

**İSTANBUL TAKAS VE SAKLAMA BANKASI
ANONİM ŞİRKETİ**

**INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
ON 31 MARCH 2023 TOGETHER WITH AUDITOR'S REVIEW REPORT**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I.b of Section Three)

To the General Assembly of İstanbul Takas ve Saklama Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying unconsolidated balance sheet of İstanbul Takas ve Saklama Bankası Anonim Şirketi ("the Bank") at 31 March 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "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 Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information does not present fairly in all material respects the unconsolidated financial position of İstanbul Takas ve Saklama Bankası Anonim Şirketi at 31 March 2023 and its unconsolidated financial performance and its unconsolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2022 were audited by another auditor whose report dated 13 February 2023 expressed an unqualified opinion.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Zeynep Uras, SMMM
Partner

Istanbul, 12 May 2023

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH,
SEE NOTE I OF SECTION THREE**

**THE THREE MONTHS UNCONSOLIDATED FINANCIAL REPORT OF
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. AS OF 31 MARCH 2023**

Address of the Bank's Headquarters : Takasbank Genel Müdürlüğü
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The unconsolidated financial report for the three month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below:

- 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
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for the three month period ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

Mahmut KAYACIK
Chairman of the Management
Board

Münevver ÇETİN
Head of the Audit Committee

Murat TACİR
Member of the Audit
Committee

Avşar R. SUNGURLU
General Manager
Board Member

Murat GÖRGÜN
Executive Vice President

Oya DEMİRDAĞ
Director

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Title : Zülal Tarı / Chief Specialist
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FOR THE INTERIM PERIOD ENDED 31 MARCH 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Bank’s establishment date, start-up statute, history about the changes in this mentioned statute

The Bank was originally set up as a department of the Borsa İstanbul A.Ş. (“BİAŞ”) (formerly “İstanbul Menkul Kıymetler Borsası”) and reorganized under a separate company named İMKB Takas ve Saklama A.Ş. on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş., as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the decision made in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into 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:

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:

No	Name of Shareholders	Current Period			Prior Period		
		Paid in Capital	(%)	Number	Paid in Capital	(%)	Number
1	Borsa İstanbul A.Ş.	385,067	64.18	1	385,067	64.18	1
2	Tacirler Yatırım Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
3	Phillip Capital Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
4	Türkiye Garanti Bankası A.Ş.	29,685	4.95	1	29,685	4.95	1
5	Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38	1	26,280	4.38	1
6	Türkiye İş Bankası A.Ş.	26,235	4.37	1	26,235	4.37	1
7	Türkiye Vakıflar Bankası T.A.O.	26,235	4.37	1	26,235	4.37	1
8	Other (Intermediary Institution)	26,397	4.40	24	26,397	4.40	24
9	Other (Banks)	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

As of the report date, no dividend payment has been made since the Bank’s Ordinary General Assembly meeting has not been held yet.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2023**

(Amounts are 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 / Faculty of Postgraduate / Business Administration / Master's Degree
Murat Tacir	Member (Chairman of the MKT Risk Committee - Member of the Audit Committee)	Istanbul University / Faculty of Business Administration / Business Administration / Bachelor's Degree
Murat Onuk	Member (Noble Member of the Credit Committee - Member of the Corporate Governance Committee)	Istanbul University / Faculty of Economics / International Relations / Bachelor's Degree
Bekir Bayrakdar	Member (Chairman of the Remuneration Committee - Reserve Member of the Credit Committee)	Istanbul University / Faculty of Political Sciences / International Relations / Bachelor's Degree
Yusuf Karaloğlu	Member (Member of the Remuneration Committee - Reserve Member of the Credit Committee)	Uludag University / Faculty of Economics and Administrative Sciences / Business Administration / Bachelor's Degree Erzincan University / Institute of Social Sciences / Public Law / Master's Degree
Prof Dr.Münevver Çetin	Member (Chairman of the Audit Committee - Member of the MKT Risk Committee)	Ankara University / Department of Economics Management / Bachelor's Degree Ankara University / Institute of Social Sciences / Educational Administration and Planning / Master's Degree Istanbul University / Institute of Social Sciences / Money and Monetary Policy / PhD
Dr. Gülseren Topuz	Member (Chairman of the Corporate Governance Committee - Noble Member of the Credit Committee)	Ankara University / Faculty of Economics / Economics / Graduate Marmara University / Institute of Social Sciences / Statistics / Master's Degree Istanbul University / Institute of Social Sciences / Money and Monetary Policy / PhD

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2023**

(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters and shares of the Bank they possess (Continued)

Chairman and Members of the Board of Directors (Continued)

Name-Surname	Area of Responsibility	Education Status
Avşar R. Sungurlu	General Manager and Board Member Chairman of the Credit Committee	Middle East Technical University / Faculty of Engineering / Aerospace Engineering / Bachelor's Degree Middle East Technical University / Institute of Natural and Applied Sciences / Aeronautical Engineering / Master's Degree Long Island University / Graduate School / Business Administration / Master's Degree
Gökhan Elibol	Vice President - Markets and Operations	Ankara University / Faculty of Political Sciences / Finance / Bachelor's Degree Beykent University / Faculty of Law / Law / Bachelor's Degree
Murat Görgün	Vice President - Central Counterparty and Financial Services	Middle East Technical University / Faculty of Economics and Administrative Sciences / International Relations / Bachelor's Degree Marmara University / Institute of Banking and Insurance / Banking / Master's Degree
Taşkın Öker	Vice President - Information Technologies	Istanbul University / Faculty of Engineering / Department of Electrical Electronics / Bachelor's Degree

Explanations Regarding the Shares They Own in the Bank and Their Areas of Responsibility

None. (31 December 2022: None.)

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 March 2023 (31 December 2022: None). The preferred shares belonging to BİAŞ grants to shareholders the right to nominate four candidates to be elected to the Board of Directors by the General Assembly).

Name Surname/Business Name	Share Amount	Share Proportions	Paid-in Shares	Unpaid Shares
BİAŞ	385,067	64.18%	385,067	-

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;

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2023**

(Amounts are 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 (Continued)

- 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 BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-balance Sheet
- III. Statement of Profit or Loss
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statements of Changes in Shareholders' Equity
- VI. Statement of Cash Flow

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 31 MARCH 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION TWO

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note	Reviewed Current Period			Audited Prior Period		
		31 March 2023			31 December 2022		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		54,485,088	21,299,129	75,784,217	60,407,858	19,036,502	79,444,360
1.1 Cash and Cash Equivalents		54,216,361	21,298,468	75,514,829	60,339,479	19,035,841	79,375,320
1.1.1 Cash and Balances with Central Bank	I-(1)	67	2,870,690	2,870,757	1,451	1,028,407	1,029,858
1.1.2 Banks	I-(3)	54,291,091	18,427,778	72,718,869	60,425,872	18,007,434	78,433,306
1.1.3 Money Markets	I-(3)	-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)	I-(3)	74,797	-	74,797	87,844	-	87,844
1.2 Financial Assets at Fair Value Through Profit or Loss	I-(2)	246,384	-	246,384	64,708	-	64,708
1.2.1 Government Debt Securities		245,328	-	245,328	63,652	-	63,652
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		1,056	-	1,056	1,056	-	1,056
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	I-(4)	3,671	661	4,332	3,671	661	4,332
1.3.1 Government Debt Securities		-	-	-	-	-	-
1.3.2 Equity Instruments		3,671	661	4,332	3,671	661	4,332
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	I-(5)	18,672	-	18,672	-	-	-
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		18,672	-	18,672	-	-	-
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		5,888,885	4,514,710	10,403,595	3,056,688	2,521,911	5,578,599
2.1 Loans	I-(6)	5,520,780	-	5,520,780	2,681,206	-	2,681,206
2.2 Lease Receivables	I-(11)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Financial Assets Measured at Amortised Cost	I-(7)	376,840	4,514,710	4,891,550	379,195	2,521,911	2,901,106
2.4.1 Government Debt Securities		376,840	2,711,108	3,087,948	379,195	1,995,037	2,374,232
2.4.2 Other Financial Assets		-	1,803,602	1,803,602	-	526,874	526,874
2.5 Expected Loss Provision (-)		8,735	-	8,735	3,713	-	3,713
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	I-(13)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		4,825	-	4,825	4,825	-	4,825
4.1 Investments in Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		4,825	-	4,825	4,825	-	4,825
4.2.1 Unconsolidated Financial Subsidiaries		4,825	-	4,825	4,825	-	4,825
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		67,529	-	67,529	32,355	-	32,355
VI. INTANGIBLE ASSETS (Net)		143,413	-	143,413	125,517	-	125,517
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		143,413	-	143,413	125,517	-	125,517
VII. INVESTMENT PROPERTY (Net)	I-(12)	141,630	-	141,630	141,630	-	141,630
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	I-(14)	21,552	-	21,552	43,267	-	43,267
X. OTHER ASSETS	I-(15)	579,896	43,606	623,502	426,114	7,905	434,019
TOTAL ASSETS		61,332,818	25,857,445	87,190,263	64,238,254	21,566,318	85,804,572

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

SECTION TWO

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) (Continued)

LIABILITIES	Note	Reviewed			Audited		
		Current Period			Prior Period		
		TL	FC	Total	TL	FC	Total
		31 March 2023			31 December 2022		
I. FUNDS COLLECTED		-	-	-	-	-	-
II. FUNDS BORROWED	II-(2)	1,559,702	24,964	1,584,666	-	6,821,660	6,821,660
III. MONEY MARKETS DEBTS		-	-	-	206,603	-	206,603
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS	II-(3)	52,811,733	27,783,534	80,595,267	59,113,644	14,686,805	73,800,449
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		52,811,733	27,783,534	80,595,267	59,113,644	14,686,805	73,800,449
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-(1)	-	-	-	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	II-(4)	3,546	-	3,546	4,675	-	4,675
X. PROVISIONS	II-(5)	174,566	-	174,566	221,393	-	221,393
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		74,456	-	74,456	44,709	-	44,709
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		100,110	-	100,110	176,684	-	176,684
XI. CURRENT TAX LIABILITY	II-(6)	230,058	-	230,058	232,854	-	232,854
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
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-(7)	4,602,160	-	4,602,160	4,516,938	-	4,516,938
16.1 Paid-in capital		600,000	-	600,000	600,000	-	600,000
16.2 Capital Reserves		36,280	-	36,280	36,280	-	36,280
16.2.1 Share Premium		33,019	-	33,019	33,019	-	33,019
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserve		3,261	-	3,261	3,261	-	3,261
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(13,794)	-	(13,794)	(7,681)	-	(7,681)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
16.5 Profit Reserves		2,133,415	-	2,133,415	2,133,415	-	2,133,415
16.5.1 Legal Reserves		240,563	-	240,563	240,563	-	240,563
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1,889,914	-	1,889,914	1,889,914	-	1,889,914
16.5.4 Other Profit Reserves		2,938	-	2,938	2,938	-	2,938
16.6 Income or (Loss)		1,846,259	-	1,846,259	1,754,924	-	1,754,924
16.6.1 Prior Periods' Income or (Loss)		1,754,924	-	1,754,924	22,803	-	22,803
16.6.2 Current Period Income or (Loss)		91,335	-	91,335	1,732,121	-	1,732,121
16.7 Share Premium		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		59,381,765	27,808,498	87,190,263	64,296,107	21,508,465	85,804,572

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2023
(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

II. OFF-BALANCE SHEET

	Note	Reviewed Current Period			Audited Prior Period		
		31 March 2023		Total	31 December 2022		Total
		TL	FC		TL	FC	
OFF-BALANCE SHEET COMMITMENTS							
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)						
I.	GUARANTEES AND WARRANTIES	III-(1)	35,656,559	2,106,060	37,762,619	90,964,679	90,964,679
1.1.	Letters of Guarantee		-	-	-	-	-
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-
1.1.3.	Other Letters of Guarantee		-	-	-	-	-
1.2.	Bank Acceptances		-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-
1.3.	Letters of Credit		-	-	-	-	-
1.3.1.	Documentary Letters of Credit		-	-	-	-	-
1.3.2.	Other Letters of Credit		-	-	-	-	-
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-
1.6.	Other Guarantees		-	-	-	-	-
1.7.	Other Collaterals		-	-	-	-	-
1.8.	Import Letter of Acceptance		32,743,946	-	32,743,946	90,147,147	90,147,147
1.9.	Other Bank Acceptances		-	-	-	-	-
II.	COMMITMENTS	III-(1)	817,532	-	817,532	817,532	817,532
2.1.	Irrevocable Commitments		817,532	-	817,532	817,532	817,532
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	817,532	817,532
2.2.	Revocable Commitments		-	-	-	-	-
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		2,095,081	2,106,060	4,201,141	-	-
3.1.	Hedging Derivative Financial Instruments		-	-	-	-	-
3.1.1.	Fair value hedge		-	-	-	-	-
3.1.2.	Cash flow hedge		-	-	-	-	-
3.1.3.	Foreign Net Investment Hedges		-	-	-	-	-
3.2.	Trading Derivative Financial Instruments		2,095,081	2,106,060	4,201,141	-	-
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		2,095,081	2,106,060	4,201,141	-	-
3.2.2.1.	Foreign Currency Swap-Buy		-	2,106,060	2,106,060	-	-
3.2.2.2.	Foreign Currency Swap-Sell		2,095,081	-	2,095,081	-	-
3.2.2.3.	Interest Rate Swap-Buy		-	-	-	-	-
3.2.2.4.	Interest Rate Swap-Sell		-	-	-	-	-
3.2.3.	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-
3.2.3.1.	Foreign Currency Options-Buy		-	-	-	-	-
3.2.3.2.	Foreign Currency Options-Sell		-	-	-	-	-
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-
3.2.3.5.	Securities Options-Buy		-	-	-	-	-
3.2.3.6.	Securities Options-Sell		-	-	-	-	-
3.2.4.	Foreign Currency Futures		-	-	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-
3.2.5.	Interest Rate Futures		-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-
3.2.6.	Other		-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		6,315,874,265	9,247,706	6,325,121,971	5,837,900,793	7,703,493
IV.	ITEMS HELD IN CUSTODY	III-(1)	6,177,864,556	-	6,177,864,556	5,750,430,596	5,750,430,596
4.1.	Customer Fund and Portfolio Balances		-	-	-	-	-
4.2.	Investment Securities Held in Custody		6,177,859,440	-	6,177,859,440	5,750,425,634	5,750,425,634
4.3.	Checks Received for Collection		-	-	-	-	-
4.4.	Commercial Notes Received for Collection		-	-	-	-	-
4.5.	Other Assets Received for Collection		-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-
4.7.	Other Items Under Custody		1,500	-	1,500	1,500	1,500
4.8.	Custodians		-	-	-	-	-
V.	PLEDGES RECEIVED		138,009,709	9,247,706	147,257,415	87,470,197	7,703,493
5.1.	Marketable Securities		19,763,685	9,247,706	29,011,391	18,195,224	7,703,493
5.2.	Guarantee Notes		-	-	-	-	-
5.3.	Commodity		-	-	-	-	-
5.4.	Warranty		-	-	-	-	-
5.5.	Properties		-	-	-	-	-
5.6.	Other Pledged Items		118,246,024	-	118,246,024	69,274,973	69,274,973
5.7.	Pledged Items-Depository		-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-
TOTAL OFF-BALANCE SHEET (A+B)			6,351,530,824	11,353,766	6,362,884,590	5,928,865,472	7,703,493
						5,936,568,965	

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

III. STATEMENT OF PROFIT OR LOSS

INCOME STATEMENT		Note	Reviewed Current Period 01/01/2023- 31/03/2023	Reviewed Prior Period 01/01/2022- 31/03/2022
I.	INTEREST INCOME		653,839	266,591
1.1	Interest on Loans	IV-(1)	124,202	17,280
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks	IV-(1)	480,968	203,100
1.4	Interest Received from Money Market Transactions		6	-
1.5	Interest Received from Marketable Securities Portfolio	IV-(1)	47,944	46,011
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		2,357	-
1.5.3	Financial Assets Measured at Amortised Cost	IV-(1)	45,587	46,011
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		719	200
II.	INTEREST EXPENSE	IV-(2)	54,570	12,525
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		53,689	9,470
2.3	Interest Expense on Money Market Transactions		787	2,983
2.4	Interest on Securities Issued		-	-
2.5	Lease Interest Expenses		94	72
2.6	Other Interest Expenses		-	-
III.	NET INTEREST INCOME (I - II)		599,269	254,066
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		491,021	209,104
4.1	Fees and Commissions Received		544,816	235,946
4.1.1	Non-cash Loans		-	26,026
4.1.2	Other	IV-(11)	544,816	209,920
4.2	Fees and Commissions Paid		53,795	26,842
4.2.1	Non-cash Loans		-	-
4.2.2	Other		53,795	26,842
V.	DIVIDEND INCOME	IV-(3)	-	-
VI.	TRADING INCOME / LOSS (Net)	IV-(4)	(14,680)	2,169
6.1	Trading Gains/ Losses on Securities		(3,272)	-
6.2	Trading Gains/ Losses on Derivative Financial Instruments		21,063	-
6.3	Foreign Exchange Gains/ Losses		(32,471)	2,169
VII.	OTHER OPERATING INCOME	IV-(5)	96,121	635
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1,171,731	465,974
IX.	EXPECTED CREDIT LOSS (-)	IV-(6)	-	5,225
X.	OTHER PROVISION EXPENSES (-)	IV-(7)	80,283	27,477
XI.	PERSONNEL EXPENSES (-)	IV-(7)	121,145	43,833
XII.	OTHER OPERATING EXPENSES (-)	IV-(7)	855,216	23,182
XIII.	NET OPERATING INCOME/ LOSS (VIII+...+XII)		115,087	366,257
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME/ LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME/ LOSS ON NET MONETARY POSITION		-	-
XVII.	INCOME/ LOSS BEFORE TAX FROM CONTINUING OPERATIONS (XIII+...+XVI)		115,087	366,257
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	IV-(8)	(23,752)	(84,003)
18.1	Current Tax Provision		-	(83,370)
18.2	Deferred Tax Income Effect (+)		(23,752)	(633)
18.3	Deferred Tax Expense Effect (-)		-	-
XIX.	NET INCOME/ LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-(9)	91,335	282,254
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Non-Current Assets Held for Resale		-	-
20.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
20.3	Other Income from Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expense from Non-Current Assets Held for Resale		-	-
21.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
21.3	Other Expenses from Discontinued Operations		-	-
XXII.	INCOME/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Income Effect (+)		-	-
23.3	Deferred Tax Expense Effect (-)		-	-
XXIV.	NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	IV-(10)	91,335	282,254
25.1	Group's profit/loss		91,335	282,254
25.2	Minority shares profit/loss (-)		-	-
	NET PROFIT/LOSS (XIX+XXIV)		91,335	282,254
	Earnings / (Loss) Per Share in (Full TL)		0.1522	0.4704

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed	Reviewed
	Current Period	Prior Period
	1 January -	1 January -
	31 March 2023	31 March 2022
I. CURRENT PERIOD INCOME/LOSS	91,335	282,254
II. OTHER COMPREHENSIVE INCOME	(6,113)	(3,293)
2.1 Not Reclassified Through Profit or Loss	(6,113)	(3,293)
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	(8,150)	(4,116)
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	2,037	823
2.2 Reclassified Through Profit or Loss	-	-
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	-	-
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	85,222	278,961

The accompanying explanations and notes form an integral part of these unconsolidated financial statements

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Changes in shareholders' equity				Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss					Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Total Shareholders' Equity	
	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																
1 January 2023-31 March 2023																
I.	600,000	33,019	-	3,261	-	(7,681)	-	-	-	-	2,133,415	1,754,924	-	-	-	4,516,938
Corrections and Accounting Policy Changes																
II.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	600,000	33,019	-	3,261	-	(7,681)	-	-	-	-	2,133,415	1,754,924	-	-	-	4,516,938
IV.	-	-	-	-	-	(6,113)	-	-	-	-	-	-	91,335	-	-	85,222
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period-End Balance (III+IV+...+X+XI)	600,000	33,019	-	3,261	-	(13,794)	-	-	-	-	2,133,415	1,754,924	91,335	-	-	4,602,160

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

Changes in shareholders' equity						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss	Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								Total Shareholders' Equity		
	Reviewed	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
Prior Period Revised																	
1 January 2022-31 March 2022																	
I. Prior Period End Balance	600,000	33,019	-	3,261	-	(596)	-	-	-	-	1,687,658	913,560	-	-	-	3,236,902	
Corrections and Accounting Policy Changes																	
II. 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	-	-	-	-	-	(3,293)	-	-	-	-	-	-	282,254	-	-	278,961	
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period-End Balance (III+IV+...+X+XI)	600,000	33,019	-	3,261	-	(3,889)	-	-	-	-	1,687,658	913,560	282,254	-	-	3,515,863	

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

**UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

VI. STATEMENT OF CASH FLOWS

	Note	Reviewed	Reviewed
		Current Period	Prior Period
		1 January – 31 March 2023	1 January – 31 March 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit/ (Loss) Before Changes in Operating Assets and Liabilities		(40,341)	(106,367)
1.1.1 Interest Received		593,849	248,979
1.1.2 Interest Paid		(54,422)	(12,918)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		422,354	179,574
1.1.5 Other Income		96,121	635
1.1.6 Collections from Previously Written-off Loans and Other Receivables		-	-
1.1.7 Payments to Personnel and Service Suppliers		(122,122)	(44,270)
1.1.8 Taxes Paid		(39,906)	(98,220)
1.1.9 Other		(936,215)	(380,147)
1.2 Changes in Operating Assets and Liabilities		(1,763,796)	6,200,480
1.2.1 Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.2 Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss		181,676	-
1.2.3 Net (increase) / decrease in Due from Banks and Other Financial Institutions		47,396	(7,147)
1.2.4 Net (increase) / decrease in Loans		(2,850,897)	(394,483)
1.2.5 Net (increase) / decrease in Other Assets		(85,693)	497,152
1.2.6 Net increase / (decrease) in Bank Deposits		-	-
1.2.7 Net increase / (decrease) in Other Deposits		-	-
1.2.8 Net increase/(decrease) in Funds Borrowed		(5,443,999)	2,847,876
1.2.9 Net increase/(decrease) in Payables		-	-
1.2.10 Net increase/(decrease) in Other Liabilities		6,387,721	3,257,082
I. Net Cash Provided from Banking Operations		(1,804,137)	6,094,113
B. CASH FLOWS FROM INVESTING ACTIVITIES		-	-
II. Net Cash Provided from Investing Activities		(2,052,605)	376,925
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		(39,343)	(13,875)
2.4 Disposals of Property and Equipment		18	112
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		-	-
2.7 Purchase of Financial Assets Measured at Amortised Cost		(2,887,696)	(548,638)
2.8 Sale of Financial Assets Measured at Amortised Cost		233,928	1,538,866
2.9 Other		640,488	(599,540)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Provided from Financing Activities		17,733	(2,588)
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		-	-
3.5 Payments for Leases		94	72
3.6 Other		17,639	(2,660)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		12,867	314,671
V. Net Decrease in Cash and Cash Equivalents		(3,826,142)	6,783,121
VI. Cash and Cash Equivalents at Beginning of the Period		79,312,955	38,848,153
VII. Cash and Cash Equivalents at End of the Period		75,486,813	45,631,274

The accompanying explanations and notes form an integral part of these unconsolidated financial statements.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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 differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) and TMS 34 have not been quantified in these financial statements.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on 20 January 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of 31 December 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 31 March 2023 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of 31 March 2023 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

Due to the earthquake disaster that occurred in Kahramanmaraş and surrounding provinces in February 2023, aid was provided to the region. The effects of the disaster have been reviewed and it has been evaluated as an earthquake that has no continuing effect on the financial statements.

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, 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 bonds and treasury bills.

The Bank has not any area of operations for which a return is achieved above the average rate of return.

The Bank carries transactions in securities and money markets. Accordingly, exchange rate and interest rate volatility are managed by matching its assets and liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions (Continued)

The Bank does not engage in derivative or structured products defined as off-balance sheet to provide balance sheet management or to make profit. The Bank does not have any transactions that cause liability or affect the net asset position negatively in other foreign currency transactions..

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 Consolidated and Separate Financial Statements Standard” (“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 Translation of Commerce

Within the scope of balance sheet management, money swap transactions are carried out for the purpose of liquidity management and protection of the portfolio owned. As of 31 March 2023, the Bank has resulting from swap transactions with the Central Bank of the Republic of Turkey and derivative liabilities accounted for as “Fair Value at Fair Value Through Profit and Loss of Derivative Financial Liabilities”.

V. Explanations on Interest Income and Expenses

Interest is recorded 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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 removed from the statement of financial position when the obligation specified in the contract is fulfilled, cancelled 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 reflected in the income statement.

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 recorded to income statement. “Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. When these securities are collected or disposed of, the accumulated fair value differences reflected in the equity are reflected to the income statement.

c. Financial Assets Measured at Amortised Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

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. Moreover, The Bank provides swap loan, which is a loan with a maximum maturity of O / N (overnight) provided to Borsa Istanbul Equity Market participants to meet the short-term fund needs that may arise during the completion of the requested collaterals in order to cover the risks arising from their positions in the market. 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 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 and irrevocable commitments the “Other Provisions” heading on the liabilities 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)”.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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, 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.

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 bank has no reverse repo balance as of 31 March 2023. (31 December 2022 : None). The difference between purchase and sale price determined by these agreements is accrued over the life of agreements according to effective interest rate method.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. Explanations on Assets Held for Sale and Discontinued Operations

According to “IFRS 5 Non Current Assets Held for Sale and Discontinued Operations” which satisfy to be classified as held for sale are measured by the lower of carrying value and fair value less costs to sell and these assets are not amortized; and are separately presented in the financial statements. For an asset (or else the group of assets) to be classified as held for sale; the asset should be ready for immediate sale in frequently seen and accustomed terms and the probability of sale should be high. For the probability of sale to be high, appropriate level of management should have made a plan for the sale of the asset (or else the group of assets) and a program should have been initiated in order to determine buyers as well as complete the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low. Certain events and conditions may extend the duration of completion of sale to more than one year.

If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets). A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

A discontinued operation is a part of a bank classified as held for sale or held for sale. The results of discontinued operations are presented separately in statement of profit or loss.

The Bank has no assets held for sale as of the balance sheet date. The Bank has no discontinued operations during the period.

XII. Explanations on Goodwill and Other Intangible Assets

As of the balance sheet date, there is no goodwill in the accompanying un-consolidated financial statements of the Bank.

The intangible assets which have been bought before 1 January 2005 are amortized based on historical cost which has been revised according to inflation effects dated 31 December 2004 and the items which have been bought in the following dates are amortized based on purchase cost with the allocation of accumulated depreciation and impairments. The intangible assets are amortized based on straight line amortization regarding useful life periods. The amortization method and period are revised periodically every year.

Intangible assets of the Bank are basically software license costs. Useful lives of other intangible assets are determined by the consideration of items as; useful life of asset, maintenance costs incurred to obtain expected economic benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Depreciation period is 5 years (20% annual depreciation rate) for establishment/formation expenses for other intangible assets with uncertain leasing period or leasing period over five years and depreciation rate is proportional with period for those with certain leasing period. Economic useful lives determined are in accordance with the criteria stated in the Turkish Accounting Standards-TAS 38-Intangible Assets. Computer programs widely used in the Bank are generated within the Bank by the personnel of the Bank and the expenses related to those assets are not capitalized. Computer software is only purchased in case of urgent need and special projects.

Within the scope of the agreement made between Borsa İstanbul and NASDAQ, new BISTECH technology, which was developed under Borsa İstanbul’s processing system; data distribution; index calculation; market surveillance; reporting systems; and also the Bank’s swap and risk management systems, has a useful life of 20 years.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. Explanations on Tangible Assets

Tangible fixed assets are initially recognized at acquisition cost and any other cost incurred so as to get the fixed asset ready for use.

Tangible fixed assets are depreciated with straight-line method. Tangible fixed 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 Standards Board. Depreciation Rates for Tangible Fixed Assets are as following:

	Estimated Useful Life (Year)
Buildings	36-50 Years
Plant machinery and equipment	4 Years
Vehicles	-
Flooring and fixtures	5 Years
Special Costs	5 Years
Rights	3 Years
Development costs	5 Years

Tangible fixed assets are accounted for at cost less accumulated depreciation and impairment, if any.

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed 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 fixed 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.

After the date lease actually started, net book value of lease liability is increased by reflecting the interest on lease liability, decreased by reflecting lease payments that is made and remeasures to reflect the changes made in lease or revised fixed lease payments.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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 March 2023 is TL19,982.83 (31 December 2022: TL15,371.40).

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 31 March 2023, actuarial gain after deferred tax effect amounting to TL8,150 (31 December 2022: TL9,447 actuarial loss) was classified as “Other Capital Reserves”.

XVI. Explanations on Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit at enacted tax rates, and it is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized as taxable profit.

The carrying amount of a deferred tax asset shall be reviewed at the end of the reporting period. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled is recognized in income statement as income or expense. Deferred tax that relates to items that are recognized directly in equity, in the same or a different period, is recognized directly in equity. Deferred tax assets and liabilities are netted off.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxation (Continued)

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.

In the deferred tax calculation as of 31 March 2023, 25% tax rate is used for temporary differences that are expected to be realized/closed within 2023 and after 2023.

Current Tax

According to the Corporate Tax Law No. 5520 published in the Official Gazette dated 21 June 2006 and numbered 26205; While the corporate tax is calculated at the rate of 20% on the corporate income, the 20% rate in accordance with the Provisional Article 10 added to the Corporate Tax Law is calculated on the corporate earnings of the institutions for the 2021 taxation periods (for the institutions designated special accounting period, the accounting periods starting in the relevant year). applied as 25%. Prepaid taxes are followed in “Current Tax Liability” or “Current Tax Asset” accounts to be deducted from the corporate tax liability of the relevant year. The Corporate Tax rate, which is 20% in accordance with the Law no 7316 Temporary Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Law on Collection Procedure of Public Claims and Amendment of Certain Laws, published in the Official Gazette on 22 April, 2021, is 20%. It will be applied as 25% for corporate earnings and 23% for 2022. Pursuant to Article 14 of the Law, the rate to be applied for 2021 will start from the declarations that must be submitted as of 1 July 2021, and will be valid for corporate earnings for the taxation period starting from 1 January 2021. It will be applied as 25% for corporate earnings and 23% for 2022. Pursuant to Article 14 of the Law, the rate to be applied for 2021 will start from the declarations that must be submitted as of July 1, 2021, and will be valid for corporate earnings for the taxation period starting from 1 January 2021. 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.

Corporations calculate provisional tax on their quarterly financial profits and declare it until the 14th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if the temporary tax amount remains, this amount can be refunded in cash or deducted from other financial debts against the state.

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 5rd 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxation (Continued)

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 20 January 2022, the application of inflation accounting was postponed starting from the balance sheet dated 31 December 2023.

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:

Guarantee Fund purchased within the scope of BİAŞ Markets, BİAŞ Debt and Equity Markets, Takasbank Money Market (TPP), Over-the-Counter Derivatives Market, Takasbank Equity Lending Market (ÖPP), 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 BİAŞ Precious Metals Market, BİAŞ Swap Market, Investor Compensation Center membership and pledge guarantees, check clearing, vehicle swapping, Cash collateral amounts related to Turkey Electronic Fund Trading Platform (TEFAS), Private Pension Fund Trading Platform (BEFAS), public guarantee management service and other services are monitored in Banks in assets and in Funds in liabilities. The funds in question ensure that in case of cash default of the debtor members, the creditor members are not affected by the delay. Cash guarantee mechanisms have been established to serve the purpose of ensuring a continuous cash flow in the market by making the payments on time and accurately.

XIX. Explanations on Issuance of Equity Securities

The Bank does not have any shares issued in the current period.

XX. Explanations on Acceptances

The Bank performs acceptances with its customers simultaneously and follows them in off balance sheet liabilities.

The Bank has no acceptances that have been included as a liability against an asset.

XXI. Explanations on Government Incentives

There are no government incentives utilized by the Bank as of the balance sheet date.

XXII. Explanations on Segment Reporting

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 VIII 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.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXV. Investment Properties

Property, and land and buildings held for the purpose of earning rent or appreciation or for both, rather than being used in the production of goods and services or sold for administrative purposes or during the normal course of business are classified as “investment property”. Bank is valued Debt instruments and share issue premiums deemed suitable by the BRSA nvestment Properties with fair value method in accordance with the Turkish Accounting Standard 40 (TAS 40) “Investment Property”. Any gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they are incurred.

XXVI. Reclassification

None.

XXVII. Explanations on TFRS 16 Leases standards

The Bank has put TFRS 16 Leases standard into use starting from January 2019 for operational leasing transactions that the Bank is a counterparty. For the transactions the Bank is lessee, the Bank used the model the standard projects except for the low value assets and short term leasings (1 year or less).

TFRS 16 Leases standard removes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the present accounting of finance leases which is balance sheet based, singular accounting model. For lessors, the accounting stays almost the same. The Bank has started to apply the TFRS 16 Leases standard as of 1 January 2019. As of 31 March 2023, the Bank's right of use asset, which is classified in the tangible assets, is TL6,755 and the lease liability is TL3,546 as of 31 March 2023.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders’ Equity

The date of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Regulation) published in the Official Gazette dated October 23, 2015 and numbered 29511, specified in the Board Decision dated January 31, 2023 and numbered 10496, the date specified in the Board Decision dated 28.04.2022 and dated 10188, is the amount subject to credit risk. in the calculation; the use of the Central Bank’s foreign exchange buying rate as of December 31, 2021, when managing the appraised amounts determined by Turkish Accounting Standards and related special provisions of monetary assets and non-monetary assets, except for items in foreign currency, the measurement measure of historical costs; Until a Board Decision is made, it has been decided to continue using the Central Bank’s foreign exchange buying rate as of December 30, 2022. While performing bank calculations, this opportunity is utilized from the announcement of the relevant Board decision.

The Bank’s current period equity capital is TL4,547,877 (31 December 2022: TL4,548,037), capital adequacy standard ratio is 20.87% (31 December 2022: 14.81%). The Bank’s capital adequacy standard ratio is above the minimum rate defined by legislation.

Summary information related to the capital shareholders’ equity:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	600,000	600,000
Share issue premiums	33,019	33,019
Reserves	2,136,676	2,136,676
Gains recognized in equity as per TAS	-	-
Profit	1,846,259	1,754,924
Current Period Profit	91,335	1,732,121
Prior Period Profit	1,754,924	22,803
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	4,615,954	4,524,619
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	13,794	7,681
Improvement costs for operating leasing	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	143,413	125,517
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	4,825	4,825
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	162,032	138,023
Total Common Equity Tier 1 Capital	4,453,922	4,386,596

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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)	4,453,922	4,386,596
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	93,955	161,441
Tier II Capital Before Deductions	93,955	161,441
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	93,955	161,441

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations Related to Components of Shareholders’ Equity (Continued)

	Current Period	Prior Period
Total Capital (The sum of Tier I Capital and Tier II Capital)	4,547,877	4,548,037
Deductions from Total Capital	4,547,877	4,548,037
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)	4,547,877	4,548,037
Total risk weighted amounts	21,789,293	30,709,683
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	20.44	14.28
Tier I Capital Adequacy Ratio (%)	20.44	14.28
Capital Adequacy Ratio (%)	20.87	14.81
BUFFERS		
Bank specific total Common Equity Tier 1 Capital requirement (%)	2.5	2.5
a) Capital conservation buffer requirement (%)	2.5	2.5
b) Bank specific counter-cyclical buffer requirement (%)	-	-
c) Systemic significant bank buffer ratio	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	-
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Remaining Mortgage Servicing Rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	93,955	161,441
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	93,955	161,441
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

⁽¹⁾ “The amounts to be taken into account at the end of the transition period are shown for the items subject to the transition provisions under the Provisional Articles of the “Regulation on Shareholders’ Equity of Banks”.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

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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 ICAAP 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 (ICAAP) 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 ICAAP, 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 ICAAP processes so that they are implemented with a long-term view and are risk focused, internalized within the Bank and that its consequences are used in the decision-making process.

Evaluations of the Bank’s capital and liquidity adequacy are done from a risk-based perspective, considering the strategic plan, three-year budget projections, bank policies on capital adequacy, liquidity and funding, risk measurement outcomes for risks that the company is exposed to ICAAP 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, first 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 ICAAP 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 ICAAP and its implementation within the Bank. All units of the Bank execute their duties, authorities, and responsibilities which are within the scope of ICAAP in accordance with their own regulations. The inspection report regarding the data, systems, and processes is prepared by the Internal Audit Unit, and the validation report regarding the models and/or methods that are used for risk measurement within the scope of the internal capital adequacy calculation is prepared by the Internal Control and Compliance Unit.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Currency Risk

Except for the foreign currency that the Bank holds for its own transactions pursuant to foreign exchange and custody transaction commissions, foreign exchange contracts, Guarantee Fund received within the scope of BİAŞ Markets, BİAŞ Debt and Equity Markets, Takasbank Money Market (TPP), Over-the-Counter Derivatives Market, Takasbank Equity Lending Market (ÖPP), Renewable Energy Resource Guarantee Market (YEK-G), Natural Gas Futures Market (VGP), Natural Gas Market, BİAŞ Futures and Options Market (VIOP), Electricity Market, Electricity Futures Market, BİAŞ Money Market and BİAŞ Precious Metals Market, BİAŞ Swap Market, Investor Compensation Center membership and pledge guarantees, check clearing, vehicle clearing, Turkey Electronic Fund Trading Platform (TEFAS), Private Pension Fund Trading Platform (BEFAS), public guarantee management service and other services. With the guarantees received for the related bank and other foreign currency deposited in the Bank's accounts, intermediary institutions, banks and other financial institutions is exposed to exchange rate risk due to the foreign currency remaining in the free accounts of its customers, and market risk is calculated within this scope. However, with the Communiqué on Required Reserves numbered 2013/15, the liabilities subject to required reserves have been amended, and since the obligations 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 TL155,007 (31 December 2022: TL57,853) for the net position between assets and liabilities in foreign currency, and recognised it in the amount basis to market risk.

Recognizing FX transactions of the Bank, the risk management policy that is also regarded in TL transactions is used and asset liability is managed so as not to be exposed to foreign exchange risk in transactions that affect FX assets and liabilities.

The Bank's foreign CBRT exchange bid rates as of the date of the financial statements and five working days prior to that date:

Current Period	1 USD	1 EUR	1 GBP	100 JPY
Current Exchange Rate on Balance Sheet Date	19.1460	20.8021	23.5943	14.4100
1 st Business Day's Current Exchange Rate	19.1070	20.7201	23.5295	14.4468
2 nd Business Day's Current Exchange Rate	19.0839	20.6467	23.4483	14.5348
3 rd Business Day's Current Exchange Rate	19.0680	20.5252	23.3261	14.4896
4 th Business Day's Current Exchange Rate	19.0371	20.5055	23.2563	14.6011
5 th Business Day's Current Exchange Rate	19.0223	20.7220	23.3789	14.4744
Simple arithmetic averages for last 31 days	18.9693	20.2889	22.9643	14.1389

Information on the foreign currency risk of the Bank:

Current Period	EUR	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	-	2,870,690	-	2,870,690
Banks	780,145	17,534,947	112,686	18,427,778
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	2,091,316	2,423,394	-	4,514,710
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	856	42,750	-	43,606
Total Assets	2,872,978	22,871,781	112,686	25,857,445
Liabilities				
Bank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market funds	-	-	-	-
Funds provided from other financial institutions	24,964	-	-	24,964
Securities issued	-	-	-	-
Funds	5,687,439	21,983,676	112,419	27,783,534
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	5,712,403	21,983,676	112,419	27,808,498
Net Balance Sheet Position	(2,839,425)	888,105	267	(1,951,053)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Information on the foreign currency risk of the Bank (Continued)

Net Off-Balance Sheet Position	-	-	-	-
Financial derivative assets	-	2,106,060	-	2,106,060
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	-
Prior Period				
Total assets	7,492,386	13,993,003	80,929	21,566,318
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	-	-	-	-

III. Explanations Related to Interest Rate Risk

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Bank.

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. At the same time, securities transactions can be carried out through the broker's trading terminals. 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”.

Other than securities guaranteed or issued by the Turkish Treasury, the Bank includes Government Debt Securities and debt securities issued by Banks, which established in Turkey in its portfolio during the year 2021,2022,and 2023. The Bank is undertake any liability due to using resulting from swap transactions with the Central Bank of the Republic of Turkey derivative financial instruments attributable to its transactions in evaluating its funding resources.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):

End of Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	2,870,690	-	-	-	-	67	2,870,757
Banks ⁽²⁾	64,831,110	1,006,436	-	-	-	6,806,526	72,644,072
Financial assets at fair value through profit and loss	-	-	-	-	245,328	1,056	246,384
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	4,332	4,332
Loans ⁽³⁾	5,514,518	-	-	-	-	-	5,514,518
Financial assets measured at amortised cost ⁽⁴⁾	2,131,984	376,840	1,923,065	-	457,188	-	4,889,077
Other assets ⁽¹⁾	144,467	-	-	-	-	876,656	1,021,123
Total Assets	75,492,769	1,383,276	1,923,065	-	702,516	7,688,637	87,190,263
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-
Miscellaneous payables	29,485,178	-	-	-	-	51,110,089	80,595,267
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	1,584,666	-	-	-	-	-	1,584,666
Other liabilities ⁽¹⁾	-	-	-	-	-	5,010,330	5,010,330
Total Liabilities	31,069,844	-	-	-	-	56,120,419	87,190,263
Balance sheet long position	44,422,925	1,383,276	1,923,065	-	702,516	-	48,431,782
Balance sheet short position	-	-	-	-	-	(48,431,782)	(48,431,782)
Off-balance sheet long position	191,460	1,914,600	-	-	-	-	2,106,060
Off-balance sheet short position	189,710	1,905,371	-	-	-	-	2,095,081
Total Position	44,804,095	5,203,247	1,923,065	-	702,516	(48,431,782)	4,201,141

⁽¹⁾ Explanations of other assets and other liabilities are provided below.

⁽²⁾ Expected credit loss provisions recognized under TFRS 9 are presented in the “Up to 1 Month” 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 “Up to 1 Month” column

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THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued)

End of Previous Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽²⁾	Total
Assets							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	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 and loss	-	-	-	-	63,652	1,056	64,708
Money market placements	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	4,332	4,332
Loans ⁽³⁾	2,678,414	-	-	-	-	-	2,678,414
Held-to-maturity investments	88,204	-	2,373,311	-	438,670	-	2,900,185
Other assets ⁽¹⁾	3,333	-	-	-	-	778,280	781,613
Total Assets	80,562,092	886,942	2,373,311	-	502,322	1,479,905	85,804,572
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	-	-	-	-	-	-	-
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
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	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
Net Position	57,570,664	886,942	2,373,311	-	502,322	(61,333,239)	-

⁽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 “Non-interest bearing” column.

⁽⁴⁾ Expected credit loss provisions recognized under TFRS 9 are presented in the “Non-interest bearing” column.

Other Assets	Current Period	Prior Period
Intangible assets	143,413	125,517
Custody service commission rediscounts	126,122	120,718
Investment Properties	141,630	141,630
Deferred tax asset	21,552	43,267
Temporary accounts	14,522	12,627
Tangible Assets	67,529	32,355
Miscellaneous receivables	482,370	300,282
Derivative Financial Asset	18,672	-
Subsidiaries	4,825	4,825
Stationary Supplies	488	392
Total	1,021,123	781,613
Other Liabilities	Current Period	Prior Period
Shareholders’ Equity	4,602,160	4,516,938
Tax Liabilities	230,058	232,854
Provisions	174,566	221,393
Lease Liabilities	3,546	4,675
Total	5,010,330	4,975,860

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued)

Interest rate risk on banking accounts:

Type of Currency	Shock Applied (+/- x basis point)	Gains/ (Losses)	Gains/Equity (Losses)/Equity
TL	(+) 500 bp	(100,782)	(0.022)
TL	(-) 400 bp	83,730	0.018
EUR	(+) 200 bp	(4,291)	(0.001)
EUR	(-) 200 bp	4,379	0.001
USD	(+) 200 bp	(75,138)	(0.017)
USD	(-) 200 bp	80,477	0.018
Total (of negative shocks)		168,586	0.037
Total (of positive shocks)		(180,211)	(0.040)

Average interest rates applied to monetary financial instruments (%):

Current Period End Balance	EUR	USD	JPY	TL
Assets				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-
Due from other banks	4.40	5.52	-	10.98
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Loans	-	-	-	15.03
Financial assets measured at amortized cost	2.07	6.59	-	14.24
Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds	-	-	-	9.38
Securities issued	-	-	-	-
Loans Received	2.50	-	-	9.27
Prior Period End Balance				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-
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	-	-	-	-
Loans Received	1.95	4.46	-	-

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Equity share position risk in banking accounts

As of 31 March 2023, the Bank has no equity share position risk arising from the equity share and banking accounts (31 December 2022: None).

V. 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, BİAŞ Debt Securities Market, Futures and Options Market, Takasbank Securities Lending Market, BİAŞ Money Market, Share Market, BİAŞ Swap Market and other transactions.

The Bank’s main liquidity management strategy is effectively handling of all Money Market Instruments and this instruments’ potential risks have influence upon the Bank’s balance sheet. Even in the most uncertain market conditions, the Bank maintains risk minimization through reducing risks of market instruments, diversifying instruments, matching of maturities, and obtaining optimum liquidity level. For this reason, the Bank is significantly liquid and is a fund provider in the Over-the-Counter Money Market and CB Interbank markets. Turkish Lira and foreign currency sales transactions with banks are done within the limits determined by the Board of Directors and the compliance of these transactions with limit conditions are controlled by the Internal Control and Legal Compliance Unit periodically.

The interest rates of payments, assets and liabilities are matched. Since there is no mismatch, there is no need for the measurement of the effect on profitability.

The Bank’s short and long-term liquidity needs are met by internal and external resources.

The Bank's cash flows, its own funds and the amounts remaining in the free accounts of the members, Takasbank Money Market (TPP), Over-the-Counter Derivatives Market, Equity Borrowing Market (ÖPP), Renewable Energy Resource Guarantee Market (YEK-G), Forward Natural Gas Market(VGP), Natural Gas Market, BİAŞ Futures and Options Market (VIOP), Electricity Market, Electricity Futures Market, BİAŞ Money Market and Precious Metals Market, BİAŞ Swap Market, Investor Compensation Center membership and pledge guarantees, check clearing, TEFAS, public Cash collaterals received for reasons such as cash collateral for other services related to the collateral management service are evaluated at other banks in the over-the-counter market in overnight terms in order to manage the 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk (Continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Undistributed⁽¹⁾	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	67	2,870,690	-	-	-	-	-	2,870,757
Banks	6,806,526	64,831,110	1,006,436	-	-	-	-	72,644,072
Financial assets at fair value through profit and loss	1,056	-	-	-	-	- 245,328	-	246,384
Money market placements	-	-	-	-	-	-	-	-
Fair value with changes in other comprehensive income	4,332	-	-	-	-	-	-	4,332
Loans ⁽²⁾	-	5,514,518	-	-	-	-	-	5,514,518
Financial assets measured at amortized cost ⁽³⁾	-	2,131,984	376,840	1,923,065	-	457,188	-	4,889,077
Other assets ⁽¹⁾	-	144,467	-	-	-	-	876,656	1,021,123
Total Assets	6,811,981	75,492,769	1,383,276	1,923,065	-	702,516	876,656	87,190,263
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed	-	1,584,666	-	-	-	-	-	1,584,666
Money market borrowings	-	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-	-
Funds	51,110,089	29,485,178	-	-	-	-	-	80,595,267
Other liabilities	-	90,653	192,519	77,801	201	-	4,649,156	5,010,330
Total Liabilities	51,110,089	31,160,497	192,519	77,801	201	-	4,649,156	87,190,263
Liquidity Gap	(44,298,108)	44,332,272	1,190,757	1,845,264	(201)	702,516	(3,772,500)	-
Net off-Balance sheet position								
Receivables from derivative financial instruments	-	191,460	1,914,600	-	-	-	-	2,106,060
Liabilities from derivative financial instruments	-	189,710	1,905,371	-	-	-	-	2,095,081
Non-Cash Loans	-	31,669,002	711,064	363,880	-	-	-	32,743,946
Prior Period								
Total assets	701,625	80,562,092	886,942	2,373,311	-	502,322	778,280	85,804,572
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 off-Balance sheet 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

(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.

(2) Expected credit loss provisions recognized under TFRS 9 are presented in the “Up to 1 Month” column.

(3) Expected credit loss provisions recognized under TFRS 9 are presented in the “Up to 1 Month” column.

Securitization positions:

The Bank does not apply securitisation as of 31 March 2023 (31 December 2022: None).

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Leverage Ratio:

a) Information on issues that cause differences between current period and previous period leverage ratios:

The leverage ratio calculated by the Bank in accordance with the “Regulation on Measurement and Assessment of Leverage of Banks” is 4.96% (31 December 2022: 2.55%).

In accordance with the written application submitted to the BRSA dated 5 July 2022 and numbered 43806, and the letter numbered 10042 received from the BRSA on 7 February 2023, the Bank’s leverage ratio was included in the calculation as non-cash loans for off-balance sheet liabilities as of this date. started to calculate by taking into account the amounts allocated and committed from Takasbank’s capital instead of the liability amount and the open position amount in the Takasbank Money Market. Accordingly, the leverage ratio increased above the legal limit of 3%.

b) Leverage ratio:

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Assets on the balance sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	83,475,303	80,016,265
(Assets deducted from core capital)	(153,542)	(135,836)
Total risk amount for assets on the balance sheet	83,321,761	79,880,429
Derivative financial instruments and credit derivatives		
Renewal cost of derivative financial instruments and loan derivatives	3,284,516	-
Potential credit risk amount of derivative financial instruments and loan derivatives	-	-
Total risk amount of derivative financial instruments and loan derivatives	3,284,516	-
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	2,283,745	81,402,099
(Adjustment amount arising from multiplying by the credit conversion rate)	-	-
Total risk amount for off-balance sheet transactions	2,283,745	81,402,099
Capital and total risk		
Tier 1 capital	4,412,131	4,119,327
Total risk amount	88,890,022	161,282,528
Leverage ratio		
Leverage ratio (%)	4.96	2.55

⁽¹⁾ The amounts in the table are calculated by using the quarterly average amounts.

VII. 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 (ICAAP) 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 ICAAP, 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 and below the minimum and the maximum levels stated in the regulations published by the BRSA and below the risk appetite confirmed by the Board of Directors.

The risk capacity of the Bank is decided in accordance with its capital adequacy policy. When doing capital and liquidity planning, the current and under-stress liquidity requirements of the Bank as well as its risk appetite and capacity, are considered together.

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.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Risk management objectives and policies (Continued)

The footnotes and related explanations prepared in accordance with the Communiqué on “Public Disclosures related with Banks’ Risk Management Regulations” published in Official Gazette No. 29511 on 23 October 2015 and entered into force as of 30 June 2016 are given in this section. The following tables, which should be given in quarterly periods in accordance with the related communiqué, have not been presented as of 31 March 2023 as the standard approach is used in the calculation of Bank’s capital adequacy.

- Risk-weighted assets (RWA) flow statements of credit risk exposure under Internal ratings-based (IRB)
- RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

a) General Explanations on Risk Management and Risk Weighted Amounts

Overview of Risk Weighted Assets

	Risk Weighted Amounts		Minimum Capital
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk)	18,348,493	28,598,828	1,467,879
Standardised approach	18,348,493	28,598,828	1,467,879
Internal rating-based approach	-	-	-
Counterparty credit risk	-	-	-
Standardised approach for counterparty credit risk	-	-	-
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	161,106	58,906	12,888
Standardised approach	161,106	58,906	12,888
Internal model approaches	-	-	-
Operational risk	3,279,694	2,051,949	262,376
Basic Indicator approach	3,279,694	2,051,949	262,376
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
Floor adjustments	-	-	-
Total	21,789,293	30,709,683	1,743,143

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on Segment Reporting

The Bank operates mainly in clearing-operation, custody, loans and treasury.

Current Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Cash and Balances with Central Bank	-	-	2,870,757	-	2,870,757
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	-	- 246,384	246,384
Banks	-	-	72,644,072	-	72,644,072
Money Markets	-	-	-	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-	4,332	-	4,332
Loans ⁽¹⁾	-	5,514,518	-	-	5,514,518
Financial Assets At Fair Value Through Amortized Cost ⁽²⁾	-	-	4,889,077	-	4,889,077
Joint Ventures (Net)	-	-	-	-	-
Subsidiaries	-	-	4,825	-	4,825
Tangible Assets (Net)	-	-	-	67,529	67,529
Intangible Assets (Net)	-	-	-	143,413	143,413
Investment Properties (Net)	-	-	-	141,630	141,630
Tax Assets	-	-	-	21,552	21,552
Derivative Financial Assets	-	-	18,672	-	18,672
Other Assets ⁴	126,121	-	-	497,381	623,502
Total Assets	126,121	5,514,518	80,431,735	1,117,889	87,190,263
Funds Borrowed	-	-	1,584,666	-	1,584,666
Debts to the Money Markets	-	-	-	-	-
Funds	70,135,517	4,830,327	-	5,629,423	80,595,267
Lease Liability	-	-	-	3,546	3,546
Derivative Financial Liability	-	-	-	-	-
Provisions	-	3,183	-	171,383	174,566
Tax Liability	-	-	-	230,058	230,058
Shareholder's Equity	-	-	-	4,602,160	4,602,160
Total Liabilities	70,135,517	4,833,510	1,584,666	10,636,570	87,190,263

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on Segment Reporting (Continued)

Prior Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Cash and Balances with Central Bank	-	-	1,029,858	-	1,029,858
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	-	64,708	64,708
Banks	-	-	78,345,462	-	78,345,462
Money Markets Receivables	-	-	-	-	-
Financial Assets At Fair Value Through Total Comprehensive Income	-	-	-	-	-
Financial Assets (Net)	-	-	4,332	-	4,332
Loans ⁽¹⁾	-	2,678,414	-	-	2,678,414
Financial Assets Measured at Amortized Cost ²⁾	-	-	2,900,185	-	2,900,185
Joint Ventures (Net)	-	-	-	-	-
Subsidiaries	-	-	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	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 Market	-	-	206,603	-	206,603
Funds	65,095,890	4,751,548	-	3,953,011	73,800,449
Lease Liabilities	-	-	-	4,675	4,675
Derivative Financial Liabilities	-	-	-	-	-
Provisions	-	62,699	-	158,694	221,393
Tax Liability	-	-	-	232,854	232,854
Shareholder's Equity	-	-	-	4,516,938	4,516,938
Total Liabilities	65,095,890	4,814,247	7,028,263	8,866,172	85,804,572

(1) It includes Expected Credit Loss allocated under IFRS 9.

(2) It includes Expected Credit Loss allocated under IFRS 9.

Current Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net interest income	-	124,921	474,348	-	599,269
Net fees and commissions income and other operating income	491,021	-	-	-	491,021
Dividend income	-	-	-	-	-
Trading profit/loss	-	-	(14,680)	-	(14,680)
Other operating receivables	-	-	-	96,121	96,121
Impairment provision for loans and other receivables	-	-	-	-	-
Other operating expenses	-	-	-	(1,056,644)	(1,056,644)
Profit before taxes	491,021	124,921	459,668	(960,523)	115,087
Tax provision	-	-	-	(23,752)	(23,752)
Net profit for the period	491,021	124,921	459,668	(984,275)	91,335

Prior Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net interest income	-	17,481	236,585	-	254,066
Net fees and commissions income and other operating income	183,078	26,026	-	-	209,104
Dividend income	-	-	-	-	-
Trading profit/loss	-	-	2,169	-	2,169
Other operating receivables	-	-	-	635	635
Impairment provision for loans and other receivables	-	5,225	-	-	5,225
Other operating expenses	-	-	-	(94,492)	(94,492)
Profit before taxes	183,078	38,282	238,754	(93,857)	366,257
Tax provision	-	-	-	(84,003)	(84,003)
Net profit for the period	183,078	38,282	238,754	(177,860)	282,254

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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	35	2,870,690	1,431	1,028,407
Cash/foreign currency	32	-	20	-
Other	-	-	-	-
Total	67	2,870,690	1,451	1,028,407

1.b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	35	-	1,431	-
Unrestricted time deposit	-	2,870,690	-	1,028,407
Restricted time deposit	-	-	-	-
Total	35	2,870,690	1,431	1,028,407

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.) Explanations on Mandatory Securities Establishment:

With the Communiqué No. 2022/20 on the Establishment of Turkish Lira Securities for Foreign Currency Liabilities, the liabilities have been amended. With the regulation numbered 2022/23, the name of the communiqué was changed to "Communiqué on the Establishment of Securities". Within the scope of the obligations specified in the new communiqué, as of 31 March 2023, the establishment of Compulsory Securities will be established on the blocked account on 28 April 2022.

2. Information on financial assets at fair value through profit and loss (net):

2.a) Information on government debt securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets Held for Trading				
Time Deposits	245,328	-	63,652	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Option Transactions	-	-	-	-
Other	1,056	-	1,056	-
Total	246,384	-	64,708	-

2.b) Information on marketable securities representing the Bank’s share: None (31 December 2022: None).

2.c) Information on other financial assets: None (31 December 2022: None)

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to the Assets

3. Information on Banks

3.a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	54,255,864	11,657,373	60,425,866	17,313,258
Foreign	35,227	6,770,405	6	694,176
Branches and overseas head office	-	-	-	-
Total	54,291,091	18,427,778	60,425,872	18,007,434

As of 31 March 2023, an expected loss amounting to TL 74,797 has been allocated to the Banks account (December 31, 2022: TL 87,844).

3.b) Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3,699,943	647,684	-	-
USA, Canada	3,105,689	46,498	-	-
OECD countries	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
Total	6,805,632	694,182	-	-

3.c) Information on receivables from money markets

None (31 December 2022: None)

4. Information on financial assets at fair value through other comprehensive income:

4.a) Information on equity instruments:

Name	Acquired On	Current Period		Prior Period	
		Amount	Ratio (%)	Amount	Ratio (%)
Türkiye Ürün İhtisas Borsası A.Ş. (TURİB)	25.07.2018	2,500	5.00	2,500	5.00
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	03.01.2011	637	4.12	637	4.12
S.W.I.F.T.SCRL	24.04.2009	339	0.02	339	0.02
Borsa İstanbul A.Ş.	31.05.2013	324	0.15	324	0.15
SASE - Sarajevo Menkul Kıymetler Borsası	18.05.2011	322	5.00	322	5.00
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29.07.2011	210	10.50	210	10.50
Total		4,332		4,332	

	Current Period	Prior Period
Debt securities	-	-
<i>Quoted on a stock exchange</i>	-	-
<i>Not quoted on a stock exchange</i>	-	-
Share certificates	4,332	4,332
<i>Quoted on a stock exchange</i>	-	-
<i>Not quoted on a stock exchange</i>	4,332	4,332
Impairment provision(-)	-	-
Total	4,332	4,332

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to the Assets (Continued)

5. Information on derivative financial assets:

- a) i. Information on derivative financial assets at fair value through profit or loss: None (31 December 2022: None)

	Current Period	Prior Period
Swap Transactions	18,672	-
Total	18,672	-

- a) ii. Information on derivative financial assets at fair value through other comprehensive income: None (31 December 2022: None).

6. Information on loans:

- a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	3,396,568	18,298,593	2,107,175	34,398,499
<i>Corporate shareholders</i>	3,396,568	18,298,593	2,107,175	34,398,499
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
Total	3,396,568	18,298,593	2,107,175	34,398,499

Cash Loans	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	Refinanced
Current Period				
			Revised Contract Terms	
Non-specialized loans	5,520,780	-	-	-
Business loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	5,520,780	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	5,520,780	-	-	-

Cash Loans	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	Restructure for extending the payment plan
Prior Period				
		Restructure for extending the payment plan	Restructure for extending the payment plan	Restructure for extending the payment plan
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	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to the Assets (Continued)

6. Information on loans (Continued)

b) Information on loans with standard qualifications and close monitoring followed by restructured loans:

c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards: None (31 December 2022: None).

d) Information on commercial loans with instalments and corporate credit cards: None (31 December 2022: None).

e) Loans according to borrowers:

	Current Period	Prior Period
Private	5,520,780	2,681,206
Public	-	-
Total	5,520,780	2,681,206

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	5,520,780	2,681,206
Foreign loans	-	-
Total	5,520,780	2,681,206

g) Loans granted to subsidiaries and associates: None (31 December 2022: None).

Information on non-performing loans (31 December 2022: None).

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 2022: None).

i.2) Information on movement of non-performing loans: None (31 December 2022: None).

i.3) Information on foreign currency non-performing loans and other receivables: None (31 December 2022: None).

i.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

None (31 December 2022: None).

j) Expected loss provision:

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month expected credit losses	6,296	-	2,792	-
Significant increase in credit risk	-	-	-	-
Total	6,296	-	2,792	-

k) Information on write-off policy: Not prepared according to the 25th provisional clause of “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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	3,044,808	2,374,232
Treasury bills	-	-
Other public sector debt instruments	1,846,742	526,874
Total	4,891,550	2,901,106

7.a) ii. Information on government debt instruments:

	Current Period	Prior Period
Debt securities	4,891,550	2,901,106
<i>Quoted on a stock exchange</i>	4,891,550	2,901,106
<i>Not quoted on a stock exchange</i>	-	-
Impairment provision (-)	-	-
Total	4,891,550	2,901,106

7.a) iii. Movement of financial assets measured at amortised cost:

	Current Period	Prior Period
Beginning balance	2,901,106	4,835,980
Foreign currency differences on monetary assets	-	-
Purchases during year	2,887,696	5,269,658
Disposals through sales and redemptions ⁽¹⁾	(233,928)	(7,759,202)
Impairment provision (-)	-	-
Effect of valuation ⁽²⁾	(663,324)	554,670
Closing Balance	4,891,550	2,901,106

⁽¹⁾ All of disposals through sales and redemptions amount is from redemptions.

7.b) Information on expected credit loss provisions for financial assets

	Current Period	Prior Period
Other Financial Assets Measured by Amortized Cost	2,473	921
Treasury Loan	74,797	87,844
Miscellaneous Receivables	7,240	6,265
Total	84,510	95,030

7.c) Information on other financial assets: None. (31 December 2022: 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 2022: None).

8.b) Information on the unconsolidated associates: None (31 December 2022: None).

8.c) Explanations of consolidated associates: None (31 December 2022: None).

8.d) Information on sector information on consolidated associates: None (31 December 2022: None).

8.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2022: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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:

Description	Address (City/ Country)	Bank’s share percentage- If different voting percentage (%)	Bank risk group’s share percentage (%)
Merkezi Kayıt Kuruluşu A.Ş.	İstanbul / Türkiye	28.57	65

Total Assets ⁽¹⁾	Shareholder’s Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profits / Losses	Fair Value
448,827	181,723	154,432	13,481	9,672	(105,196)	133,849	-

⁽¹⁾ Current period financial statements are obtained from unreviewed financial statements prepared as of 31 March 2023 in accordance with the TAS.

9.b) Information on the consolidated subsidiaries:

- Information on the consolidated subsidiaries: None (31 December 2022: None).
- Information on movement of consolidated subsidiaries: None (31 December 2022: None).
- Sectorial information on the consolidated subsidiaries: None (31 December 2022: None).
- Consolidated subsidiaries quoted on the stock exchange: None (31 December 2022: None).

10. Information on entities under common control (joint ventures) None (31 December 2022: None)

11. Information on finance lease receivables (Net): None (31 December : None)

12. Information on investment property:

As of 31 March 2023, the Bank’s investment property amounting to TL 141,630 (31 December 2022: TL 141,630).

As of 31 March 2023, the Bank has no rental income from investment properties.

13. Information on assets held for sale and discontinued operations:

None (31 December 2022: None).

14. Explanations on deferred tax asset:

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 II.6 of Section Five.

15. Information on other assets:

Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments). The details of other assets are presented below.

Allocation of other assets:

	Current Period	Prior Period
VIOP guarantees	287,887	137,513
Invoices payable	194,173	162,38
Custody and fee accruals	126,122	120,718
Prepaid expenses	14,522	12,627
Stock availability	488	392
Cash guarantees given	309	355
Other	1	34
Total	623,502	434,019

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities

1. Information on derivative financial liabilities:

- a) i. Information on derivative financial liabilities at fair value through profit or loss: None (31 December 2022: None).
- a) ii. Derivative financial liabilities at fair value through other comprehensive income: None (31 December 2022: None).

2. Information on funds borrowed:

- a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic banks and institutions	1,559,702	24,964	-	6,821,660
From foreign banks, institutions and funds	-	-	-	-
Total	1,559,702	24,964	-	6,821,660

- b) Information on money market debts

	Current Period		Prior Period	
	TL	FC	TL	FC
T.C. Merkez Bankası	-	-	206,603	-
Total	-	-	206,603	-

- c) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,559,702	24,964	-	6,821,660
Medium and long-term	-	-	-	-
Total	1,559,702	24,964	-	6,821,660

- 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

3. Information on funds:

a) Information on borrowers’ funds: None (31 December 2022: None).

b) Information on other funds:

The breakdown of funds which is the main liabilities of the Bank is as below:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash collaterals	49,657,239	14,675,437	56,607,745	12,318,209
Members’ receivables	1,448,522	13,108,097	1,225,396	2,368,596
Capital Markets Board Share	-	-	-	-
Partners’ Dividend Receivables	-	-	-	-
Expense accruals	53,114	-	15,616	-
Other ⁽¹⁾	1,652,858	-	1,264,887	-
	52,811,733	27,783,534	59,113,644	14,686,805

⁽¹⁾ Amounting of other consists of pool and guarantee fund accounts.

4. Explanations on financial lease liabilities (net):

a) Explanation on finance lease payables: None (31 December 2022: None).

b) Explanations regarding operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	6,755	3,546	9,663	4,675
More than 4 years	-	-	-	-
Total	6,755	3,546	9,663	4,675

5. 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 September 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 TL19,982.83 (31 December 2022: TL15,371.40 (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:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

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 March 2023, 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 61.68% and interest rate 21.00% and a discount rate of 4% (31 December 2022: 17.78% inflation rate, 3.11% 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.

	31 March 2023	31 December 2022
Total liabilities of employee terminations (Undiscounted)	29,501	34,537
Provision for employee termination (Presented in financial statements)	31,598	22,380
The ratio of provision to undiscounted total liabilities (%)	107.11	64.80

As of 31 March 2023, the Bank provided a reserve of TL31,598 (31 December 2022: TL22,380) 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	22,380	10,647
Paid during the year	(264)	(1,813)
Actuarial (gain)/loss	8,150	9,447
Charge for the year	1,332	4,099
<i>Service charge</i>	621	1,440
<i>Interest charge</i>	711	2,659
Total	31,598	22,380

a.2) The reserve for employee benefits:

	Current Period	Prior Period
Unused vacation provision	42,858	22,329
Total	42,858	22,329

b) Information on other provisions:

b.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (31 December 2022: None).

b.2) Breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provisions for CMB’s Share Fee ⁽¹⁾	72,769	54,150
Employee Benefits Provision	20,657	54,854
Provision for litigation	3,501	4,062
Expected credit losses ⁽²⁾	3,183	63,618
Toplam	100,110	176,684

⁽¹⁾ Consists of 12 months expected credit loss provisions for non-cash loans.

⁽²⁾ 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).

	Current Period	Prior Period
Provisions for cases beginning balance	4,062	3,660
Additions	1	1,215
Payments (-)	-	(160)
Cancellations (-)	(562)	(653)
Provisions for cases year end	3,501	4,062

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

5. Information on provisions (Continued):

- c) Liabilities Resulting from Retirement Benefits: None (31 December 2022: None).
- c.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (31 December 2022: None).
- c.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post-retirement benefits for the employees: None (31 December 2022: None).

6. Explanations on taxes payable:

- a) Information on current tax liability:

- a.1) Corporate tax:

	Current Period	Prior Period
Provision for corporate taxes	559,886	559,886
Prepaid taxes (-)	367,366	367,366
Corporate Income Tax Payable	192,520	192,520

- a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	192,520	192,520
Banking insurance transaction tax (BITT)	16,775	19,945
Other	9,181	6,286
Taxation on securities	2,724	4,189
Value added tax payable	742	336
Total	221,942	223,276

- a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employer	3,757	4,493
Social security premiums-employee	3,590	4,187
Unemployment insurance-employer	513	599
Unemployment insurance-employee	256	299
Total	8,116	9,578

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

6. Explanations on taxes payable: (Continued)

b) Explanations on deferred tax liabilities:

Distribution of deferred tax assets / (liabilities):

	Current Period		Prior Period	
	Accumulated Temporary Differences	Deferred tax asset / (liability)	Accumulated Temporary Differences	Deferred tax asset / (liability)
Provisions for severance pay	31,598	7,899	22,380	5,595
Vacation pay liability	63,515	15,879	77,183	19,296
CMB Board share provision - other provision	72,769	18,193	54,150	13,538
Internal yield and market value differences of financial assets and government securities measured at amortized cost	93,955	23,489	161,441	40,360
TFRS 9 provision for expected losses	3,501	875	4,062	1,015
Lawsuits and bonus	481	120	647	162
Interest accruals	46	11	445	111
TFRS 16 Leases				
	265,865	66,466	320,308	80,077
Deferred tax asset				
	(144,165)	(36,041)	(144,351)	(36,088)
Differences between the book value of fixed assets and tax value				
Internal yield and market value difference of Government domestic borrowing certificates measured at amortized cost	(16,820)	(4,205)	(2,888)	(722)
Financial instruments value difference – from swap transactions	(18,672)	(4,668)	-	-
Deferred tax liability	(179,657)	(44,914)	(147,239)	(36,810)
Deferred tax asset / (liability), net		21,552		43,267

Deferred tax asset transaction table :

	Current Period	Prior Period
Previous period balance	43,267	9,066
Deferred tax income / (expense)	(23,752)	31,839
Deferred tax recognized under equity	2,037	2,362
Deferred tax asset	21,552	43,267

7. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Share provision ⁽¹⁾	600,000	600,000
Privileged share provision	-	-

(1) As of 31 March 2023, the Bank has totally 6,000,000,000 issued share certificates.

b) Information on extraordinary reserves:

	Current Period	Prior Period
Reserve Fund Reserved in accordance with the General Assembly Decision	1,889,914	1,889,914
Retained earnings	-	-
Accumulated Losses	-	-
Foreign Currency Capital Exchange Difference	-	-
Total	1,889,914	1,889,914

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

7. Information on Shareholders’ Equity (Continued)

c) **Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so, and amount of registered share capital ceiling:** Registered share capital system is not applied as of the balance sheet date (31 December 2022: Not applied).

d) **Other information on the share of capital increased through capital contributions performed during the current period and capital funds:** None (31 December 2022: None).

e) **Information on share capital increases from capital reserves during the current period:** None (31 December 2022: None).

f) **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 2022: None).

g) **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.

h) **Information on marketable securities valuation reserve:**

None (31 December 2022: None).

i) **Information on past year profit distribution:**

As of the report date, no dividend payment has been made since the Bank's Ordinary General Assembly meeting has not been held yet.

j) **Information on minority shares:**

None (31 December 2022: None).

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 2022: 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: At the balance sheet date, the bank TakasBank money market, Takasbank securities lending market, BIAS in the stock market, the OTC derivatives market, debt securities market bias, BIAS Swap market, money market, futures and options market bias and bias given guarantees on transactions other non-cash loans. the details are shown below.

	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⁾	32,743,946	90,147,147
Total Non-Cash Loans	32,743,946	90,147,147

⁽¹⁾ Guarantees given to Takasbank Money Market, Takasbank Securities Lending Market, BİAŞ Debt Securities Market, BİAŞ Money Market , BİAŞ Equity Market and BİAŞ Futures and Options Market, BİAŞ Swap Market.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to the Off-Balance Sheet Accounts (Continued)

b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2022: None).

b.3) Explanation of irrevocable commitments:

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital commitment for VIOP (Bank is central counterparty services)	69,597	-	69,597	-
Capital commitment for ÖPP (Bank is central counterparty services)	4,342	-	4,342	-
Capital commitment for MKT (Bank is central counterparty services)	-	-	-	-
Capital commitment for Money Market (Bank is central counterparty services)	783	-	783	-
Capital commitment for PAY Market (Bank is central counterparty services)	15,913	-	15,913	-
Capital commitment for BAP Market (Bank is central counterparty services)	138,032	-	138,032	-
Capital commitment for SWAP Market (Bank is central counterparty services)	225,788	-	225,788	-
Capital commitment for OTC Market (Bank is central counterparty services (CCP))	4,944	-	4,944	-
Capital commitment for the TPP Market (as the Bank is a Central Counterparty)	8,035	-	8,035	-
Total	467,434	-	467,434	-

c) Information related to Non-Cash Loans:

The Bank acts as a bridge between the buyer and the seller in the Takasbank Money Market, where it plays a role as the market founder and operator, and monitors the risks arising in this market in non-cash loan items, as it provides guarantees with the guarantee fund contributions and the capital allocated and committed for this market in case of non-payment of the debt. Takasbank, Securities Lending Market, Futures and Options Market, BİAŞ Money Market, Over-the-Counter Derivatives Market, BİAŞ Swap Market, Equity Market and Debt Securities Markets, has secured the transactions in the markets by the Bank.

Limits are set for members in Takasbank Money Market, Securities Lending Market, BIAS Money Market, Equity Market, BIAS Swap Market, Over-the-Counter Derivatives Market, Debt Securities Market and Futures and Options Market transactions, and there is a permanent guarantee obligation for these limits. These collaterals are kept in the bank as multiples of the credit limits determined according to their convertibility into cash.

d) Information related to Allocations

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital allocation for VIOP (Bank is central counterparty services)	52,126	-	52,126	-
Capital allocation for ÖPP (Bank is central counterparty services)	3,252	-	3,252	-
Capital allocation for Money Market (Bank is central counterparty services)	587	-	587	-
Capital allocation for PAY Market (Bank is central counterparty services)	11,919	-	11,919	-
Capital allocation for BAP Market (Bank is central counterparty services)	103,383	-	103,383	-
Capital allocation for SWAP Market (Bank is central counterparty services)	169,110	-	169,110	-
Capital allocation for OTC Market (Bank is central counterparty services)	3,703	-	3,703	-
Capital commitment for the TPP Market (as the Bank is a Central Counterparty)	6,018	-	6,018	-
Total	350,098	-	350,098	-

e) Information related to Guarantees:

Total valued market collateral in markets where the Bank is central counterparty is TL 72,804,583 (31 December 2022: TL 78,047,632), the total of the valuated guarantee fund is TL 4,281,157 (31 December 2022: 3,958,338).

f) Information related to investment securities held in custody:

The investment securities held in custody, TL 6,177,859,440 (31 December 2022: TL 5,750,425,634) of the TL 6,177,633,938 (31 December 2022: TL 5,750,200,191) balance of investment securities held in custody are investment funds as the other TL 225,435 (31 December 2022: TL 225,442) balance consists of share certificate held in custody.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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	124,202	-	17,280	-
Medium/long-term loans	-	-	-	-
Interest on loans under follow-up	-	-	-	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	124,202	-	17,280	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TP	YP	TP	YP
Central Bank of Turkey	11,934	821	-	-
Domestic banks	291,846	176,027	169,363	33,720
Foreign banks	-	340	-	17
Branches and head office abroad	-	-	-	-
Total	303,780	177,188	169,363	33,737

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TP	YP	TP	YP
From financial assets at fair value through profit or loss	2,357	-	-	-
From financial assets at fair value through other comprehensive income	-	-	-	-
From financial assets measured at amortised cost	6,377	39,210	14,863	31,148
Total	8,734	39,210	14,863	31,148

d) Information on interest income received from associates and subsidiaries:

None (31 March 2022: None).

e) Other information:

None (31 March 2022: None).

2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	18,885	35,591	10,828	1,625
<i>The Central Bank of Turkey</i>	-	-	868	-
<i>Domestic banks</i>	18,885	35,591	9,960	1,625
<i>Foreign banks</i>	-	-	-	-
<i>Branches and head office abroad</i>	-	-	-	-
<i>Other financial institutions</i>	94	-	72	-
Total	18,979	35,591	10,900	1,625

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to the Statement of Profit or Loss (Continued)

2. Information on interest expense (Continued)

b) Information on interest expense to associates and subsidiaries:

None (31 March 2022: None).

c) Information on interest expense to marketable securities issued:

None (31 March 2022: None).

d) Distribution of interest expense on deposits based on maturity of deposits:

None (31 March 2022: None).

3. Information on dividend income:

None (31 March 2022: None)

4. Information on net trading income:

	Current Period	Prior Period
Income	30,987	6,606
Gains on capital market operations	-	-
Gains on derivative financial instruments	22,746	-
Foreign exchange gains	8,241	6,606
Losses (-)	(45,667)	(4,437)
Losses on capital market operations	(3,272)	-
Losses on derivative financial instruments	(1,683)	-
Foreign exchange losses	(40,712)	(4,437)
Total (Net)	(14,680)	2,169

5. Information on other operating income:

	Current Period	Prior Period
Provisions no longer required	74,972	357
Collection of prior year expenses	330	229
Income from sales of the assets	-	-
Other income	20,819	49
Total	96,121	635

* Pursuant to the letter dated 7 February 2023 and numbered 10042 received from the BRSA, the Bank has replaced the off-balance sheet liability amount in the markets where CCP service is provided and the open position amount in Takasbank Money Market, which are included in the calculation as non-cash loans in off-balance sheet liabilities as of this date. It has started to calculate the amounts allocated and committed from the capital of the Company, taking into account the expected loss provisions. Depending on the change in the risk amount, as of 31 March 2023, TL 60,435 has been reclassified to provisions that have no subject.

** In the fifth section and fourth part Note 10, details of sub-accounts of balances that are grouped under “Others” section that constitute at minimum 10% of the balances under “Other” section are included if the accounted under “Other” section excludes 20% of the total balance of the Income Statement.

Information about the factors that affect the Bank’s profit materially and including new developments and the amount and quality of extraordinary accounts: None (31 March 2022: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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	-	5,225
12 month expected credit loss (Stage 1)	-	5,225
Significant increase in credit risk (Stage 2)	-	-
Non-performing loans (Stage 3)	-	-
Marketable securities impairment expense	-	-
Financial assets at fair value through profit/loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Impairment provision for associates, subsidiaries and joint ventures	-	-
Provisions for Impairment	-	-
Joint ventures	-	-
Subsidiaries	-	-
Associates	-	-
Other	-	-
Total	-	5,225

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses ⁽¹⁾	121,145	43,833
Severance Pay Provision	1,332	734
Bank Social Assistance Fund Asset Deficit Provision	-	-
Tangible Asset Impairment Expenses	-	-
Tangible Fixed Asset Depreciation Expenses	4,169	2,078
Intangible Assets Impairment Expenses	-	-
Goodwill Impairment Expense	-	-
Intangible Assets Depreciation Expenses	4,940	4,062
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	46,732	14,007
Lease expenses related to TFRS 16 exceptions ⁽²⁾	2,365	1,396
Maintenance and Repair Expenses	260	127
Advertising and Advertisement Expenses	717	310
Other expenses	43,390	12,174
Losses from the Sale of Assets	1	5
Disaster Area Donation ⁽³⁾	800,000	-
Other ⁽⁴⁾	78,325	29,773
Total	1,056,644	94,492

⁽¹⁾ Personnel Expenses”, which is a separate item in the profit or loss statement, is also included table above.

⁽²⁾ 31 March 2023 amounts include all operating lease expenses.

⁽³⁾ It consists of aid and donations made due to the earthquake that occurred on 6 February 2023

⁽⁴⁾ Other operating expenses consists of provisions for capital market board’s share fee, legal claims, unused vacation and other

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

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	-	(83,370)
Deferred tax charge	(23,752)	(633)
Total	(23,752)	(84,003)

b) Deferred tax on temporary differences:

	Current Period	Prior Period
CMB Provision	4,655	(3,826)
Provision for Severance Pay	2,304	608
Permit and Premium Provision	(3,417)	2,537
Litigation Provision	(140)	(67)
TFRS 9 Expected Loss Provisions	(16,871)	1,037
Internal Yield and Market Value Differences of Financial Assets Measured at Amortized Cost	(3,483)	(380)
Derivative Financial Asset	(4,668)	-
Differences Between Carrying Value of Fixed Assets and Tax Value	47	311
Interest Discounts	(42)	8
Deferred tax expense recognized under equity	(2,037)	(823)
Financial Leasing TFRS16	(100)	(38)
Total	(23,752)	(633)

9. Information on net profit/loss from continued and discontinued operations:

As of 31 March 2023, net profit after tax of the Bank is TL91,335 (31 March 2022: TL282,254).

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 March 2022: 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 March 2022: 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 March 2022: None).

11. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	Current Period	Prior Period
Other fees and commissions		
Service Commissions	129,680	52,216
TPP Transactions Commission (*)	115,818	26,026
Futures Options Exchange Commissions	95,708	70,851
Custody Commissions	89,966	50,632
Customer Account Maintenance Commissions	39,198	11,511
Swift Transactions	12,443	4,009
Transfer Commissions	11,826	5,585
Transfer Transactions	9,809	3,502
Fund Share Transactions	3,632	1,735
Code Taxi/Inquiry Transactions	1,730	503
Other	35,006	9,376
Toptal	544,816	235,946

* This amount, which is under commission from non-cash loans in the profit and loss statement as of 31 March 2022, has been included in this table in order to comply with the current period classification.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and notes related to risk group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Balance at beginning of the period	-	-	2,107,175	34,398,499	-	-
Balance at end of the period	-	-	3,396,568	18,298,593	-	-
Interest and commission income	17,785	-	319,078	30,568	54,388	-

b) Prior Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and other receivables					
Balance at beginning of the period	-	-	530,928	15,284,700	-	-
Balance at end of the period	-	-	2,107,175	34,398,499	-	-
Interest and commission income	44	-	61,158	6,913	1	-

(1) 31 December 2022 amounts are expressed.

(2) 31 March 2022 amounts are expressed.

c) Information on related party deposits balances: None (31 December 2022: None).

d) Information on forward and option agreements and other similar agreements made with related parties: None (31 December 2022: None).

2. Disclosures for the risk group of the bank:

- 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 2022: None).
- 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 2022: None).
- 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 2022: None).
- Transactions accounted for under the equity method: None (31 December 2022: None).
- 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 2022: None).

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related To Subsequent Events

None

VII. Other Explanations

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SIX

INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements for the three month period ended 31 March 2023 were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Review Report dated 12 May 2023 is presented in the introduction of this report.

II. Other Footnotes and Explanations Prepared by Independent Auditor

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

With the slowdown in economic activity at the end of 2022, the global economy started 2023 with recession concerns. Last year, record levels were seen in inflation due to the pandemic that started in 2019 and the effects of the Russia-Ukraine war that started in February 2022. The tight monetary and fiscal policies implemented by global central banks to limit the rise in inflation caused growth to be suppressed. In its latest report, the IMF revised its global economic growth forecast from 2.9% to 2.8% this year; It also decreased from 3.1% to 3% for 2024. On the other hand, after the bankruptcies in the USA and the crisis in Credit Suisse resulted in the sale of the bank to UBS, the vulnerabilities in the banking sector became the focus. While the crisis caused financial uncertainty, it also increased the expectations for recession.

After the bankruptcies in the USA, expectations of relaxation in the tight monetary policy implemented by the Fed occurred. However, by prioritizing inflation, the Fed increased interest rates by 25 basis points in May and increased interest rates to 5.00-5.25%, thus increasing interest rates by 500 basis points in total since the beginning of 2022. While the European Central Bank continued to raise interest rates within the scope of the fight against inflation, it increased the interest rate by 125 basis points in total to 3.75%-4.00% in the meetings held in February, March and May. Despite the decline in global commodity prices due to the slowdown in economic activity, favorable winter conditions and the restoration of flow in commodity trade in 2023, prices remained above pre-pandemic levels.

The Chinese economy, which entered 2023 without covid restrictions, recorded a faster-than-expected growth in the first quarter, growing by 4.5% on an annual basis. While the economic growth is due to the increase in household expenditures and industrial activity, the recovery in the world's second largest economy is important in terms of contributing to global growth.

Despite the slowdown in global activity, the Turkish economy grew by 5.6% in 2022 with the contribution of domestic consumption. It is expected that the devastating effects of the earthquake that took place on 6 February in our country will have a negative impact on the growth figures for the upcoming period, but this effect will be eliminated with the expenditures made for reconstruction. Despite the negativities caused by the earthquake in production and supply, exports in the first quarter of 2023 increased by 2.5% compared to the same period of the previous year and amounted to 61 billion 588 million dollars. In order to ensure that the financial conditions were supportive after the earthquake, the CBRT lowered the policy rate by 50 basis points to 8.5% at the MPC meeting in February. On the other hand, the annual course of inflation has been on a downward trend since November due to the base effect, and the fact that both food and non-food prices increased below last year's level was effective in the decline in inflation in this period. In the coming period, the contribution of the policies that support the increase of investment, employment, production and export capacity, which Turkey has implemented with determination, to the economy will be monitored. Takasbank effectively continued its services to the money and capital markets of our country in the third quarter of 2022, and carried out an effective management in line with international examples, especially in the management of risks and guarantees arising from the markets it serves as a central counterparty.

Our projects and initiatives to develop and diversify the services offered to the markets, especially the central counterparty service, are carried out in line with the demands of the sector and taking into account the needs of our country. Efforts to strengthen our technological infrastructure continued in this period as well, in order to manage operational risks originating from IT and to continue to provide Takasbank services in a fast, effective and uninterrupted manner.

With its strategic perspective and effective management policies, our Bank has achieved a pre-tax profit of TL 115 million as of September 30, 2023, its asset size has reached TL 687.2 billion and its shareholders' equity has reached TL 4.6 billion. Thanks to our preparedness for risks and our technical competence, our business continuity will be maintained in the upcoming period, and new products and services will continue to be developed in harmony with Group companies.

On the other hand, as a result of the earthquake disaster that took place in our country on February 6, 2023 and caused a great destruction, our Bank is making its contribution to heal the wounds of our citizens affected by the earthquake and will support the works to be carried out in this context in the coming period.

On behalf of myself and our Board of Directors, I would like to thank all our shareholders, especially our employees and managers, who have a share in the successful performance of our bank.

Best regards,

Mahmut KAYACIK
Chairman of the Board of Directors

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERM ACTIVITY REPORT (Continued)

Board of Directors, Auditors, CEO and Executive Vice Presidents

Takasbank continued to contribute to the development of Turkish capital markets and displayed a successful performance in the first three months of 2023.

In the first three months of 2023, due to the increase in market transaction volumes and the widening in Takasbank's service profile, our fee and commission revenues increased significantly above the budget projections and the realizations in the same period last year and reached 545 million TL, and our profit before tax was 115 million TL. As of 31 March 2023, Takasbank's asset size has reached 87.2 billion TL, its shareholders' equity has reached 4.6 billion TL and its total cash collateral size has reached 64.3 billion TL.

As of 31 March 2023; In Borsa Istanbul (BİAŞ) Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market, a total of 78.20 billion TL transactions were realized, of which 3,309.27 billion TL was private sector bond transactions. Regarding the transactions in the market; As a result of multilateral netting in the Takasbank system, a total of 1,225.29 billion TL cash swap and 2,266.90 billion TL market value securities clearing transaction were realized. In the BİAŞ Swap Market, a total of 573.26 billion TL of bilateral transactions were made, of which 29.65 billion USD and 6.88 billion EUR transactions.

6,571.98 billion TL transactions were realized in BİAŞ Equity Market, 216.75 billion TL cash and 832.93 billion TL securities swap transactions were realized.

As of 31 March 2023, the number of open positions in the Futures and Options Market was 10,498,941 and the open position value was 100.55 billion TL. Open position value in the OTC Market was 10.3 billion TL.

The transaction volume in Takasbank Money Market, one of the markets operated by Takasbank, reached the level of TL 2,084 trillion in the nine-month period, while the total number of transactions was 123,206. While the average daily transaction volume was 32.1 billion TL, the average transaction size was 16.9 million TL.

In the Equity Lending Market, 46 different securities were traded in a nine-month period 349.71 million transactions were realized on a unit basis, and the total transaction volume was 12.08 billion TL. The transaction volume in the Turkish Electronic Fund Trading Platform (TEFAS) was 304.90 billion in the nine-month period TL, the number of funds traded was 492. While the average daily transaction volume was TL 4.69 billion, the number of transacting institutions was 97. The transaction volume in the Private Pension Fund Trading Platform (BEFAS) was 2,52 billion in the nine-month period TL, the number of funds traded was 281. While the average daily transaction volume was TL 38.76 million, the number of transacting institutions was 15.

Regarding private pension fund services; As of 31 March 2023 the fund asset value of 375 individual pension mutual funds stood at TL 453,8 billion. In the same period, total fund asset value of 1391 mutual funds is 802.9 billion TL, total fund asset value of 132 real estate investment funds is 36,7 billion TL, total fund asset value of 239 venture capital investment funds is 48.9 billion TL, total fund asset value of 16 exchange traded funds is 44,1 billion TL and the total net asset value of 10 securities investment trusts was 902,9 million TL.

Within the scope of the cash loan service offered by Takasbank to intermediary institutions, a daily average of 3,416.5 million TL of cash loans was extended.

In the three month period of 2023, Takasbank continued its efforts to deepen the markets and strengthen its information technology infrastructure with its development activities for the management of financial risks, within the framework of its vision of “contributing to the development of markets with reliable and effective post-transaction services”.

On the other hand, after the earthquake disaster that took place in our country on February 6, 2023 and was effective in a very large geography, our Bank started to contribute its social responsibility awareness in order to meet the needs of our citizens who were affected by the earthquake, to rebuild the region and to heal the wounds caused by the earthquake. We will continue to support our citizens affected by the earthquake in the next period.

I would like to thank everyone, especially our employees, who contributed to the success of our Bank, which has shown a successful financial performance by maintaining its services effectively and uninterruptedly in these days when our country is going through a difficult period along with the rest of the world.

Best regards,

Avşar R. SUNGURLU
General Manager
Board Member

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Bank’s Historical Development

The Bank which was originally established as a department of the Borsa İstanbul Inc. (“BİAŞ”) and started its operations under the name of İMKB Takas ve Saklama A.Ş. on 12 July 1991 has been transformed to a non-deposit taking bank on 8 August 1995 with the name of İMKB Takas ve Saklama Bankası A.Ş. upon the resolution of the Council of Ministers No. 95/6551 published in the Official Gazette dated 23 March 1995. In its 18th Ordinary General Assembly dated 29 March 2013, the title of the Bank has been changed to İstanbul Takas ve Saklama Bankası A.Ş.

Shareholding Structure

Takasbank’s paid-in capital is 600 million TL. The Bank has 39 shareholders, and BİAŞ has 64.18%, 11 banks have 17.04% and 27 brokerage houses have 18.78% shares in its capital.

Shareholder Name	Paid-in Capital (Thousand TL)	Capital ratio (%)
Borsa İstanbul A.Ş.	385,067	64.18
Tacirler Yatırım Menkul Değerler A.Ş.	30,000	5.00
Phillip Capital Menkul Değerler A.Ş.	30,000	5.00
Türkiye Garanti Bankası A.Ş.	29,685	4.95
Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37
Türkiye İş Bankası A.Ş.	26,235	4.37
Other (Intermediary Institution)	26,397	4.40
Other (Bank)	20,101	3.35
Total	600,000	100.00

Names and Shares of the Real or Legal Persons having more than 10% of the capital:

Business Name	Share Amount (Thousand TL)	Ratio (%)
Borsa İstanbul A.Ş.	385,067	64.18

Share transfers of the shareholders within the reporting period:

None.

Branch and Personnel Information

The Bank has a total of 362 employees and does not have any branches. The Bank is operating as Head Office.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Board of Directors, Auditors, CEO and Executive Vice Presidents

Chairman and Members of the Board of Directors	
Name Surname	Area of Responsibility
Mahmut Kayacık	Chairman
Korkmaz Ergun	Deputy Chairman of the Board
Murat Tacir	Member (Risk Committee Chair - Audit Committee Member)
Gülseren Topuz	Member (Corporate Governance Committee Chair - Credit Committee Permanent Member)
Münevver Çetin	Member (Audit Committee Chair - Risk Committee Member)
Murat Onuk	Member (Credit Committee Permanent Member - Corporate Governance Committee Member)
Avşar R. Sungurlu	Member (General Manager - Credit Committee Chair)
Bekir Bayraktar	Member (Remuneration Committee Chair - Credit Committee Master Member)
Yusuf Karaloğlu	Member (Member of the Remuneration Committee - Reserve Member of the Credit Committee)
Ceo and Executive Vice Presidents	
Name Surname	Area of Responsibility
Avşar R. Sungurlu	General Manager Chairman of the Credit Committee
Gökhan Elibol	Vice President - Markets and Operations
Murat Görgün	Vice President - Central Counterparty and Financial Services
Taşkın Öker	Vice President - Information Technologies

Information Related to Transactions the Bank Performs Conducts with its Risk Group

As part of the transactions conducted with the risk group to which Takasbank belongs, the transactions executed with the Bank’s major shareholder Borsa Istanbul and those conducted with the institutions in which the members of the Board of Directors of our Bank serve as general manager or board member are taken into account.

Bank’s Risk Group u	Subsidiaries, associates and entities under common control (Joint Venture)		Direct and indirect shareholders of the Bank		Other real persons and legal entities included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Non-Cash	Cash
Loans and Other Receivables						
Opening Balance at the Beginning of the Period	-	-	2,107,175	34,398,499	-	-
Closing Balance at the end of the Period	-	-	3,396,568	18,298,593	-	-
Received Interest and Commission Income	17,785	-	319,078	30,568	54,388	-

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Evaluation on the Bank’s Financial Indicators and Performance

ASSETS (Thousand TL)	31 March 2023
Financial Assets (net)	75,784,217
<i>Cash and Cash Equivalents</i>	<i>75,514,829</i>
<i>Cash and Balances with Central Bank</i>	<i>2,870,757</i>
<i>Banks</i>	<i>72,718,869</i>
<i>Money Markets Receivables</i>	<i>-</i>
<i>Expected Loss Reserves (-)</i>	<i>74,797</i>
<i>Financial Assets at Fair Value Through Profit /Loss</i>	<i>246,384</i>
Financial Assets at Fair Value Through Other Comprehensive Income	4,332
Derivative Financial Assets	18,672
Financial Assets Measured at Amortised Cost (net)	10,403,595
<i>Loans</i>	<i>5,520,780</i>
<i>Other Financial Assets Measured at Amortised Cost</i>	<i>4,891,550</i>
<i>Expected Credit Losses (-)</i>	<i>8,735</i>
Investments in Associates, Subsidiaries and Joint Ventures	4,825
Tangible Assets (net)	67,529
Intangible Assets and Goodwill (net)	143,413
Investment Properties (net)	141,630
Current Tax Assets	-
Deferred Tax Assets	21,552
Other Assets	623,502
Total Assets	87,190,263

LIABILITIES (Thousand TL)	31 March 2023
Loans Received	1,584,666
Payables to Money Markets	-
Funds	80,595,267
<i>Other</i>	<i>80,595,267</i>
Derivative Financial Liabilities	-
Lease Payables	3,546
Provisions	174,566
<i>Provision for Employee Benefits</i>	<i>74,456</i>
<i>Other Provisions</i>	<i>100,110</i>
Current Tax Liabilities	230,058
Deferred Tax Liability	-
Shareholders` Equity	4,602,160
Total Liabilities	87,190,263
Loans Received	87,190,263

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Statement of Profit or Loss(Thousand TL)	31 March 2023
Interest Income	653,839
Interest Expense (-)	54,570
Net Interest Income/Expense	599,269
Net Fees and Commission Income/Expense	491,021
Dividend Income	-
Net Trading Income/Losses	(14,680)
Other Operating Income	96,121
Total Operating Profit	1,171,731
Expected Credit Losses (-)	-
Other Provisions (-)	80,283
Personnel Expenses (-)	121,145
Other Operating Expenses	855,216
Net Operating Profit/Loss	115,087
Provision for Taxes (-)	(23,752)
Net profit/loss	91,335
Financial Ratios (%)	31 March 2023
Operating Income / Total Assets	0.13
Shareholders Equity / Total Assets	5.28
Operating Income / Shareholders Equity	2.50
Net Interest Income / Operating Income	51.14
ASSETS (Thousand TL)	31 December 2022
Financial Assets (Net)	79,444,360
<i>Cash and Cash Equivalents</i>	79,375,320
<i>Cash Values and Central Bank</i>	1,029,858
<i>Banks</i>	78,433,306
<i>Receivables From Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	87,844
Financial Assets at Fair Value Through Other Comprehensive Income	64,708
Derivative Financial Assets	4,332
Financial Assets Measured by Amortized Cost (Net)	5,578,599
<i>Credits</i>	2,681,206
<i>Other Financial Assets Measured by Amortized Cost</i>	2,901,106
<i>Expected Loss Reserves (-)</i>	3,713
Partnership Investments	4,825
Property, Plant and Equipment (Net)	32,355
Intangible Assets (Net)	125,517
Investment Properties (Net)	141,630
Current Tax Asset	-
Deferred Tax Asset	43,267
Other Assets	434,019
Total Assets	85,804,572

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

LIABILITIES (Thousand TL)	31 December 2022
Loans received	6,821,660
Funds	206,603
Other	73,800,449
Derivative Financial liabilities	73,800,449
Lease payables	-
Provisions	4,675
Provision for Employee Benefits	221,393
Other provisions	44,709
Current tax liabilities	176,684
Deferred tax liabilities	232,854
Shareholders` equity	-
Loans received	4,516,938
Total Liabilities	85,804,572
Statement of Profit or Loss (Thousand TL)	31 March 2022
Interest Income	266,591
Interest Expense (-)	12,525
Net Interest Income/Expense	254,066
Net Fees and Commission Income/Expense	209,104
Dividend Income	-
Net Trading Income/Losses	2,169
Other Operating Income	635
Total Operating Profit	465,974
Expected Credit Losses (-)	5,225
Other Provisions (-)	27,477
Personnel Expenses (-)	43,833
Other Operating Expenses	23,182
Net Operating Profit/Loss	366,257
Provision for Taxes (-)	(84,003)
Net Income/(Loss)	282,254
Financial Ratios (%)	31 March 2022
Operating Income / Total Assets	0.71
Shareholders Equity / Total Assets	6.84
Operating Income / Shareholders Equity	10.42
Net Interest Revenue / Operating Revenue	54.52

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

The balance sheet size, which was TL 85,804,572 Thousand as of the end of 2022, reached TL 87,190,263 Thousand as of the end of March 2023. The banks account, which is seen as the highest amount in assets, was realized as 72,718,869 Thousand TL. While the loan account item was TL 2,681,206 Thousand at the end of the previous year, it increased by 106% and reached TL 5,520,780 Thousand.

While the funds item holding the most important place in the liabilities of the Bank was 73,800,449 thousand TL at the end of the previous year, it increased by 9% and reached 80,595,267 thousand TL.

On the other hand, the obtained loans item of the bank loans received from 1,584,666 thousand TL 6,821,660 thousand TL

As of the end of second quarter of 2023, the Bank has a pre-tax profit of 115,087 thousand TL and after-tax profit of 91,335 thousand TL.

An interest income of 653,839 thousand TL is earned as of end March 2023, where 480,968 thousand TL interest is collected from the banks, 47,944 thousand TL interest is collected from the securities and 124,202 thousand TL is collected from the loans and 719 thousand TL results from other interest income. Total interest expense for this period was realized as 54,570 thousand TL.

The Bank earned 544,816 thousand TL commission income as a result of the services it provides and paid 53,795 thousand TL commission for its Turkish Lira and foreign currency denominated transactions. As of end-March 2023, net fee and commission income was realized as 491,021 thousand TL.