457	-
Capital commitment for PAY Market (Bank is central counterparty services)	11,919	-	7,892	-
Capital commitment for Debt Instruments Market (Bank is central counterparty services)	103,383	-	79,020	-
Capital commitment for Swap Market (Bank is central counterparty services)	169,110	-	111,560	-
Capital commitment for the OTC Market (Bank is central counterparty services)	3,703	-	2.779	_
Capital commitment for the TPP Market (Bank is central counterparty services)	6,018	_	_,	_
Total	350,098		228.772	

d) Explanation related to Guarantees

The total valuation of the market collateral in the markets where the Bank is the Central Counterparty is TL 78,047,632 Thousand (31 December 2021: TL 52,055,555), the total of the valuated guarantee fund is TL 3,958,338 Thousand (31 December 2021: TL 2,727,177 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 5,750,425,634 (31 December 2021: TL 4,895,524,095) of the TL 5,750,200,191 (31 December 2021: TL 4,895,298,621) balance of investment securities held in custody are investment funds as the other TL 225,442 (31 December 2021: TL 225,474) balance consists of share certificate held in custody.



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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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	230,737	_	24,600	-
Medium/long-term loans	-	-	-	-
Interest on loans under follow-up	-	-	-	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	230,737	-	24,600	-
b) Information on interest received from banks:				
	Current Perio	d	Prior Period	

	Current Per	Current Period		od
	TL	FC	TL	FC
Central Bank of Turkey	1,544	243	-	-
Domestic banks	788,812	466,581	543,799	134,103
Foreign banks	-	335	-	26
Branches and head office abroad	-	-	-	-
Total	790,356	467,159	543,799	134,129

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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)

1. Information on interest on loans: (Continued)

c) Interest received from marketable securities portfolio:

	Current Period		Prior Perio	od
	TL	FC	TL	FC
From financial assets at fair value through profit or loss	8,372	-	-	-
From financial assets at fair value through other comprehensive income	-	-	-	-
From financial assets measured at amortised cost	52,770	132,485	68,182	49,318
Total	61,142	132,485	68,182	49,318

d) Information on interest income received from associates and subsidiaries:

None (31 December 2021: None).

e) Other information:

None (31 December 2021: None).

2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	63,261	57,951	27,809	2,533
The Central Bank of Turkey	868	-	-	-
Domestic banks	62,393	57,951	27,809	2,533
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	253	-	308	-
Total	63,514	57,951	28,117	2,533

b) Information on interest expense to associates and subsidiaries:

None (31 December 2021: None).

c) Information on interest expense to marketable securities issued:

None (31 December 2021: None).

d) Distribution of interest expense on deposits based on maturity of deposits:

None (31 December 2021: None).



Current Period

Prior Period

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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:

Financial assets at fair value through profit or loss	_	-
Financial assets at fair value through other comprehensive income	2,278	1,584
Other (MKK)	27,168	13,629
Total	29,446	15,213
4. Information on net trading income:		
	Current Period	Prior Period
Income	39,236	51,459
Gains on capital market operations	10,191	-
Foreign exchange gains	29,045	46,187
Gains on derivative financial instruments	-	5,272
Losses (-)	(15,326)	(37,765)
Losses on capital market operations	-	-
Foreign exchange losses	(15,326)	(35,232)
Losses on derivative financial instruments	-	(2,533)
Total (Net)	23,910	13,694
5. Information on other operating income:		
	Current Period	Prior Period
Investment Properties	95,380	10,524
Project Income	12,634	194
Provisions no longer required	718	952
Collection of prior year expenses	311	66
Otherincome	246	1
Income from sales of the assets	5	87
Total	109,294	11,824

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

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 2021: None).

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	72,963	26,338

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

Total	72.963	26.338
Expected credit loss	-	-
Other	-	-
Joint ventures	_	_
Subsidiaries	-	-
Associates	-	-
Impairment provision for associates, subsidiaries and joint ventures	-	-
Financial assets at fair value through other comprehensive income	-	-
Financial assets at fair value through profit/loss	-	-
Marketable securities impairment expense	-	-
Non-performing loans (Stage 3)	-	-
Significant increase in credit risk (Stage 2)	-	-
12 month expected credit loss (Stage 1)	72,963	26,338

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses ⁽¹⁾	232,311	118,907
Severance Pay Provision	4,099	2,106
Bank Social Assistance Fund Asset Deficit Provision	-	-
Tangible Asset Impairment Expenses	-	-
Tangible Fixed Asset Depreciation Expenses	6,861	5,189
Intangible Assets Impairment Expenses	-	-
Goodwill Impairment Expense	-	-
Intangible Assets Depreciation Expenses	18,350	14,459
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	183,914	45,690
Lease expenses related to TFRS 16 exceptions (2)	6,151	4,540
Maintenance and Repair Expenses	836	408
Advertising and Advertisement Expenses	9,210	4,893
Other expenses	167,717	35,849
Losses from the Sale of Assets	41	46
Other (3)	143,982	44,445
Total	589,558	230,842

 $^{^{(1)}}$ "Personnel Expenses", which is a separate item in the profit or loss statement, is also included table above.

 $^{^{(2)}}$ 31 December 2022 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.

(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)

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	(559,886)	(297,170)
Deferred tax charge	31,839	9,902
Total	(528,047)	(287,268)
b) Deferred tax on temporary differences:		
	Current Period	Prior Period

	Current Period	Prior Period
CMB Provision	6,657	3,094
Provision for Severance Pay	3,466	372
Permit Provision	17,050	924
Litigation and Premium Provision	283	143
TFRS 9 Expected Loss Provisions	22,665	5,267
Internal Yield and Market Value Differences of Financial Assets Measured at Amortized Cost	349	1,176
Derivative Financial Asset	-	-
Differences Between Carrying Value of Fixed Assets and Tax Value	(16,473)	(1,026)
Interest Discounts	139	20
Deferred tax expense recognized under equity	(2,362)	(76)
Financial Leasing TFRS16	65	8
Total	21 820	9 902

Tax reconciliation:

	Current Period	Prior Period
Profit before tax	2,260,168	1,178,025
Corporate tax rate	25%	25%
Calculated tax	(565,042)	(294,506)
Additions	331,646	84,491
Deductions	(224,651)	(77,253)
Tax expense	(528,047)	(287,268)

9. Information on net profit/loss from continued and discontinued operations:

As of 31 December 2022, net profit after tax of the Bank is TL 1,732,121 (31 December 2021: TL 890,757).

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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)

10. The explanations on net income/loss for the period:

- a) 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 2021: None).
- b) 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 Deceember 2021: None).
- c) Profit/loss attributable to minority shares: There is no profit or loss attributable to minority shares as of the balance sheet date (31 December

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	359,647	161,464
Commissions on options exchange	340,284	219,035
Custody commissions	243,960	123,112
Customer account maintenance commissions	57,365	39,241
Other	50,436	29,084
Transfer commissions	25,905	15,606
Swift comissions	20,760	9,806
Bank transfer transactions	18,765	10,084
Funds transactions	7,371	4,395
Code Allocation/Transactions	3,480	2,296
Total	1,127,973	614,123

12. Information on Group I and II non-cash loans:

	Current Period	Prior Period
Bank commissions	58,802	26,489
Central Securities depository commissions	33,150	18,417
BIST commissions	28,732	15,881
Electronic fund transfer commissions	5,425	3,686
Other commissions	1,219	347
Fees and commissions expense	127,328	64,820

a) 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 2021: None).

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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 933,483 (31 December 2021: TL (2,887,594) 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 35,790,095 (31 December 2021: TL 15,944,416) 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 (150,757) (31 December 2021: TL (370,485) consists of changes in sundry debtors and other assets.

The effect of changes in foreign currencies on cash and cash equivalents is TL 455,325 (31 December 2021: TL 2,742,292).

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 2022	31 December 2021
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
Closing of the Period	31 December 2022	31 December 2021
Cash	1,029,858	67
Cash in TL/Foreign Currency	20	61
Central Bank - Unrestricted amount	1,029,838	6
Other	-	-
Cash equivalents	78,433,306	38,888,198
Banks	78,433,306	38,852,237
Money market placements	-	35,961
Total Cash and Cash Equivalents	79,463,164	38,888,265
Accruals (-)	(150,209)	(40,112)
Total cash and cash equivalents in cash flow statement	79,312,955	38,848,153

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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:

	Subsidiaries, ass entities under com (Joint Vent	mon control	Direct and indirect of the Ba		Other entities i in the risk g	
Bank's Risk Group	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of the						
period	-	-	530,928	15,284,700	-	-
Balance at end of the period	-	-	2,107,175	34,398,499	-	-
Interest and commission income	33,212		766,265	57,880	-	

b) Prior Period:

	Subsidiaries, asso entities under com (Joint Vento	mon control	Direct and indirec		Other entities in the risk g	
Bank's Risk Group	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of the						
period ⁽¹⁾	-	-	84,877	11,228,460	-	-
Balance at end of the period (1)	-	-	530,928	15,284,700	-	-
Interest and commission income	8,766	-	70,007	16,101	111,353	-

^{(1) 31} December 2020 amounts are expressed.

- c) Information on related party deposits balances: None (31 December 2021: None).
- d) Information on forward and option agreements and other similar agreements made with related parties: None (31 December 2021: 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 2021: 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 2021: 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 2021: None).
- d) Transactions accounted for under the equity method: None (31 December 2021: 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 2021: None).

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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	339			
			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

An earthquake happened in South-eastern Turkey that affected many of our cities. As a result of this unfortunate disaster thousands of people lost their lifes also many of them injured. Since the final severity of this earthquake is currently uncertain, studies to measure impact on the Bank's operations and Financial condition still continue.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette dated 4 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of real estate and depreciable economic assets have been rearranged. Accordingly, the Bank will be able to revaluate the immovables in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of real estate and depreciable economic assets after revaluation.

IX. Other Explanations

None.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.S.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SIX

INDEPENDENT AUDITORS' REPORT

I. Explanations on the Independent Auditors' Report

The unconsolidated financial statements for the twelve month period ended 31 December 2022 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 13, 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 2022	31 December 2021
Independent audit fee for the reporting period	407	313
Fee for other assurance services	232	146

⁽¹⁾ Amounts excluding VAT.



>>>> GRI CONTENT INDEX



Content Index - Basic Service, the GRI Services team reviewed that the GRI Content Index was presented in a clear and consistent manner in line with the standards and references to disclosures 2-1 to 2-5, 3-1 and 3-2 were consistent with the relevant sections of the report. The service was performed on the Turkish version of the Report.

STATEMENT OF USE	İstanbul Takas ve Saklama Bankası A.Ş. has reported in accordance with the GRI content index for the period 01.01.2022-31.12.2022.
GRI 1 USED	GRI 1: Foundation 2021
GRI SECTOR STANDARD	N/A

GRI STANDARD	DISCLOSURE	LOCATION
GENERAL DISCLOSURE	S	
		Introduction, Page: 3
	2-1 Organizational details	About Takasbank, Page: 8-9
		Organization Chart of the Bank, Page: 64-65
	2-2 Entities included in the organization's sustainability reporting	About the Report, Page: 2
	2-3 Reporting period, frequency and contact point	About the Report, Page: 2
	2-3 Reporting period, frequency and contact point	On annual basis.
	2-4 Restatements of information	There is no restated information.
	2-5 External assurance	The financial data included in the Takasbank 2022 integrated report have been externally audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (E&Y). Responsibility of the Board of Directors Regarding the Integrated Annual Report is on page 162 of the report.
		About Takasbank, Page: 8-9
	2-6 Activities, value chain and other business relationships	Explanations About the Bank's Service Types and Fields of Operation, Page: 30-31
		Developments in 2022, Page: 32-57
GRI 2: GENERAL		Stakeholder Relations, Page: 96-109
DISCLOSURES 2021	2.7 Employage	Employees, Page: 104-109
	2-7 Employees	Social Performance Data, Page: 126-129
	2-8 Workers who are not employees	Social Performance Data, Page: 126-129
	2-0 Workers who are not employees	There are no workers who are not employees.
		Board of Directors, Page: 68-72
		Senior Management, Page: 73
		Departments Under Internal Systems, Page: 74
	2-9 Governance structure and composition	Directors, Page: 75
	2-9 dovernance su uctui e anu composition	Structure and Formation of the Board of Directors, Page: 77
		Committee Structures, Page: 78-81
		Corporate Governance Principles Compliance Statement, Page: 140-142, 146-147, 151-155
	2.10 Namination and calcution of the highest gavernance	Structure and Formation of the Board of Directors, Page: 77
	2-10 Nomination and selection of the highest governance body	Corporate Governance Principles Compliance Statement, Page: 140-142, 146-147, 151-155
		Board of Directors, Page: 68-72
	2-11 Chair of the highest governance body	Corporate Governance Principles Compliance Statement, Page: 140-142

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2-21 Annual total compensation ratio Financial Tables, Page: 196		2-20 Process to determine remuneration	
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		Executive Officer Regarding the Activity Period and Their Expectations for the Future, Page: 14-17
	2-22 Statement on sustainable development strategy	Responsibility of the Board of Directors Regarding the Integrated Annual Report, Page: 161
		Takasbank Sustainability Policy can be found at:
		https://www.takasbank.com.tr/documents/Document/takasbank-surdurulebilirlik-politikasi_29062022(1).pdf
		Takasbank Policy Documents, Page: 76
	2-23 Policy commitments	Takasbank-About Us-Policies, https://www.takasbank.com.tr/en
		Information on the Risk Management Policies Applied by Risk Types, Page: 110-113
		Takasbank Policy Documents, Page: 76
	2-24 Embedding policy commitments	Information on the Risk Management Policies Applied by Risk Types, Page: 110-113
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	2-25 Processes to remediate negative impacts	Information on the Risk Management Policies Applied by Risk Types, Page: 110-113
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		Members, Page: 99
		Employees, Page: 105
	2-26 Mechanisms for seeking advice and raising concerns	Social Principles, Page: 121-122
		Corporate Governance Principles Compliance Statement, Page: 150
	2-27 Compliance with laws and regulations	Audit Committee Report, Page: 154-156
	2-28 Membership associations	International Memberships, Page: 22-23, 31
		Material Issues, Page: 86-91
	2-29 Approach to stakeholder engagement	Stakeholder Relations, Page: 96-109
		Sustainability Approach, Page: 116-117
	2-30 Collective bargaining agreements	Corporate Governance Principles Compliance Statement, Page: 145
MATERIAL TOPICS		
GRI 3: MATERIAL	3-1 Process to determine material topics	Material Issues, Page: 86-91
TOPICS 2021	3-2 List of material topics	Material Issues, Page: 86
INNOVATION/R&D CE	URE SERVICE/STRONG FINANCIAL STRUCTURE/DEVELOPME NTER ACTIVITIES	NT AND DEEPENING OF MARKETS/TECHNOLOGY AND
GRI 3: MATERIAL		Assessments of the Chairman of the Board and the Chief Executive Officer Regarding the Activity Period and Their Expectations for the Future, Page: 14-17
TOPICS 2021	3-3 Management of material topics	Strategy, Page: 84-85
		Material Issues, Page: 86-91
		Sustainability Approach, Page: 116-117

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GENERAL DISCLOSURES	S	
	201-1 Direct economic value generated and distributed	Value Creation, Page: 94-95
	201-1 DII ect economic value generateu anu distributeu	Economic Performance Data, Page: 124
GRI 201: ECONOMIC	201-2 Financial implications and other risks and opportunities due to climate change	Information on the Risk Management Policies Applied by Risk Types, Page: 113
PERFORMANCE 2016	201-3 Defined benefit plan obligations and other retirement plans	Financial Tables, Page: 196, 286
	201-4 Financial assistance received from government	There is no financial assistance received by the Bank from government during the reporting period.
GRI 3: MATERIAL		Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
101 100 2021		Message From the CEO, Page: 16-17
		Message From the Chairman of the Board, Page: 14-15
		Message From the CEO, Page: 16-17
GRI 203: INDIRECT	203-1 Infrastructure investments and services supported	Information on the Aids and Donations and the Expenditures made under Social Responsibility Projects, Page: 29
ECONOMIC IMPACTS		Material Issues, Page: 88-91
2016		Takasbank Business Model, Page: 92-93
		Value Creation, Page: 94-95
	000 00' '''	Takasbank Business Model, Page: 92-93
	203-2 Significant indirect economic impacts	Value Creation, Page: 94
STAKEHOLDER RELATIO	NS AND CORPORATE GOVERNANCE/EFFICIENT RISK MANAG	EMENT
GRI 3: MATERIAL		Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
		Message From the CEO, Page: 16-17
	20540	Corporate Governance Principles, Page: 123
	205-1 Operations assessed for risks related to corruption	Corporate Governance Principles Compliance Statement, Page: 151
		Social Principles, Page: 121-122
GRI 205: ANTI-	205-2 Communication and training about anti-corruption	Corporate Governance Principles, Page: 123
CORRUPTION 2016	policies and procedures	Social Performance Data, Page: 129
		Financial Tables, Page: 196-198
		Suppliers, Page: 103
	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance Principles, Page: 123
	200 0 dominimou incluente di con apubli and accions taken	There are no confirmed incidents of corruption and actions taken during the reporting period.
GRI 3: MATERIAL		Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
Message From th	Message From the CEO, Page: 16-17	
GRI 206: ANTI-	ANTI- TITIVE 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and monopoly practices and monopoly practices and monopoly practices	Information on the Legal Actions filed against the Company and likely to affect the Company's Financial Situation and
COMPETITIVE BEHAVIOR 2016		Operations, the Legal Actions filed against the Company due to Anti-Competitive Behaviors, Trustification and
		Monopolism, and Their Possible Outcomes, Page: 29
GRI 3: MATERIAL	O O Management of material to the	Material Issues, Page: 86-91
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		Message From the CEO, Page: 16-17

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	207-1 Approach to tax	Corporate Governance Principles, Page: 123
	201-1 Approach to tax	Financial Tables, Page: 196-198
	207-2 Tax governance, control, and risk management	Corporate Governance Principles, Page: 123
GRI 207: TAX 2019	201-2 Tax governance, control, and risk management	Financial Tables, Page: 196-198
UKI 201. IAA 2013	207-3 Stakeholder engagement and management of	Corporate Governance Principles, Page: 123
	concerns related to tax	Financial Tables, Page: 196-198
	207-4 Country-by-country reporting	Corporate Governance Principles, Page: 123
	201-4 Country by-Country Lepon ting	Financial Tables, Page: 196-198
ODI O. MATERIAL		Material Issues, Page: 86-91
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
101 100 2021		Message From the CEO, Page: 16-17
GRI 415: PUBLIC		Takasbank Donation Policy can be found at:
POLICY 2016	415-1 Political contributions	https://www.takasbank.com.tr/en/about-us/corporate/
	DECOLIDATE AND EMPLOYEE CATTOFACTION	takasbank-donation-policy
GRI 3: MATERIAL	RESOURCES AND EMPLOYEE SATISFACTION	
TOPICS 2021	3-3 Management of material topics	Material Issues, Page: 86-91
	202-1 Ratios of standard entry level wage by gender	0
GRI 202: MARKET	compared to local minimum wage	Social Performance Data, Page: 126-128
PRESENCE 2016	202-2 Proportion of senior management hired from the local community	Structure and Formation of the Board of Directors, Page: 77
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Material Issues, Page: 86-91
	401 1 November of bines and ampleyed turneyer	Employees, Page: 104-109
	401-1 New employee hires and employee turnover	Social Performance Data, Page: 126-129
GRI 401:	401-2 Benefits provided to full-time employees that are not	Employees, Page: 105
EMPLOYMENT 2016	provided to temporary or part-time employees	
	401-3 Parental leave	Employees, Page: 106
	401-3 Parentaneave	Social Performance Data, Page: 126-129
ODIO MATERIAL		Material Issues, Page: 86-91
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
101103 2021		Message From the CEO, Page: 16-17
GRI 402: LABOR/	400 1 Minimum metion meniode recording appropriate	Corporate Governance Principles Compliance Statement,
MANAGEMENT	402-1 Minimum notice periods regarding operational changes	Page: 145
RELATIONS 2016	Changes	Financial Tables, Page: 196
		Material Issues, Page: 86-91
GRI 3: MATERIAL	3. 2 Management of motorial tonics	Message From the Chairman of the Board, Page: 14-15
TOPICS 2021	3-3 Management of material topics	Message From the CEO, Page: 16-17
		Occupational Health and Safety, Page: 108-109

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	403-1 Occupational health and safety management system	Occupational Health and Safety, Page: 108-109
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety, Page: 108-109
	403-3 Occupational health services	Occupational Health and Safety, Page: 108-109
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety, Page: 108-109
GRI 403:	403-5 Worker training on occupational health and safety	Occupational Health and Safety, Page: 108-109 Occupational Health and Safety Data, Page: 128
OCCUPATIONAL HEALTH AND SAFETY	403-6 Promotion of worker health	Employees, Page: 106 Occupational Health and Safety, Page: 108-109
2018	403-7 Prevention and mitigation of occupational health and	Occupational nealth and Salety, Page: 100-109
	safety impacts directly linked by business relationships	Occupational Health and Safety, Page: 108-109
	403-8 Workers covered by an occupational health and	Occupational Health and Safety, Page: 108-109
	safety management system	Occupational Health and Safety Data, Page: 128
	403-9 Work-related injuries	Occupational Health and Safety Data, Page: 128
	403-10 Work-related ill health	Occupational Health and Safety, Page: 108-109
	405-10 WORK-related III Health	Occupational Health and Safety Data, Page: 128
ODI O. MATERIAL		Material Issues, Page: 86-91
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
1011002021		Message From the CEO, Page: 16-17
	404-1 Average hours of training per year per employee	Employees, Page: 104-109
	404-1 Average flours of training per year per employee	Social Performance Data, Page: 126-129
GRI 404: TRAINING	404-2 Programs for upgrading employee skills and	Employees, Page: 104-109
AND EDUCATION 2016	transition assistance programs	Social Performance Data, Page: 126-129
	404-3 Percentage of employees receiving regular	Employees, Page: 104-109
	performance and career development reviews	Social Performance Data, Page: 126-129
GRI 3: MATERIAL		Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
		Message From the CEO, Page: 16-17
GRI 405: DIVERSITY	405-1 Diversity of governance bodies and employees	Social Performance Data, Page: 126-129
AND EQUAL OPPORTUNITY 2016	405-2 Ratio of basic salary and remuneration of women to men	Employees, Page: 106
ODIO MATERIA		Material Issues, Page: 86-91
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
101 100 2021		Message From the CEO, Page: 16-17
GRI 406: NON- DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Employees, Page: 105



GRI STANDARD	DISCLOSURE	LOCATION
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		Material Issues, Page: 86-91
GRI 3: MATERIAL	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
TOPICS 2021	,	Message From the CEO, Page: 16-17
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Corporate Governance Principles Compliance Statement, Page: 145
CDI 2. MATERIAL		Material Issues, Page: 86-91
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
101 100 2021		Message From the CEO, Page: 16-17
GRI 408: CHILD	408-1 Operations and suppliers at significant risk for	Employees, Page: 105
LABOR 2016	incidents of child labor	Takasbank does not employ child labor.
GRI 3: MATERIAL		Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
		Message From the CEO, Page: 16-17
GRI 409: FORCED OR	409-1 Operations and suppliers at significant risk for	Employees, Page: 105
COMPULSORY LABOR 2016	incidents of forced or compulsory labor	There are no operations and suppliers at significant risk for incidents of forced or compulsory labor at Takasbank.
GRI 3: MATERIAL		Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
		Message From the CEO, Page: 16-17
GRI 414: SUPPLIER	414-1 New suppliers that were screened using social criteria	Suppliers, Page: 103
SOCIAL ASSESSMENT 2016	414-2 Negative social impacts in the supply chain and actions taken	Suppliers, Page: 103
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		Message From the CEO, Page: 16-17
GRI 418: CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Members, Page: 99
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ENERGY		M
GRI 3: MATERIAL	0.014	Material Issues, Page: 86-91
TOPICS 2021	3-3 Management of material topics	Message From the Chairman of the Board, Page: 14-15
		Message From the CEO, Page: 16-17
	302-1 Energy consumption within the organization	Environmental Principles, Page: 119-120
GRI 302: ENERGY 2016		Environmental Performance Data, Page: 125
	302-4 Reduction of energy consumption	Environmental Principles, Page: 119-120
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	305-1 Direct (Scope 1) GHG emissions	Environmental Principles, Page: 119-120
	303-1 bil ect (3cope 1) di la emissions	Environmental Performance Data, Page: 125
	005 05	Environmental Principles, Page: 119-120
GRI 305: EMISSIONS	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Performance Data, Page: 125
2016	205 2 24 1 1 1 1 1 2 2 2 2 2 2 2 2 2 2 2 2	Environmental Principles, Page: 119-120
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Performance Data, Page: 125
	205 40110 1 1 1 1 1	Environmental Principles, Page: 119-120
	305-4 GHG emissions intensity	Environmental Performance Data, Page: 125
WASTE		· •
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Material Issues, Page: 86-91
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