

**İstanbul Takas ve Saklama Bankası  
Anonim Şirketi**

**Interim unconsolidated financial statements at  
September 30, 2022 together with independent  
auditor's review report**

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



**Building a better  
working world**

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*Convenience Translation of the Review Report Originally Prepared and Issued in Turkish*

## **REVIEW REPORT ON INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Istanbul Takas ve Saklama Bankası A.Ş.:

### *Introduction*

We have reviewed the unconsolidated balance sheet of Istanbul Takas ve Saklama Bankası A.Ş. (the “Bank”) at September 30, 2022 and the related unconsolidated statement of income, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Agency (“BRSA”) and Turkish Accounting Standard (“TAS”) 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “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 of Turkey 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 statements do not give a true view of the financial position of Istanbul Takas ve Saklama Bankası A.Ş. at September 30, 2022 and of the results of its operations and its cash flows for the nine-month period then ended in all material respects in accordance with the BRSA Accounting and Financial Reporting Legislation.



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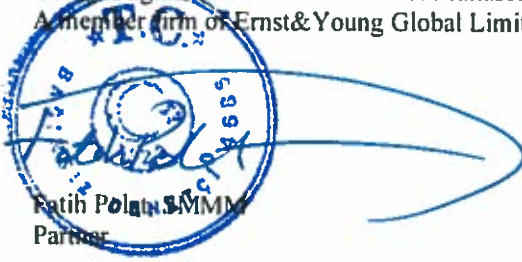
*Report on other regulatory requirements arising from legislation*

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 VII, are not consistent with the reviewed unconsolidated interim financial statements and disclosures in all material respects.

*Additional paragraph for convenience translation to English:*

As explained in detail in Note 1, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



November 10, 2022  
Istanbul, Turkey

CONVENIENCE TRANSLATION OF PUBLICLY  
ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

THE UNCONSOLIDATED FINANCIAL AUDIT REPORT OF  
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. AS OF 30 SEPTEMBER 2022

Address of the Bank's Headquarters : Takasbank Genel Müdürlüğü  
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The unconsolidated financial report for the nine 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 THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for the nine 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

  
Ayşe 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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**INDEX****PAGE****SECTION ONE****GENERAL INFORMATION**

<b>I.</b>	Bank's establishment date, start-up statute, history about the changes in this mentioned statute	1
<b>II.</b>	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	1
<b>III.</b>	Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess	2-3
<b>IV.</b>	Information on the Bank's qualified shareholders	4
<b>V.</b>	Information on the Bank's function and areas of activity	4
<b>VI.</b>	Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	4

**SECTION TWO****UNCONSOLIDATED FINANCIAL STATEMENTS**

<b>I.</b>	Balance sheet	6-7
<b>II.</b>	Off-balance sheet	8
<b>III.</b>	Statement of profit or loss	9
<b>IV.</b>	Statement of profit or loss and other comprehensive income	10
<b>V.</b>	Statement of changes in shareholders' equity	11-12
<b>VI.</b>	Statement of cash flows	13

**SECTION THREE****EXPLANATIONS ON ACCOUNTING POLICIES**

<b>I.</b>	Basis of presentation	14
<b>II.</b>	Explanations on usage strategy of financial assets and foreign currency transactions	14-15
<b>III.</b>	Explanations on investments in associates, subsidiaries and joint ventures	15
<b>IV.</b>	Explanations on forward and options contract and derivative instruments	15
<b>V.</b>	Explanations on interest income and expenses	15
<b>VI.</b>	Explanations on fees and commission income and expense	15
<b>VII.</b>	Explanations on disclosures on financial assets	16-18
<b>VIII.</b>	Explanations on impairment of financial assets	18
<b>IX.</b>	Explanations on offsetting of financial assets and liabilities	18
<b>X.</b>	Explanations on sales and repurchase agreements and lending of securities	18
<b>XI.</b>	Explanations on assets held for sale and discontinued operations	19
<b>XII.</b>	Explanations on goodwill and other intangible assets	19
<b>XIII.</b>	Explanations on tangible assets	20
<b>XIV.</b>	Explanations on leasing transactions	20
<b>XV.</b>	Explanations on provisions and contingent liabilities	21
<b>XVI.</b>	Explanations on liabilities regarding employee benefits	21
<b>XVII.</b>	Explanations on taxation	22-23
<b>XVIII.</b>	Additional explanations on funds borrowed	24
<b>XIX.</b>	Explanations on issuance of equity securities	24
<b>XX.</b>	Explanations on acceptances	24
<b>XXI.</b>	Explanations on government incentives	24
<b>XXII.</b>	Explanations on segment reporting	24
<b>XXIII.</b>	Related parties	24
<b>XXIV.</b>	Cash and cash equivalents	24
<b>XXV.</b>	Investment Property	25
<b>XXVI.</b>	Reclassifications	25
<b>XXVII.</b>	Explanations on TFRS 16 Leases standards	25

**SECTION FOUR****INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**

<b>I.</b>	Explanations related to components of shareholders' equity	26-29
<b>II.</b>	Explanations related to currency risk	30-31
<b>III.</b>	Explanations related to interest rate risk	32-34
<b>IV.</b>	Equity share position risk in banking accounts	35
<b>V.</b>	Explanations related to liquidity risk	35-36
<b>VI.</b>	Explanations related to leverage ratio	37
<b>VII.</b>	Risk management objectives and policies	37-38
<b>VIII.</b>	Explanations on segment reporting	38-40

**SECTION FIVE****EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

<b>I.</b>	Explanations and notes related to the assets	41-48
<b>II.</b>	Explanations and notes related to the liabilities	50-55
<b>III.</b>	Explanations and notes related to off-balance sheet accounts	56-57
<b>IV.</b>	Explanations and notes related to statement of profit or loss	58-61
<b>V.</b>	Explanations and notes related to risk group of the Bank	62
<b>VI.</b>	Explanations and notes related to subsequent events	63
<b>VII.</b>	Other explanations	63

**SECTION SIX****INDEPENDENT AUDITOR'S REVIEW REPORT**

<b>I.</b>	Explanations on independent auditors' review report .....	64
<b>II.</b>	Other footnotes and explanations prepared by independent auditors .....	64

**SECTION SEVEN****EXPLANATIONS ON INTERIM ACTIVITY REPORT**

<b>I.</b>	Interim period activity report that contains Bank's Chairman and General Manager assessments related to interim period activities	65-73
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## 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 September 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 September 2013, title of the Bank has been changed into İstanbul Takas ve Saklama Bankası A.Ş. (Here in after referred to as "Takasbank" or the "Bank") and this title change was approved in 11 April 2013. The name of the Bank has been renovated as "Takasbank" or "Takas İstanbul" with the resolution of the ordinary general meeting dated 9 September 2017 and numbered 22.

#### II. Explanation about the Bank's capital structure, shareholders who directly or indirectly, solely or jointly undertake the management and control of the Bank, any changes in the period, and information on the Bank's risk group:

As of 30 September 2022 and 31 December 2021, the shareholders' structure and their respective ownerships are summarized as follows:

No	Name of Shareholders	Current Period			Prior Period		
		Paid in Capital	(%)	Number	Paid in Capital	(%)	Number
1	Borsa İstanbul A.Ş.	385,067	64.18	1	385,067	64.18	1
2	Tacirler Yatırım Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
3	Phillip Capital Menkul Değerler A.Ş.	30,000	5.00	1	30,000	5.00	1
4	Türkiye Garanti Bankası A.Ş.	29,685	4.95	1	29,685	4.95	1
5	Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38	1	26,280	4.38	1
6	Türkiye 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
<b>Total</b>		<b>600,000</b>	<b>100.00</b>	<b>39</b>	<b>600,000</b>	<b>100.00</b>	<b>39</b>

64.18% of the Bank's share belongs to BİAŞ. BİAŞ was established on the date of the entry into force of the Law to carry out stock market activities in accordance with Article 138 of the Capital Markets Law No. 6362, which was published in the Official Gazette on 30 December 2012 and entered into force. BİAŞ shall ensure that capital market instruments, foreign exchange and precious metals and precious stones and other contracts, documents and valuables deemed appropriate by the Capital Markets Board can be bought and sold in a transparent, effective, competitive, honest and stable environment easily and safely under the conditions of free competition markets, platforms and systems and other organized market places to facilitate the gathering of these orders and to determine and announce the prices that are formed and to establish and establish and maintain these and other stock exchanges or other market places is an institution with private legal entity established on the basis of the Capital Markets Law No. 6362 to manage and/or operate the markets of the stock exchanges.

#### *Dividend payment*

The General Assembly meeting was held on 28 April 2022. The Bank decided to pay a dividend of TL 445,000 to shareholders. The dividend payments were made on 29 April 2022.

**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**

<b>Name Surname</b>	<b>Area of Responsibility</b>	<b>Education Status</b>
Mahmut Kayacık	Chairman	Boğaziçi University / Faculty of Economics and Administrative Sciences / Political Science and International Relations / Bachelor's Degree Marmara University / Institute of Social Sciences International / Economics / Master's Degree
Korkmaz Ergun	Deputy Chairman of the Board	Ankara University / Faculty of Political Sciences / Business Administration / Bachelor's Degree Marmara University / Institute of Middle East Studies / Middle East Economics / Master's Degree Marmara University / Institute of Social Sciences / History of Economics / PhD
Avşar R. Sungurlu	General Manager Chairman of the Credit Committee	Middle East Technical University / Faculty of Engineering / Aerospace Engineering / Bachelor's Degree Middle East Technical University / Institute of Natural and Applied Sciences / Aeronautical Engineering / Master's Degree Long Island University / Graduate School / Business Administration / Master's Degree
Murat Tacir	Member (Chairman of the Risk Committee - Member of the Audit Committee)	Istanbul University / Faculty of Business Administration / Business Administration / Bachelor's Degree
Murat Onuk	Member (Noble Member of the Credit Committee - Member of the Corporate Governance Committee)	Istanbul University / Faculty of Economics / International Relations / Bachelor's Degree
Bekir Bayrakdar	Member (Chairman of the Remuneration Committee - Reserve Member of the Credit Committee)	Istanbul University / Faculty of Political Sciences / International Relations / Bachelor's Degree
Yusuf Karaloğlu	Member (Member of the Remuneration Committee - Reserve Member of the Credit Committee)	Uludag University / Faculty of Economics and Administrative Sciences / Business Administration / Bachelor's Degree Erzincan University / Institute of Social Sciences / Public Law / Master's Degree
Münevver Çetin	Member (Chairman of the Audit Committee - Member of the Risk Committee )	Ankara University / Department of Economics Management / Undergraduate Ankara University / Institute of Social Sciences / Educational Administration and Planning / Graduate Istanbul University / Institute of Social Sciences / Money and Monetary Policy / PhD
Gülseren Topuz	Member (Chairman of the Corporate Governance Committee - Noble Member of the Credit Committee)	Ankara University / Faculty of Economics / Economics / Graduate Marmara University / Institute of Social Sciences / Statistics / Postgraduate Istanbul University / Institute of Social Sciences / Money and Monetary Policy / Postgraduate



**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:**

**General Manager and Assistant General Managers**

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

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

None. (31 Aralık 2021: None.)

## SECTION ONE (Continued)

### GENERAL INFORMATION (Continued)

#### 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 30 September 2022 (31 December 2021: 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;
- 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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AT 30 SEPTEMBER 2022

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

SECTION TWO

I. BALANCE SHEET

ASSETS	Note	Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>43,254,787</b>	<b>16,774,805</b>	<b>60,029,592</b>	<b>32,144,284</b>	<b>6,702,999</b>	<b>38,847,283</b>
<b>1.1 Cash and Cash Equivalents</b>		<b>43,251,116</b>	<b>16,774,144</b>	<b>60,025,260</b>	<b>32,140,613</b>	<b>6,702,338</b>	<b>38,842,951</b>
1.1.1 Cash and Balances with Central Bank	I-(1)	186	-	186	67	-	67
1.1.2 Banks	I-(3)	43,316,405	16,774,144	60,090,549	32,149,899	6,702,338	38,852,237
1.1.3 Money Markets	I-(3)	-	-	-	35,961	-	35,961
1.1.4 Expected Loss Provision (-)	I-(3)	65,475	-	65,475	45,314	-	45,314
<b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>	<b>I-(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>I-(4)</b>	<b>3,671</b>	<b>661</b>	<b>4,332</b>	<b>3,671</b>	<b>661</b>	<b>4,332</b>
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		-	-	-	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>I-(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>4,744,678</b>	<b>4,263,623</b>	<b>9,008,301</b>	<b>1,200,885</b>	<b>4,207,513</b>	<b>5,408,398</b>
<b>2.1 Loans</b>	<b>I-(6)</b>	<b>4,370,568</b>	<b>-</b>	<b>4,370,568</b>	<b>573,749</b>	<b>-</b>	<b>573,749</b>
<b>2.2 Lease Receivables</b>	<b>I-(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3 Factoring Receivables</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4 Financial Assets Measured at Amortised Cost</b>	<b>I-(7)</b>	<b>379,600</b>	<b>4,263,623</b>	<b>4,643,223</b>	<b>628,467</b>	<b>4,207,513</b>	<b>4,835,980</b>
2.4.1 Government Debt Securities		379,600	1,785,393	2,164,993	628,467	4,207,513	4,835,980
2.4.2 Other Financial Assets		-	2,478,230	2,478,230	-	-	-
<b>2.5 Expected Loss Provision (-)</b>		<b>5,490</b>	<b>-</b>	<b>5,490</b>	<b>1,331</b>	<b>-</b>	<b>1,331</b>
<b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>I-(13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>4,825</b>	<b>-</b>	<b>4,825</b>	<b>4,825</b>	<b>-</b>	<b>4,825</b>
<b>4.1 Investments in Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>4,825</b>	<b>-</b>	<b>4,825</b>	<b>4,825</b>	<b>-</b>	<b>4,825</b>
4.2.1 Unconsolidated Financial Subsidiaries		4,825	-	4,825	4,825	-	4,825
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>21,683</b>	<b>-</b>	<b>21,683</b>	<b>7,621</b>	<b>-</b>	<b>7,621</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>		<b>123,483</b>	<b>-</b>	<b>123,483</b>	<b>116,214</b>	<b>-</b>	<b>116,214</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		123,483	-	123,483	116,214	-	116,214
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>I-(12)</b>	<b>46,250</b>	<b>-</b>	<b>46,250</b>	<b>46,250</b>	<b>-</b>	<b>46,250</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>I-(14)</b>	<b>36,375</b>	<b>-</b>	<b>36,375</b>	<b>9,066</b>	<b>-</b>	<b>9,066</b>
<b>X. OTHER ASSETS</b>	<b>I-(15)</b>	<b>273,155</b>	<b>2,124</b>	<b>275,279</b>	<b>583,426</b>	<b>928</b>	<b>584,354</b>
<b>TOTAL ASSETS</b>		<b>48,505,236</b>	<b>21,040,552</b>	<b>69,545,788</b>	<b>34,112,571</b>	<b>10,911,440</b>	<b>45,024,011</b>

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AT 30 SEPTEMBER 2022

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

I. BALANCE SHEET

LIABILITIES	Note	Reviewed Current Period			Audited Prior Period		
		30 September 2022			31 December 2021		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>		-	-	-	-	-	-
<b>II. FUNDS BORROWED</b>	II-(2)	1,100,386	3,244,649	4,345,035	21,008	3,395,552	3,416,560
<b>III. MONEY MARKET DEBTS</b>		-	-	-	218,904	-	218,904
<b>IV. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>	II-(3)	43,312,352	17,677,891	60,990,243	30,460,007	7,495,950	37,955,957
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		43,312,352	17,677,891	60,990,243	30,460,007	7,495,950	37,955,957
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	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		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES</b>	II-(4)	1,995	-	1,995	2,033	-	2,033
<b>X. PROVISIONS</b>	II-(5)	170,578	-	170,578	87,149	-	87,149
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		39,846	-	39,846	20,409	-	20,409
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		130,732	-	130,732	66,740	-	66,740
<b>XI. CURRENT TAX LIABILITY</b>	II-(6)	179,537	-	179,537	106,506	-	106,506
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	II-(7)	3,858,400	-	3,858,400	3,236,902	-	3,236,902
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		(5,547)	-	(5,547)	(596)	-	(596)
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
16.5 Profit Reserves		2,133,415	-	2,133,415	1,687,658	-	1,687,658
16.5.1 Legal Reserves		240,563	-	240,563	199,063	-	199,063
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1,889,914	-	1,889,914	1,485,951	-	1,485,951
16.5.4 Other Profit Reserves		2,938	-	2,938	2,644	-	2,644
16.6 Income or (Loss)		1,094,252	-	1,094,252	913,560	-	913,560
16.6.1 Prior Periods' Income or (Loss)		22,803	-	22,803	22,803	-	22,803
16.6.2 Current Period Income or (Loss)		1,071,449	-	1,071,449	890,757	-	890,757
16.7 Share Premium		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>48,623,248</b>	<b>20,922,540</b>	<b>69,545,788</b>	<b>34,132,509</b>	<b>10,891,502</b>	<b>45,024,011</b>

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.  
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS  
AS OF 30 SEPTEMBER 2022

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

II. OFF-BALANCE SHEET

	Note	Reviewed Current Period			Audited Prior Period			
		30 September 2022			31 December 2021			
		TL	FC	Total	TL	FC	Total	
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS (I-II+III)</b>							
<b>I.</b>	<b>GUARANTEES AND WARRANTIES</b>	III-(1)	61,407,685	92,889	61,500,574	40,081,926	40,081,926	
1.1.	Letters of Guarantee		60,940,251	-	60,940,251	39,299,417	39,299,417	
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		60,940,251	-	60,940,251	39,299,417	39,299,417	
1.9.	Other Bank Acceptances		-	-	-	-	-	
<b>II.</b>	<b>COMMITMENTS</b>	III-(1)	467,434	92,889	560,323	782,509	782,509	
2.1.	Irrevocable Commitments		467,434	92,889	560,323	782,509	782,509	
2.1.1.	Asset Purchase and Sale Commitments		-	92,889	92,889	-	-	
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		467,434	-	467,434	782,509	782,509	
2.2.	Revocable Commitments		-	-	-	-	-	
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	
2.2.2.	Other Revocable Commitments		-	-	-	-	-	
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	-	-	-	-	
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		-	-	-	-	-	
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	
3.2.2.1.	Foreign Currency Swap-Buy		-	-	-	-	-	
3.2.2.2.	Foreign Currency Swap-Sell		-	-	-	-	-	
3.2.2.3.	Interest Rate Swap-Buy		-	-	-	-	-	
3.2.2.4.	Interest Rate Swap-Sell		-	-	-	-	-	
3.2.3.	Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	
3.2.3.1.	Foreign Currency Options-Buy		-	-	-	-	-	
3.2.3.2.	Foreign Currency Options-Sell		-	-	-	-	-	
3.2.3.3.	Interest Rate Options-Buy		-	-	-	-	-	
3.2.3.4.	Interest Rate Options-Sell		-	-	-	-	-	
3.2.3.5.	Securities Options-Buy		-	-	-	-	-	
3.2.3.6.	Securities Options-Sell		-	-	-	-	-	
3.2.4.	Foreign Currency Futures		-	-	-	-	-	
3.2.4.1.	Foreign Currency Futures-Buy		-	-	-	-	-	
3.2.4.2.	Foreign Currency Futures-Sell		-	-	-	-	-	
3.2.5.	Interest Rate Futures		-	-	-	-	-	
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	
3.2.6.	Other		-	-	-	-	-	
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		5,363,918,102	5,877,169	5,369,795,271	4,941,116,912	9,499,345	4,950,616,257
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	III-(1)	5,294,272,639	-	5,294,272,639	4,895,527,426	-	4,895,527,426
4.1.	Customer Fund and Portfolio Balances		2,628	-	2,628	1,831	-	1,831
4.2.	Investment Securities Held in Custody		5,294,268,511	-	5,294,268,511	4,895,524,095	-	4,895,524,095
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		-	-	-	-	-	-
<b>V.</b>	<b>PLEDGES RECEIVED</b>		69,645,463	5,877,169	75,522,632	45,589,486	9,499,345	55,088,831
5.1.	Marketable Securities		24,049,754	5,877,169	29,926,923	21,900,065	9,499,345	31,399,410
5.2.	Guarantee Notes		-	-	-	-	-	-
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		-	-	-	-	-	-
5.6.	Other Pledged Items		45,595,709	-	45,595,709	23,689,421	-	23,689,421
5.7.	Pledged Items-Depository		-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET</b>			<b>5,425,325,787</b>	<b>5,970,058</b>	<b>5,431,295,845</b>	<b>4,981,198,838</b>	<b>9,499,345</b>	<b>4,990,698,183</b>

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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

III. STATEMENT OF PROFIT OR LOSS

INCOME STATEMENT		Note	Current Period 01/01/2022- 30/09/2022	Prior Period 01/01/2021- 30/09/2021	Current Period 01/07/2022- 30/09/2022	Prior Period 01/07/2021- 30/09/2021
<b>I.</b>	<b>INTEREST INCOME</b>		<b>1,103,962</b>	<b>605,412</b>	<b>498,226</b>	<b>208,999</b>
1.1	Interest on Loans	IV-(1)	131,933	11,728	74,002	4,274
1.2	Interest Received from Reserve Requirements		-	-	-	-
1.3	Interest Received from Banks	IV-(1)	823,699	516,438	364,478	183,457
1.4	Interest Received from Money Market Transactions		-	-	-	-
1.5	Interest Received from Marketable Securities Portfolio	IV-(1)	144,416	76,573	56,419	21,145
1.5.1	Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-
1.5.3	Financial Assets Measured at Amortised Cost	IV-(1)	144,416	76,573	56,419	21,145
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		3,914	673	3,327	123
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>IV-(2)</b>	<b>71,200</b>	<b>21,253</b>	<b>34,454</b>	<b>4,933</b>
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		59,170	14,664	30,510	4,854
2.3	Interest Expense on Money Market Transactions		11,852	6,364	3,897	-
2.4	Interest on Securities Issued		-	-	-	-
2.5	Lease Interest Expenses		178	225	47	79
2.6	Other Interest Expenses		-	-	-	-
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>1,032,762</b>	<b>584,159</b>	<b>463,772</b>	<b>204,066</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>797,740</b>	<b>411,407</b>	<b>324,728</b>	<b>135,034</b>
4.1	Fees and Commissions Received		885,727	451,978	355,373	148,285
4.1.1	Non-cash Loans		117,559	36,984	56,000	11,547
4.1.2	Other	IV-(11)	768,168	414,994	299,373	136,738
4.2	Fees and Commissions Paid		87,987	40,571	30,645	13,251
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other		87,987	40,571	30,645	13,251
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>IV-(3)</b>	<b>29,446</b>	<b>15,213</b>	<b>-</b>	<b>750</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>IV-(4)</b>	<b>9,774</b>	<b>9,368</b>	<b>3,038</b>	<b>5,848</b>
6.1	Trading Gains/ Losses on Securities		-	-	-	-
6.2	Trading Gains/ Losses on Derivative Financial Instruments		-	2,078	-	2,078
6.3	Foreign Exchange Gains/ Losses		9,774	7,290	3,038	3,770
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>IV-(5)</b>	<b>13,480</b>	<b>6,879</b>	<b>12,762</b>	<b>6,158</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1,883,202</b>	<b>1,027,026</b>	<b>804,300</b>	<b>351,856</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>IV-(6)</b>	<b>36,871</b>	<b>4,040</b>	<b>14,031</b>	<b>(922)</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>IV-(7)</b>	<b>90,985</b>	<b>35,025</b>	<b>41,810</b>	<b>11,068</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>	<b>IV-(7)</b>	<b>154,191</b>	<b>70,535</b>	<b>66,517</b>	<b>25,826</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>IV-(7)</b>	<b>187,998</b>	<b>52,015</b>	<b>133,340</b>	<b>17,928</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/ LOSS (VIII+...+XII)</b>		<b>1,413,157</b>	<b>865,411</b>	<b>548,602</b>	<b>297,956</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/ LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME/ LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>INCOME/ LOSS BEFORE TAX FROM CONTINUING OPERATIONS (XIII+...+XVI)</b>		<b>1,413,157</b>	<b>865,411</b>	<b>548,602</b>	<b>297,956</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>IV-(8)</b>	<b>(341,708)</b>	<b>(209,412)</b>	<b>-135,822</b>	<b>(72,583)</b>
18.1	Current Tax Provision		(367,366)	(215,613)	-149,767	(74,564)
18.2	Deferred Tax Income Effect (+)		25,658	6,201	13,945	6,201
18.3	Deferred Tax Expense Effect (-)		-	-	-	(4,220)
<b>XIX.</b>	<b>NET INCOME/ LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>IV-(9)</b>	<b>1,071,449</b>	<b>655,999</b>	<b>412,780</b>	<b>225,373</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XXI.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XXII.</b>	<b>INCOME/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Income Effect (+)		-	-	-	-
23.3	Deferred Tax Expense Effect (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>IV-(10)</b>	<b>1,071,449</b>	<b>655,999</b>	<b>412,780</b>	<b>225,373</b>
25.1	Group's profit/loss		1,071,449	655,999	412,780	225,373
25.2	Minority shares profit/loss (-)		-	-	-	-
	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>IV-(10)</b>	<b>1,071,449</b>	<b>655,999</b>	<b>412,780</b>	<b>225,373</b>
	Earnings / (Loss) Per Share in (Full TL)		<b>1.7857</b>	<b>1.0933</b>	<b>0.6879</b>	<b>0.3756</b>

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**  
*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Reviewed	Reviewed
		Current Period	Prior Period
		1 January- 30 September 2022	1 January- 30 September 2021
<b>I.</b>	<b>CURRENT PERIOD INCOME/LOSS</b>	<b>1,071,449</b>	<b>655,999</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(4,951)</b>	<b>(238)</b>
<b>2.1</b>	<b>Not Reclassified Through Profit or Loss</b>	<b>(4,951)</b>	<b>(238)</b>
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	(6,602)	(297)
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	1,651	59
<b>2.2</b>	<b>Reclassified Through Profit or Loss</b>	<b>-</b>	<b>-</b>
2.2.1	Foreign Currency Translation Differences	-	-
	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other		
2.2.2	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	-	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>1,066,498</b>	<b>655,761</b>

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



(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED CHANGES IN SHAREHOLDERS'S EQUITY

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss								Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss							
	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined benefit plans' actuarial gains/losses	Other	Translation differences	Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI	Other	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total Equity Except from Minority Interest	Minority Interest	Total Shareholders' Equity
<b>Current Period</b>																
<b>1 January 2022-30 September 2022</b>																
I.																
Prior Period End Balance	600,000	33,019	-	3,261	-	(596)	-	-	-	-	1,687,658	913,560	-	-	-	3,236,902
II.																
Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1																
Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2																
Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.																
Adjusted Beginning Balance (I+II)	600,000	33,019	-	3,261	-	(596)	-	-	-	-	1,687,658	913,560	-	-	-	3,236,902
IV.																
Total Comprehensive Income	-	-	-	-	-	(4,951)	-	-	-	-	-	-	1,071,449	-	-	1,066,498
V.																
Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.																
Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.																
Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.																
Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.																
Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.																
Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.																
Profit Distribution	-	-	-	-	-	-	-	-	-	-	445,757	(890,757)	-	-	-	(445,000)
11.1																
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(445,000)	-	-	-	(445,000)
11.2																
Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	445,757	(445,757)	-	-	-	-
11.3																
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+IV+...+X+XI)</b>	<b>600,000</b>	<b>33,019</b>	<b>-</b>	<b>3,261</b>	<b>-</b>	<b>(5,547)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,133,415</b>	<b>22,803</b>	<b>1,071,449</b>	<b>-</b>	<b>-</b>	<b>3,858,400</b>

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.  
UNCONSOLIDATED CHANGES IN SHAREHOLDERS'S EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Total Equity Except from Minority Interest	Minority Interest	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)
<b>Prior Period</b>																	
1 January 2021-30 September 2021																	
I. Prior Period End Balance	600,000	33,019	-	3,261	-	(294)	-	-	-	-	-	1,364,284	562,177	-	-	-	2,562,447
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	600,000	33,019	-	3,261	-	(294)	-	-	-	-	-	1,364,284	562,177	-	-	-	2,562,447
IV. Total Comprehensive Income	-	-	-	-	-	(238)	-	-	-	-	-	-	-	655,099	-	-	655,761
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	323,374	(539,374)	-	-	-	(216,000)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(216,000)	-	-	-	(216,000)
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	323,374	(323,374)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period-End Balance (III+IV+...+X+XI)</b>	<b>600,000</b>	<b>33,019</b>	<b>-</b>	<b>3,261</b>	<b>-</b>	<b>(538)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,687,658</b>	<b>22,803</b>	<b>655,999</b>	<b>-</b>	<b>-</b>	<b>3,002,208</b>

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

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

VI. STATEMENT OF CASH FLOWS

		Reviewed	Reviewed
		Current Period	Prior Period
	Note	1 January – 30 September 2022	1 January – 30 September 2021
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating Profit/ (Loss) Before Changes in Operating Assets and Liabilities	<b>734,142</b>	<b>(398,609)</b>
1.1.1	Interest Received	1,050,030	568,857
1.1.2	Interest Paid	(71,207)	(21,938)
1.1.3	Dividend Received	29,446	15,213
1.1.4	Fees and Commissions Received	794,014	418,626
1.1.5	Other Income	13,480	6,879
1.1.6	Collections from Previously Written-off Loans and Other Receivables	-	-
1.1.7	Payments to Personnel and Service Suppliers	(159,837)	(72,659)
1.1.8	Taxes Paid	(209,724)	(141,049)
1.1.9	Other	(712,060)	(1,172,538)
1.2	Changes in Operating Assets and Liabilities	<b>20,359,005</b>	<b>4,756,614</b>
1.2.1	Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.2	Net (increase) / decrease in Due from Banks and Other Financial Institutions	(1,956)	(15,604)
1.2.3	Net (increase) / decrease in Loans	(3,772,118)	(29,773)
1.2.4	Net (increase) / decrease in Other Assets	400,788	182,440
1.2.5	Net increase / (decrease) in Bank Deposits	-	-
1.2.6	Net increase / (decrease) in Other Deposits	-	-
1.2.7	Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase/(decrease) in Funds Borrowed	709,193	1,994,356
1.2.9	Net increase/(decrease) in Payables	-	-
1.2.10	Net increase/(decrease) in Other Liabilities	23,023,098	2,625,195
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>21,093,147</b>	<b>4,358,005</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>153,435</b>	<b>1,190,614</b>
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	(20,661)	(2,483)
2.4	Disposals of Property and Equipment	1,893	143
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	(3,716,399)	(1,129,748)
2.8	Sale of Financial Assets Measured at Amortised Cost	4,819,298	2,339,027
2.9	Other	(930,696)	(16,325)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>(475,431)</b>	<b>(201,698)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Issued Capital Instruments	-	-
3.4	Dividends Paid	(445,000)	(216,000)
3.5	Payments for Leases	178	(3,280)
3.6	Other	(30,609)	17,582
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>429,363</b>	<b>1,074,165</b>
<b>V.</b>	<b>Net Decrease in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>21,200,514</b>	<b>6,421,086</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at Beginning of the Period</b>	<b>38,848,153</b>	<b>22,485,537</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at End of the Period</b>	<b>60,048,667</b>	<b>28,906,623</b>

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

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

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**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”) 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 January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 September 2022 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 September 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

*Additional paragraph for convenience translation to English:*

The effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Coronavirus pandemic, which has recently emerged in China, spread to various countries in the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as it causes disruptions in operations, especially in countries exposed to the pandemic. As a result of the spread of COVID-19 throughout the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and still continue to be taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

**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 Hedging Purpose**

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 30 September 2022, the Bank has no 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.

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VI. Explanations on Fees and Commission Income and Expenses (Continued)**

The Bank provides custody, clearing, collateral management services, market operation, gold transfer, crowdfunding trustee, biga platform, securities and cash transfer, numbering, data broadcasting, cash correspondence, cash loan, leveraged trading transactions, collects fees and commissions from its customers for exchange traded fund and private pension fund transactions, Interbank Card Center (BKM) Collateral Storage, account transactions, TEFAS and BEFAS services and other services, and collects fees and commissions on an accrual basis on a monthly basis. Revenues are recognized under the account item.

**VII. Explanations and Disclosures on Financial Assets**

The Bank recognizes its financial assets as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” or “Measured at Amortized Cost”. Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments. The Bank recognizes a financial asset or financial liability on its balance sheet only when it is party to the contractual provisions of the financial lease. The Bank derecognizes a financial asset only when the contractual rights to cash flows from the financial asset have expired or the financial assets have been transferred and the conditions for derecognition have been met. A financial liability (or part of a financial liability) is only recognized when the liability has expired; in other words, it is removed from the statement of financial position when the obligation specified in the contract is fulfilled, canceled or time out. The Bank categorizes its financial assets as “Fair Value Through Profit/Loss”, “Fair Value Through Other Comprehensive Income” or “Measured at Amortized Cost” based on the matters below:

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

When the business model determined by the Bank management is changed, all financial assets affected by this change are reclassified. Reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, there no adjustment to earnings, losses (including impairment gain or loss) or interest received previously in the financial statements is made.

**a. Financial assets at fair value through profit or loss**

Financial assets at fair value through profit/loss are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making.

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are 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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

d. Loans

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 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)”.

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. Explanations and Disclosures on Financial Assets (Continued)**

**d. Loans (Continued)**

The basic principles for calculating the Bank “Expected credit loss provisions” are as follows:

- Information considered in the expected credit loss accounting should be reasonable, reliable and supportable.
- Country risk is also taken into account when calculating provisions for expected credit losses.
- Provision for loans can be higher than their loan-based counterparts, taking into account the size, type, currency, currency, interest rate structure, borrowing sector, collaterals and similar concentrations over time, credit risk level and management.
- The approach used to assess expected credit losses is consistent with the bank’s credit risk management.
- The information used should include the borrower-specific factors, the general economic conditions and the assessment of the effects of these factors and circumstances at the reporting date on the current and future periods. Potential sources of information include the Bank’s credit disposal experience, internal or external credit ratings, reports and statistics.
- If the financial instrument is determined to have low credit risk at the reporting date, the Bank may assume that the credit risk in the financial instrument has not increased substantially since the first time it was recognized.
- As stated in the Board Decision dated March 17, 2020 and numbered 8948, the implementation of Articles 4 and 5 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set aside for them will be terminated as of the end of September 30, 2021, but as of October 01, 2021, the delay period is more than 91 days. As of the end of September 30, 2021, the implementation of Article 4 of the Regulation on the Classification of Loans and the Provisions to be Set aside for them, as stated in the Board Decision dated 27 March 2020 and numbered 8970, will continue to be implemented by the banks for the loans not exceeding 180 days. However, as of 01 October 2021, it has been decided that the said application will be continued in the same way by the banks for the loans with a delay period of more than 31 days and not exceeding 90 days.

**VIII. Explanations on Impairment of Financial Assets**

At each balance sheet date, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets has suffered an impairment and whether it meets the classification requirements in accordance with TFRS 9. The Bank determines the amount of the impairment if such indicator exist as mentioned. Related accounting policy is explained in footnote VII.

**IX. Explanations on Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously. Otherwise, no offsetting is made with respect to financial assets and liabilities.

**X. Explanations on Sales and Repurchase Agreements and Lending of Securities**

Repurchase agreements are classified as their purposes on the securities portfolio and evaluated by the principals of the portfolio which they belong to. The Bank has no repurchase transaction as of the balance sheet date.

Receivables from reverse repurchase agreements are accounted for under “Receivables from Reverse Repurchase Agreements” account in the balance sheet. The difference between purchase and sale price determined by these agreements is accrued over the life of agreements according to effective interest rate method.



**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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:

	<b>Estimated Useful Life (Year)</b>
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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 30 September 2022 is TL 15,371.40 (31 December 2021: TL 8,284.51).

Communiqué on “Turkish Accounting Standard (TAS 19) about Benefits for Employee (No: 9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2013 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 30 September 2022, actuarial gain after deferred tax effect amounting to TL 6,602 (31 December 2021: TL 377 actuarial loss) was classified as “Other Capital Reserves”.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

**XVII. Explanations on Taxation**

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

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

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

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

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

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

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

The current taxes payable and advance taxes are offset since they relate to each other.

The Bank has adjusted its statutory financial statements with inflation accounting as of 1 January 2004 in accordance with Law No. 298.

Some modifications have been made in the tax legislation with Law 4842 published in the Official Gazette number 25088 on 24 April 2003. Under these modifications, investment and development banks, which are not allowed to accept deposit, are allowed to deduct loan loss provisions from the tax base in accordance with item 2 of the article 20 of Banking Law and the amendment introduced by the article 35 of the Law numbered 4842.

In the deferred tax calculation as of 30 September 2022, 25% tax rate is used for temporary differences that are expected to be realized/closed within 2022 and after 2022.

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on Taxation (Continued)**

*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 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 April 22, 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 July 1, 2021, and will be valid for corporate earnings for the taxation period starting from January 1, 2021. On the other hand, in accordance with the amendment made in Article 32 of the Corporate Tax Law with the Law No. 7394 published in the Official Gazette dated 15.04.2022 and numbered 31810, the corporate tax rate should start from the declarations that must be submitted as of 01.07.2022 and taxation starting from 01.01.2022. It has been determined as 25% to be valid for the corporate earnings of the period. In this context, the corporate tax rate valid for the period 30.09.2022 is 25%. 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.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

**XVIII. Additional Explanations on Funds Borrowed**

The Bank has not issued any convertible bonds.

The Bank has not also issued any borrowing instruments.

*Cash Warrants Received*

Guarantee Fund purchased within the scope of BIAŞ Markets, BIAŞ 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, BIAŞ Futures and Options Market (VIOP), Electricity Market, Electricity Futures Market, BIAŞ Money Market and BIAŞ Precious Metals Market, BIAŞ 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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 Investment 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 January 1, 2019. As of 30 September 2022, the Bank's right of use asset, which is classified in the tangible assets, is TL 5,843 and the lease liability is TL 1,995 as of 30 September 2022.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority made amendments on TFRS 16 “Leases” standard by publishing “Concessions Regarding COVID-19” on Lease Payments - “TFRS 16 Leases”. With this amendment, Lessee has been granted an exemption from not being able to evaluate whether the privileges, which are recognized due to COVID-19 in the lease payments, have been made in the lease.

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Explanations Related to Components of Shareholders' Equity**

In accordance with the Board decision dated 28.04.2022 and numbered 10188, the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks published in the Official Gazette dated 23.10.2015 and numbered 29511, specified in the Board Decision dated 21.12.2021 and numbered 9996, to be implemented as of 01.05.2022 ( In the calculation of the amount subject to credit risk in accordance with the Regulation; In order to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31.12.2021. the application; Until a Board Decision to the contrary is taken, it has been decided to continue using the Central Bank's foreign exchange buying rate of 31.12.2021. This facility has been used in bank calculations since April 2022.

The Bank's current period equity capital is TL 3,855,438 (31 December 2021: TL 3,204,332), capital adequacy standard ratio is 15.66% (31 December 2021: 19.66%). The Bank's capital adequacy standard ratio is above the minimum rate defined by legislation.

**Summary information related to the capital shareholders' equity:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
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	1,690,919
Gains recognized in equity as per TAS	-	-
Profit	1,094,252	913,560
Current Period Profit	1,071,449	890,757
Prior Period Profit	22,803	22,803
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3,863,947</b>	<b>3,237,498</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</b>	<b>-</b>
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	5,547	596
Improvement costs for operating leasing	2	9
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	123,483	116,214
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	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>133,857</b>	<b>121,644</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3,730,090</b>	<b>3,115,854</b>



(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>	-	-
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>	-	-
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 (-)	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity Tier 1 Capital+Additional Tier I Capital)</b>	<b>3,730,090</b>	<b>3,115,854</b>
<b>TIER II CAPITAL</b>		
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	125,348	88,478
<b>Tier II Capital Before Deductions</b>	<b>125,348</b>	<b>88,478</b>
<b>Deductions From Tier II Capital</b>	-	-
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>125,348</b>	<b>88,478</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Current Period	Prior Period <sup>1)</sup>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>3,855,438</b>	<b>3,204,332</b>
<b>Deductions from Total Capital</b>	<b>3,855,438</b>	<b>3,204,332</b>
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	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	<b>-</b>	<b>-</b>
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	-	-
<b>TOTAL CAPITAL</b>	<b>-</b>	<b>-</b>
Total Capital (The sum of Tier I Capital and Tier II Capital)	3,855,438	3,204,332
Total risk weighted amounts	24,624,540	16,298,780
<b>CAPITAL ADEQUACY RATIOS</b>		
Core Capital Adequacy Ratio (%)	15.15	19.12
Tier I Capital Adequacy Ratio (%)	15.15	19.12
Capital Adequacy Ratio (%)	15.66	19.66
<b>BUFFERS</b>		
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 (%)	-	-
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	125,348	88,478
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	125,348	88,478
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
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	-	-

<sup>(1)</sup> "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".

**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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 TL 118,012 (31 December 2021: TL 19,938) for the net position between assets and liabilities in foreign currency, and recognised it in the amount basis to market risk.

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

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

<b>Current Period</b>	<b>1 USD</b>	<b>1 EUR</b>	<b>1 GBP</b>	<b>100 JPY</b>
Current Exchange Rate on Balance Sheet Date	18.5038	17.9232	19.9995	12.7565
1 <sup>st</sup> Business Day's Current Exchange Rate	18.4862	17.6711	19.6738	12.7438
2 <sup>nd</sup> Business Day's Current Exchange Rate	18.4509	17.7719	19.8833	12.7508
3 <sup>rd</sup> Business Day's Current Exchange Rate	18.4266	17.7909	19.7068	12.7628
4 <sup>th</sup> Business Day's Current Exchange Rate	18.3702	17.9431	20.4139	12.8462
5 <sup>th</sup> Business Day's Current Exchange Rate	18.3401	18.0785	20.6822	12.7573
<b>Simple arithmetic averages for last 30 days</b>	<b>18.2815</b>	<b>18.1287</b>	<b>20.7260</b>	<b>12.7772</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations Related to Currency Risk (Continued)

Information on the foreign currency risk of the Bank:

Current Period	EURO	USD	Other	Total
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with The Central Bank of the Republic of Turkey	-	-	-	-
Banks	6,855,316	9,844,874	73,954	16,774,144
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	661	-	-	661
Loans	-	-	-	-
Investments in associates, subsidiaries and joint ventures	-	-	-	-
Financial assets measured at amortised cost	1,785,393	2,478,230	-	4,263,623
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	408	1,716	-	2,124
<b>Total Assets</b>	<b>8,641,778</b>	<b>12,324,820</b>	<b>73,954</b>	<b>21,040,552</b>
<b>Liabilities</b>				
Bank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market funds	-	-	-	-
Funds provided from other financial institutions	1,917,822	1,326,827	-	3,244,649
Securities issued	-	-	-	-
Funds	6,685,676	10,918,491	73,724	17,677,891
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	-	-	-	-
<b>Total Liabilities</b>	<b>8,603,498</b>	<b>12,245,318</b>	<b>73,724</b>	<b>20,922,540</b>
<b>Net Balance Sheet Position</b>	<b>38,280</b>	<b>79,502</b>	<b>230</b>	<b>118,012</b>
<b>Net Off-Balance Sheet Position</b>				
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	-
<b>Prior Period</b>				
Total assets	4,273,121	6,570,169	68,150	10,911,440
Total liabilities	4,271,448	6,552,110	67,944	10,891,502
<b>Net Balance Sheet Position</b>	<b>1,673</b>	<b>18,059</b>	<b>206</b>	<b>19,938</b>
<b>Net Off-Balance Sheet Position</b>				
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	-	-	-
Non-cash loans	-	-	-	-

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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 and 2022. The Bank does not undertake any liability due to using 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 <sup>(2)</sup>	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	186	186
Banks <sup>(2)</sup>	56,962,740	878,984	-	-	-	2,183,350	60,025,074
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	4,332	4,332
Loans <sup>(3)</sup>	4,365,705	-	-	-	-	-	4,365,705
Financial assets measured at amortised cost <sup>(4)</sup>	1,391,451	558,844	2,250,697	441,604	-	-	4,642,596
Other assets <sup>(1)</sup>	94,624	-	-	-	-	413,271	507,895
<b>Total Assets</b>	<b>62,814,520</b>	<b>1,437,828</b>	<b>2,250,697</b>	<b>441,604</b>	<b>-</b>	<b>2,601,139</b>	<b>69,545,788</b>
<b>Liabilities</b>							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market funds	-	-	-	-	-	-	-
Miscellaneous payables	18,598,221	-	-	-	-	42,392,022	60,990,243
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	4,345,035	-	-	-	-	-	4,345,035
Other liabilities <sup>(2)</sup>	-	-	-	-	-	4,210,510	4,210,510
<b>Total Liabilities</b>	<b>22,943,256</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,602,532</b>	<b>69,545,788</b>
Balance sheet long position	39,871,264	1,437,828	2,250,697	441,604	-	-	44,001,393
Balance sheet short position	-	-	-	-	-	(44,001,393)	(44,001,393)
Off-balance sheet long position	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>39,871,264</b>	<b>1,437,828</b>	<b>2,250,697</b>	<b>441,604</b>	<b>-</b>	<b>(44,001,393)</b>	<b>-</b>

<sup>(1)</sup> Explanations of other assets and other liabilities are provided below.

<sup>(2)</sup> Expected credit loss provisions recognized under TFRS 9 are presented in the "Non-interest bearing" column.

<sup>(3)</sup> Expected credit loss provisions recognized under TFRS 9 are presented in the "Up to 1 Month" column.

<sup>(4)</sup> Expected credit loss provisions recognized under TFRS 9 are presented in the "3-12 Month" column.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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 <sup>(2)</sup>	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic Turkey	-	-	-	-	-	67	67
Banks	38,205,853	-	-	-	-	601,070	38,806,923
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Money market placements	35,961	-	-	-	-	-	35,961
Financial assets available-for-sale	-	-	-	-	-	4,332	4,332
Loans	573,071	-	-	-	-	-	573,071
Held-to-maturity investments	-	1,312,182	1,727,412	1,795,733	-	-	4,835,327
Other assets <sup>(1)</sup>	2,911	-	-	-	-	765,419	768,330
<b>Total Assets</b>	<b>38,817,796</b>	<b>1,312,182</b>	<b>1,727,412</b>	<b>1,795,733</b>	<b>-</b>	<b>1,370,888</b>	<b>45,024,011</b>
<b>Liabilities</b>							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market funds	218,904	-	-	-	-	-	218,904
Funds	8,573,386	-	-	-	-	29,382,571	37,955,957
Marketable securities issued	-	-	-	-	-	-	-
Funds borrowed from other financial institutions	3,416,560	-	-	-	-	-	3,416,560
Other liabilities <sup>(1)</sup>	-	-	-	-	-	3,432,590	3,432,590
<b>Total Liabilities</b>	<b>12,208,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,815,161</b>	<b>45,024,011</b>
Balance sheet long position	26,608,947	1,312,182	1,727,412	1,795,733	-	-	31,444,274
Balance sheet short position	-	-	-	-	-	(31,444,274)	(31,444,274)
Off-balance sheet long position	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
<b>Net Position</b>	<b>26,608,947</b>	<b>1,312,182</b>	<b>1,727,412</b>	<b>1,795,733</b>	<b>-</b>	<b>(31,444,274)</b>	<b>-</b>

<sup>(1)</sup> Explanations of other assets and other liabilities are provided below.

<sup>(2)</sup> Expected credit loss provisions recognized under TFRS 9 are presented in the "Non-interest bearing" column.

Other Assets	Current Period	Prior Period
Intangible assets	123,483	116,214
Custody service commission discounts	94,692	67,655
Investment properties	46,250	46,250
Deferred tax asset	36,375	9,066
Tangible Assets	9,532	7,621
Temporary Accounts	21,683	3,201
Miscellaneous receivables	170,589	513,365
Subsidiaries	4,825	4,825
Stationary supplies	466	133
<b>Total</b>	<b>507,895</b>	<b>768,330</b>

Other Liabilities	Current Period	Prior Period
Shareholder's equity	3,858,400	3,236,902
Current tax liability	179,537	106,506
Provisions	170,578	87,149
Lease liabilities	1,995	2,033
<b>Total</b>	<b>4,210,510</b>	<b>3,432,590</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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
TRY	(+) 500 bp	(76,444)	(0.020)
TRY	(-) 400 bp	63,369	0.016
EUR	(+) 200 bp	(25,528)	(0.007)
EUR	(-) 200 bp	26,314	0.007
USD	(+) 200 bp	(50,408)	(0.013)
USD	(-) 200 bp	54,944	0.014
<b>Total (of negative shocks)</b>		<b>144,626</b>	<b>0.038</b>
<b>Total (of positive shocks)</b>		<b>(152,381)</b>	<b>(0.040)</b>

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

Current Period End Balance	EUR	USD	JPY	TL
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks	3.00	4.98	-	13.30
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Loans	-	-	-	20.20
Financial assets measured at amortized cost	2.16	6.34	-	19.49
<b>Liabilities</b>				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds	-	-	-	12.89
Securities issued	-	-	-	-
Funds borrowed	0.75	2.83	-	12.63
<b>Prior Period End Balance</b>	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks	0.80	1.27	-	14.52
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	12.09
Financial assets available-for-sale	-	-	-	-
Loans	-	-	-	17.47
Financial assets measured at amortized cost	1.80	3.02	-	16.73
<b>Liabilities</b>				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	14.00
Funds	-	-	-	14.22
Securities issued	-	-	-	-
Funds borrowed	0.01	0.10	-	1.16



**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)**

**IV. Equity share position risk in banking accounts**

As of 30 September 2022, the Bank has no equity share position risk arising from the equity share and banking accounts (31 December 2021: None).

**V. Explanations Related to Liquidity Risk**

The Bank has received the Guarantee Fund 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 In order to meet the risks that may arise from the exchange, Turkey Electronic Fund Trading Platform (TEFAS), Private Pension Fund Trading Platform (BEFAS), public guarantee management service and other transactions, it pays attention to work within guarantees and to keep most of the TL funds liquid. does not hold a foreign currency position.

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 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 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 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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	186	-	-	-	-	-	-	186
Banks	2,183,350	56,962,740	878,984	-	-	-	-	60,025,074
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-
Money market placements	-	-	-	-	-	-	-	-
Fair value with changes in other comprehensive income	4,332	-	-	-	-	-	-	4,332
Loans <sup>(2)</sup>	-	4,365,705	-	-	-	-	-	4,365,705
Financial assets measured at amortized cost	-	1,391,451	558,844	2,250,697	441,604	-	-	4,642,596
Other assets <sup>(1)</sup>	-	94,624	-	-	-	-	413,271	507,895
<b>Total Assets</b>	<b>2,187,868</b>	<b>62,814,520</b>	<b>1,437,828</b>	<b>2,250,697</b>	<b>441,604</b>	<b>-</b>	<b>413,271</b>	<b>69,545,788</b>
<b>Liabilities</b>								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds borrowed	-	4,345,035	-	-	-	-	-	4,345,035
Money market borrowings	-	-	-	-	-	-	-	-
Securities issued	-	-	-	-	-	-	-	-
Funds	42,392,022	18,598,221	-	-	-	-	-	60,990,243
Other liabilities	-	37,806	149,909	40,111	1,587	-	3,981,097	4,210,510
<b>Total Liabilities</b>	<b>42,392,022</b>	<b>22,981,062</b>	<b>149,909</b>	<b>40,111</b>	<b>1,587</b>	<b>-</b>	<b>3,981,097</b>	<b>69,545,788</b>
<b>Current Period Liquidity (Gap)/surplus</b>	<b>(40,204,154)</b>	<b>39,833,458</b>	<b>1,287,919</b>	<b>2,210,586</b>	<b>440,017</b>	<b>-</b>	<b>(3,567,826)</b>	<b>-</b>
<b>Net off-Balance sheet position</b>								
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-
Liabilities from derivative financial instruments	-	-	-	-	-	-	-	-
<b>Non-Cash Loans</b>	<b>-</b>	<b>54,188,173</b>	<b>3,227,388</b>	<b>3,524,689</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,940,250</b>
<b>Prior Period</b>								
Total assets	-	-	-	-	-	-	-	-
Total liabilities	605,469	38,817,796	1,312,182	1,727,412	1,795,733	-	765,419	45,024,011
	29,384,604	12,239,423	-	101,966	-	-	3,298,018	45,024,011
<b>Liquidity (Gap)/surplus</b>	<b>(28,779,135)</b>	<b>26,578,373</b>	<b>1,312,182</b>	<b>1,625,446</b>	<b>1,795,733</b>	<b>-</b>	<b>(2,532,599)</b>	<b>-</b>
<b>Net off-Balance sheet position</b>								
Receivables from derivative financial instruments	-	-	-	-	-	-	-	-
Liabilities from derivative financial instruments	-	-	-	-	-	-	-	-
<b>Non-Cash Loans</b>	<b>-</b>	<b>35,597,855</b>	<b>2,375,066</b>	<b>1,326,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,299,417</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Expected credit loss provisions recognized under TFRS 9 are presented in the "Up to 1 Month" column.

<sup>(3)</sup> Expected credit loss provisions recognized under TFRS 9 are presented in the "3-12 Month" column.

**Securitization positions:**

The Bank does not apply securitisation as of 30 September 2022 (31 December 2021: None).

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 2.74% (31 December 2021: 3.91%). This ratio is above the minimum ratio and the regulation stipulates the minimum leverage ratio as 3%. The increase in the off-balance sheet transactions and the decrease in the main capital amount due to the profit distributions are the main reason for the change in the leverage ratio compared to the previous period.

b) Leverage ratio:

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>Assets on the balance sheet</b>		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	66,910,992	40,152,948
(Assets deducted from core capital)	(131,213)	(119,603)
<b>Total risk amount for assets on the balance sheet</b>	<b>66,779,779</b>	<b>40,033,345</b>
<b>Derivative financial instruments and credit derivatives</b>		
Renewal cost of derivative financial instruments and loan derivatives	-	-
Potential credit risk amount of derivative financial instruments and loan derivatives	-	-
<b>Total risk amount of derivative financial instruments and loan derivatives</b>	<b>-</b>	<b>-</b>
<b>Financing transactions with securities or goods warranties</b>		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	-	-
Risk amount arising from intermediated transactions	-	-
<b>Total risk amount of financing transactions with securities or goods warranties</b>	<b>-</b>	<b>-</b>
<b>Off-the-balance sheet transactions</b>		
Gross nominal amount of the off-balance sheet transactions	64,229,585	37,586,290
(Adjustment amount arising from multiplying by the credit conversion rate)	-	-
<b>Total risk amount for off-balance sheet transactions</b>	<b>64,229,585</b>	<b>37,586,290</b>
<b>Capital and total risk</b>		
Tier 1 capital	3,583,652	3,031,349
<b>Total risk amount</b>	<b>131,009,364</b>	<b>77,619,635</b>
<b>Leverage ratio</b>		
Leverage ratio (%)	2.74	3.91

<sup>(1)</sup> The amounts in the table are calculated by using the semi-annual 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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 30 September 2022 as the standard approach is used in the calculation of Bank’s capital adequacy.

- Risk Weighted Assets (RWA) flow statements of credit risk under internal rating-based (IRB) approach
- 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) Overview of risk management and RWA

	Risk Weighted Amounts		Minimum Capital
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk)	22,454,578	14,649,703	1,796,366
Standardised approach	22,454,578	14,649,703	1,796,366
Internal rating-based approach	-	-	-
Counterparty credit risk	-	8	-
Standardised approach for counterparty credit risk	-	8	-
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies-look through approach	-	-	-
Investments made in collective investment companies-mandate-based approach	-	-	-
Investments made in collective investment companies-1250% weighted risk approach	-	-	-
Settlement risk	-	-	-
Securitization exposures in banking book	-	-	-
IRB ratings-based approach	-	-	-
IRB supervisory formula approach	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	118,013	19,938	9,441
Standardised approach	118,013	19,938	9,441
Internal model approaches	-	-	-
Operational risk	2,051,949	1,629,131	164,156
Basic Indicator approach	2,051,949	1,629,131	164,156
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
Floor adjustments	-	-	-
<b>Total</b>	<b>26,624,540</b>	<b>16,298,780</b>	<b>1,969,963</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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	-	-	186	-	186
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	-	-	-
Banks	-	-	60,025,074	-	60,025,074
Money Markets	-	-	-	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-	4,332	-	4,332
Loans <sup>(1)</sup>	-	4,365,705	-	-	4,365,705
Financial Assets At Fair Value Through Amortized Cost <sup>(2)</sup>	-	-	4,642,596	-	4,642,596
Subsidiaries	-	-	-	-	-
Joint Ventures (Net)	-	-	4,825	-	4,825
Tangible Assets (Net)	-	-	-	21,683	21,683
Intangible Assets (Net)	-	-	-	123,483	123,483
Investment Properties (Net)	-	-	-	46,250	46,250
Tax Assets	-	-	-	36,375	36,375
Other Assets	94,692	-	-	180,587	275,279
<b>Total Assets</b>	<b>94,692</b>	<b>4,365,705</b>	<b>64,677,013</b>	<b>408,378</b>	<b>69,545,788</b>
Funds Borrowed	-	-	4,345,035	-	4,345,035
Debts to the Money Markets	-	-	-	-	-
Funds	51,895,393	3,373,009	-	5,721,841	60,990,243
Lease Liability	-	-	-	1,995	1,995
Derivative Financial Liability	-	-	-	-	-
Provisions	-	50,613	-	119,965	170,578
Tax Liability	-	-	-	179,537	179,537
Shareholder's Equity	-	-	-	3,858,400	3,858,400
<b>Total Liabilities</b>	<b>51,895,393</b>	<b>3,423,622</b>	<b>4,345,035</b>	<b>9,881,738</b>	<b>69,545,788</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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	-	-	67	-	67
Financial Assets At Fair Value Through Profit/Loss (Net)	-	-	-	-	-
Banks	-	-	38,806,923	-	38,806,923
Money Markets	-	-	35,961	-	35,961
Available-For-Sale Financial Assets (Net)	-	-	4,332	-	4,332
Loans <sup>(1)</sup>	-	573,071	-	-	573,071
Held-to-Maturity Securities (Net) <sup>(2)</sup>	-	-	4,835,327	-	4,835,327
Subsidiaries	-	-	-	-	-
Joint Ventures (Net)	-	-	4,825	-	4,825
Tangible Assets (Net)	-	-	-	7,621	7,621
Intangible Assets (Net)	-	-	-	116,214	116,214
Investment Properties (Net)	-	-	-	46,250	46,250
Tax Assets	-	-	-	9,066	9,066
Other Assets	67,654	-	-	516,700	584,354
<b>Total Assets</b>	<b>67,654</b>	<b>573,071</b>	<b>43,687,435</b>	<b>695,851</b>	<b>45,024,011</b>
Funds Borrowed	-	-	3,416,560	-	3,416,560
Debts to the Money Market	-	-	218,904	-	218,904
Funds	33,535,090	1,551,268	-	2,869,599	37,955,957
Miscellaneous Payables	-	-	-	2,033	2,033
Other Liabilities	-	-	-	-	-
Provisions	-	32,740	-	54,409	87,149
Tax Liability	-	-	-	106,506	106,506
Shareholder's Equity	-	-	-	3,236,902	3,236,902
<b>Total Liabilities</b>	<b>33,535,090</b>	<b>1,584,008</b>	<b>3,635,464</b>	<b>6,269,449</b>	<b>45,024,011</b>

(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	-	135,847	896,915	-	1,032,762
Net fees and commissions income and other operating income	680,181	117,559	-	-	797,740
Dividend income	-	-	29,446	-	29,446
Trading profit/loss	-	-	9,774	-	9,774
Other operating receivables	-	-	-	13,480	13,480
Impairment provision for loans and other receivables	-	(36,871)	-	-	(36,871)
Other operating expenses	-	-	-	(433,174)	(433,174)
<b>Profit before taxes</b>	<b>680,181</b>	<b>216,535</b>	<b>936,135</b>	<b>(419,694)</b>	<b>1,413,157</b>
Tax provision	-	-	-	(341,708)	(341,708)
<b>Net profit for the period</b>	<b>680,181</b>	<b>216,535</b>	<b>936,135</b>	<b>(761,402)</b>	<b>1,071,449</b>

Prior Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net interest income	-	12,401	571,758	-	584,159
Net fees and commissions income and other operating income	374,423	36,984	-	-	411,407
Dividend income	-	-	15,213	-	15,213
Trading profit/loss	-	-	9,368	-	9,368
Other operating receivables	-	-	-	6,879	6,879
Impairment provision for loans and other receivables	-	(4,040)	-	-	(4,040)
Other operating expenses	-	-	-	(157,575)	(157,575)
<b>Profit before taxes</b>	<b>374,423</b>	<b>45,345</b>	<b>596,339</b>	<b>(150,696)</b>	<b>865,411</b>
Tax provision	-	-	-	(209,412)	(209,412)
<b>Net profit for the period</b>	<b>374,423</b>	<b>45,345</b>	<b>596,339</b>	<b>(360,108)</b>	<b>655,999</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations 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
Cash/foreign currency	33	-	62	-
CBRT	153	-	5	-
Other	-	-	-	-
<b>Total</b>	<b>186</b>	<b>-</b>	<b>67</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	153	-	5	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>153</b>	<b>-</b>	<b>5</b>	<b>-</b>

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 September 30, 2022, the establishment of Compulsory Securities will be established on the blocked account on October 28, 2022.

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

2.a) Information on government debt securities: None (31 December 2021: None).

2.b) Information on marketable securities representing the Bank's share: None (31 December 2021: None).

2.c) Information on other financial assets: None (31 December 2021: None).

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

3. Information on Banks

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	43,295,345	14,612,454	32,149,899	6,101,433
Foreign	21,060	2,161,690	-	600,905
Branches and overseas head office	-	-	-	-
<b>Total</b>	<b>43,316,405</b>	<b>16,774,144</b>	<b>32,149,899</b>	<b>6,702,338</b>

As of 30 September 2022, an expected loss amounting to TL 65,475 has been allocated to the Banks account (December 31, 2021: TL 45,314).

3.b) Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	2,136,042	596,897	-	-
USA, Canada	46,708	4,008	-	-
OECD Countries	-	-	-	-
Off-shore banking regions	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>2,182,750</b>	<b>600,905</b>	<b>-</b>	<b>-</b>

3.c) Information on receivables from money markets

The details about the receivables from Money Markets are as below:

	Current Period	Prior Period
Reverse repo belongs to closed member cash balance	-	35,961
Receivables from Central Bank	-	-
<b>Total</b>	<b>-</b>	<b>35,961</b>

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

4.a) Information on equity instruments:

Name	Current Period			Prior Period	
	Acquired On	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
<b>Total</b>		<b>4,332</b>		<b>4,332</b>	

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



(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations 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 2021: None).  
a) ii. Information on derivative financial assets at fair value through other comprehensive income: None (31 December 2021: 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	2,602,874	21,756,902	530,928	15,284,700
<i>Corporate shareholders</i>	2,602,874	21,756,902	530,928	15,284,700
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
<b>Total</b>	<b>2,602,874</b>	<b>21,756,902</b>	<b>530,928</b>	<b>15,284,700</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

6. Information on loans (Continued)

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

Cash Loans	Performing Loans	Loans under Follow-up		
		Non-restructured	Restructured	Refinanced
Current Period		Revised Contract Terms		
Non-specialized loans	4,370,568	-	-	-
Business loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	4,337,646	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	32,922	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>4,370,568</b>	-	-	-

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans (Total)	Revised contract terms Restructure for extending the payment plan	Loans (Total)	Revised contract terms Restructure for extending the payment plan
<b>Prior Period</b>				
Non-specialized loans	573,749	-	-	-
Working capital loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	573,749	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Other	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>573,749</b>	-	-	-

c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards: None (31 December 2021: None).

d) Information on commercial loans with instalments and corporate credit cards: None (31 December 2021: None).

e) Loans according to borrowers:

	Current Period	Prior Period
Private	4,370,568	573,749
Public	-	-
<b>Total</b>	<b>4,370,568</b>	<b>573,749</b>

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	4,370,568	573,749
Foreign loans	-	-
<b>Total</b>	<b>4,370,568</b>	<b>573,749</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. Explanations Related to the Assets (Continued)**

**6. Information on loans (Continued):**

g) Loans granted to subsidiaries and associates:None (31 December 2021: None).

h) Information on non-performing loans (Net): None (31 December 2021: 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 2021: None).

i.2) Information on movement of non-performing loans: None.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

6. Information on loans (Continued):

i) Information on non-performing loans (Net) (Continued):

i.3) Information on foreign currency non-performing loans and other receivables: None (31 December 2021: None).

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

None (31 December 2021: 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	4,863	-	678	-
Significant increase in credit risk	-	-	-	-
<b>Total</b>	<b>4,863</b>	<b>-</b>	<b>678</b>	<b>-</b>

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”.

7. Information on financial assets measured at amortised cost:

7.a) i. Information on financial assets measured at amortised cost:

	Current Period	Prior Period
Government bonds	2,164,993	3,256,237
Treasury bills	-	-
Other public sector debt instruments	2,478,230	1,579,743
<b>Total</b>	<b>4,643,223</b>	<b>4,835,980</b>

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

	Current Period	Prior Period
Debt securities	4,643,223	4,835,980
<i>Quoted on a stock exchange</i>	4,643,223	4,835,980
<i>Not quoted on a stock exchange</i>	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>4,643,223</b>	<b>4,835,980</b>

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

	Current Period	Prior Period
Beginning balance	4,835,980	2,435,054
Foreign currency differences on monetary assets	-	-
Purchases during year	3,716,399	3,399,687
Disposals through sales and redemptions <sup>(1)</sup>	(4,819,298)	(2,339,027)
Impairment provision (-)	-	-
Effect of valuation <sup>(2)</sup>	910,142	1,340,266
<b>Closing Balance</b>	<b>4,643,223</b>	<b>4,835,980</b>

<sup>(1)</sup> All of disposals through sales and redemptions amount is from redemptions.

<sup>(2)</sup> Includes interest accruals change.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

7. Information on financial assets measured at amortised cost (Continued):

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

	Current Period	Prior Period
Other Financial Assets Measured by Amortized Cost	627	653
	<b>627</b>	<b>653</b>

7.c) Information on other financial assets: None. (31 December 2021: None).

8. Information on investments in associates (Net):

8.a) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2021: None).

8.b) Information on the unconsolidated associates: None (31 December 2021: None).

8.c) Explanations of consolidated associates: None (31 December 2021: None).

8.d) Information on sector information on consolidated associates: None (31 December 2021: None).

8.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2021: None).

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.	Istanbul / Türkiye	28.57	65

Total Assets <sup>(1)</sup>	Shareholder's Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profits / Losses	Fair Value
396,169	241,006	92,046	33,712	13,647	81,601	88,100	-

<sup>(1)</sup> Current period financial statements are obtained from unreviewed financial statements prepared as of 31 September 2022 in accordance with the TAS.

9.b) Information on the consolidated subsidiaries:

i. Information on the consolidated subsidiaries: None (31 December 2021: None).

ii. Information on movement of consolidated subsidiaries: None (31 December 2021: None).

iii. Sectorial information on the consolidated subsidiaries: None (31 December 2021: None).

iv. Consolidated subsidiaries quoted on the stock exchange: None (31 December 2021: None).

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

10. Information on entities under common control (joint ventures): None (31 December 2021: None).

11. Information on finance lease receivables (Net): None (31 December 2021: None).

12. Information on investment property:

As of 30 September 2022, the Bank's investment property amounting to TL 46,250 (31 December 2021: TL 46,250).

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

None (31 December 2021: 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
Custody and fee accruals	152,408	936
Prepaid expenses	94,692	67,655
VIOP guarantees	17,918	512,111
Stationary supplies	9,532	3,201
Cash guarantees given	466	133
Invoices payable	262	283
Other	1	35
<b>Total</b>	<b>275,279</b>	<b>584,354</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities

1. Information on derivative financial liabilities:

- a) i. Information on derivative financial liabilities at fair value through profit or loss: None (31 December 2021: None).  
a) ii. Derivative financial liabilities at fair value through other comprehensive income: None (31 December 2021: None).

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	1,100,386	3,244,649	21,008	3,395,552
From foreign banks, institutions and funds	-	-	-	-
<b>Total</b>	<b>1,100,386</b>	<b>3,244,649</b>	<b>21,008</b>	<b>3,395,552</b>

- b) Information on money market debts:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	-	-	218,904	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>218,904</b>	<b>-</b>

- c) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,100,386	3,244,649	21,008	3,395,552
Medium and long-term	-	-	-	-
<b>Total</b>	<b>1,100,386</b>	<b>3,244,649</b>	<b>21,008</b>	<b>3,395,552</b>

- 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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities

3. Information on funds:

a) Information on borrowers' funds: None (31 December 2021: 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	41,573,217	14,068,204	28,885,752	6,083,820
Members' receivables	796,318	3,609,687	493,929	1,412,130
Capital Markets Board Share	-	-	-	-
Partners' Dividend Receivables	-	-	-	-
Expense accruals	8,036	-	5,625	-
Other <sup>(1)</sup>	934,781	-	1,074,701	-
	<b>43,312,352</b>	<b>17,677,891</b>	<b>30,460,007</b>	<b>7,495,950</b>

<sup>(1)</sup> 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 2021: None).

b) Explanations regarding operational leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	-	-	-	-
Between 1-4 years	5,843	1,995	4,739	2,033
More than 4 years	-	-	-	-
<b>Total</b>	<b>5,843</b>	<b>1,995</b>	<b>4,739</b>	<b>2,033</b>



(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

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 June 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. The provision for employment termination benefits of the Bank is calculated over the TL 15,371.40 (31 December 2021: TL 8,284.51) (full TL) which is the maximum amount of employment termination benefits.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The main assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 30 September 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the balance sheet date have been calculated assuming an annual inflation rate of 61.68% and interest rate 21.00% and a discount rate of 4% (31 December 2021: 16.40% inflation rate, 4.00% discount rate). The estimated rate of severance pay amount which is not paid and to be held in the bank as a result of optional leavings are also considered.

	Current Period	Prior Period
Total liabilities of employee terminations (Undiscounted)	33,637	18,072
Provision for employee termination (Presented in financial statements)	18,246	10,647
The ratio of provision to undiscounted total liabilities (%)	54.24	58.91

As of 30 September 2022, the Bank provided a reserve of TL 21,600 (31 December 2021: TL 9,762) for the unused vacation which classified under Reserve for Employee Benefits in the financial statements.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

5. Information on provisions (Continued):

a.1) Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	10,647	8,785
Paid during the year	(1,813)	(621)
Actuarial (gain)/loss	6,602	377
Charge for the year	2,810	2,106
<i>Service charge</i>	1,001	907
<i>Interest charge</i>	1,809	1,199
<b>Total</b>	<b>18,246</b>	<b>10,647</b>

a.2) The reserve for employee benefits:

	Current Period	Prior Period
Unused vacation provision	21,600	9,762
<b>Total</b>	<b>21,600</b>	<b>9,762</b>

b) Information on other provisions:

b.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (31 December 2021: None).

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

	Current Period	Prior Period
Expected credit losses <sup>(1)</sup>	51,824	33,161
Provisions for CMB’s Share Fee <sup>(2)</sup>	42,610	29,918
Provision for premiums	32,700	-
Provision for legal claims	3,598	3,661
<b>Total</b>	<b>130,732</b>	<b>66,740</b>

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

<sup>(2)</sup> 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	3,660	2,943
Additions	410	1,671
Payments (-)	(160)	-
Cancellations (-)	(312)	(954)
<b>Provisions for cases year end</b>	<b>3,598</b>	<b>3,660</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

5. Information on provisions (Continued):

c) Liabilities Resulting from Retirement Benefits: None (31 December 2021: None).

c.1) Liabilities for pension funds established in accordance with "Social Security Institution": None (31 December 2021: None).

c.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post-retirement benefits for the employees: None (31 December 2021: None).

6. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate tax:

	Current Period	Prior Period
Provision for corporate taxes	367,366	297,170
Prepaid taxes (-)	217,599	215,613
<b>Corporate Income Tax Payable</b>	<b>149,767</b>	<b>81,557</b>

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	149,767	81,557
Taxation on securities	4,630	2,702
Banking insurance transaction tax (BITT)	14,079	11,334
Value added tax payable	389	241
Other	6,096	8,209
<b>Total</b>	<b>174,961</b>	<b>104,043</b>

a.3) Information on premiums: (6 months)

	Current Period	Prior Period
Social security premiums-employer	2,004	1,080
Social security premiums-employee	2,143	1,152
Unemployment insurance-employer	143	77
Unemployment insurance-employee	286	154
<b>Total</b>	<b>4,576</b>	<b>2,463</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (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	18,246	4,562	10,647	2,129
Vacation pay liability	54,300	13,575	9,762	2,246
CMB Board share provision - other provision	42,610	10,653	29,918	6,881
Internal yield and market value differences of financial assets and government securities measured at amortized cost	(3,966)	(992)	(4,657)	(1,071)
TFRS 9 provision for expected losses	125,348	31,337	88,478	17,695
Lawsuits and bonus	3,598	899	3,661	732
Interest accruals	172	43	98	23
TFRS 16 Leases	115	29	201	46
<b>Deferred tax asset</b>	<b>240,423</b>	<b>60,106</b>	<b>138,108</b>	<b>28,681</b>
Differences between the book value of fixed assets and tax value	(94,924)	(23,731)	(96,972)	(19,615)
Internal yield and market value difference of Government domestic borrowing certificates measured at amortized cost	-	-	-	-
Financial instruments value difference – from swap transactions	-	-	-	-
<b>Deferred tax liability</b>	<b>(94,924)</b>	<b>(23,731)</b>	<b>(96,972)</b>	<b>(19,615)</b>
<b>Deferred tax asset / (liability), net</b>		<b>36,375</b>		<b>9,066</b>

Deferred tax asset transaction table :

	Current Period	Prior Period
<b>Previous period balance</b>	<b>9,066</b>	<b>(912)</b>
Deferred tax income / (expense)	25,658	9,902
Deferred tax recognized under equity	1,651	76
<b>Deferred tax asset</b>	<b>36,375</b>	<b>9,066</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

7. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock <sup>(1)</sup>	600,000	600,000
Preferred stock	-	-

(1) As of 30 September 2022, 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	1,485,951
Retained earnings	-	-
Accumulated Losses	-	-
Foreign Currency Capital Exchange Difference	-	-
<b>Total</b>	<b>1,889,914</b>	<b>1,485,951</b>

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 2021: 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 2021: None).

e) **Information on share capital increases from capital reserves during the current period:** None (31 December 2021: 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 2021: 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 2021: None).

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

At the General Assembly meeting held on 28 April 2022, it was decided to pay dividends of TL 445,000 to the shareholders.

Dividend payments have been made on 29 April 2022.

j) **Information on minority shares:**

None (31 December 2021: None).

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: None (31 December 2021: None).
- b) Possible losses and commitments related to off-balance sheet items including items listed below:
- b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits: 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 <sup>(1)</sup>	60,940,251	39,299,417
<b>Total Non-Cash Loans</b>	<b>60,940,251</b>	<b>39,299,417</b>

<sup>(1)</sup> 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.

- b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2021: 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	-	88,591	-
Capital commitment for ÖPP (Bank is central counterparty services)	4,342	-	3,983	-
Capital commitment for Money Market (Bank is central counterparty services)	783	-	1,562	-
Capital commitment for PAY Market (Bank is central counterparty services)	15,913	-	26,993	-
Capital commitment for BAP Market (Bank is central counterparty services)	138,032	-	270,285	-
Capital commitment for SWAP Market (Bank is central counterparty services)	225,788	-	381,590	-
Capital commitment for OTC Market (Bank is central counterparty services (CCP))	4,944	-	9,505	-
Capital commitment for the TPP Market (Bank is a Central Counterparty services)	8,035	-	-	-
Forward Assets Trading Commitments	-	92,889	-	-
<b>Total</b>	<b>467,434</b>	<b>92,889</b>	<b>782,509</b>	<b>-</b>

- 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.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

d) Information related to Allocations

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital allocation for VIOP (Bank is central counterparty services)	19,404	-	25,900	-
Capital allocation for ÖPP (Bank is central counterparty services)	3,252	-	1,164	-
Capital allocation for Money Market (Bank is central counterparty services)	587	-	457	-
Capital allocation for PAY Market (Bank is central counterparty services)	11,919	-	7,892	-
Capital allocation for BAP Market (Bank is central counterparty services)	103,383	-	79,020	-
Capital allocation for SWAP Market (Bank is central counterparty services)	169,110	-	111,560	-
Capital allocation for OTC Market (Bank is central counterparty services)	3,703	-	2,779	-
<b>Total</b>	<b>311,358</b>	<b>-</b>	<b>228,772</b>	<b>-</b>

e) Information related to Guarantees:

Total valued market collateral in markets where the Bank is central counterparty is TL 62,484,327 (31 December 2021: TL 52,055,555), the total of the valuated guarantee fund is TL 3,962,135 (31 December 2021: TL 2,727,177).

f) Information related to investment securities held in custody:

The investment securities held in custody, TL 5,294,268,511 (31 December 2021: TL 4,895,524,095) of the TL 5,294,043,068 (31 December 2021: TL 4,895,298,621) balance of investment securities held in custody are investment funds as the other TL 225,443 (31 December 2021: TL 225,474) balance consists of share certificate held in custody.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on interest on loans:

a) Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans	131,933	-	11,728	-
Medium/long-term loans	-	-	-	-
Interest on loans under follow-up	-	-	-	-
Premiums received from resource utilisation support fund	-	-	-	-
<b>Total</b>	<b>131,933</b>	<b>-</b>	<b>11,728</b>	<b>-</b>

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	564,707	258,834	401,487	114,951
Foreign banks	-	158	-	-
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>564,707</b>	<b>258,992</b>	<b>401,487</b>	<b>114,951</b>

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
From financial assets at fair value through profit or loss	-	-	-	-
From financial assets at fair value through other comprehensive income	-	-	-	-
From financial assets measured at amortised cost	42,553	101,863	47,020	29,553
<b>Total</b>	<b>42,553</b>	<b>101,863</b>	<b>47,020</b>	<b>29,553</b>

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

None (30 September 2021: None).

e) Other information:

None (30 September 2021: None).

2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	46,095	24,927	19,196	1,832
<i>The Central Bank of Turkey</i>	868	-	-	-
<i>Domestic banks</i>	45,227	24,927	19,196	1,832
<i>Foreign banks</i>	-	-	-	-
<i>Branches and head office abroad</i>	-	-	-	-
<i>Other financial institutions</i>	178	-	225	-
<b>Total</b>	<b>46,273</b>	<b>24,927</b>	<b>19,421</b>	<b>1,832</b>



(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on interest expense (Continued)

b) Information on interest expense to associates and subsidiaries:

None (30 September 2021: None).

c) Information on interest expense to marketable securities issued:

None (30 September 2021: None).

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

None (30 September 2021: None).

3. Information on dividend income:

	Current Period	Prior Period
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	2,278	1,584
Other	27,168	13,629
<b>Total</b>	<b>29,446</b>	<b>15,213</b>

4. Information on net trading income:

	Current Period	Prior Period
<b>Income</b>	<b>21,150</b>	<b>38,965</b>
Gains on capital market operations	-	-
Gains on derivative financial instruments	-	5,272
Foreign exchange gains	21,150	33,693
<b>Losses (-)</b>	<b>(11,376)</b>	<b>(29,597)</b>
Losses on capital market operations	-	-
Losses on derivative financial instruments	-	(3,194)
Foreign exchange losses	(11,376)	(26,403)
<b>Total (Net)</b>	<b>9,774</b>	<b>9,368</b>

5. Information on other operating income:

	Current Period	Prior Period
Provisions no longer required	386	6,577
Collection of prior year expenses	298	64
Income from sales of the assets	5	87
Other income	12,791	151
<b>Total</b>	<b>13,480</b>	<b>6,879</b>

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 (30 September 2021: None).

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Explanations on Banks' expected credit loss:

	Current Period	Prior Period
<b>Expected credit loss</b>	<b>36,871</b>	<b>4,040</b>
12 month expected credit loss (Stage 1)	36,871	4,040
Significant increase in credit risk (Stage 2)	-	-
Non-performing loans (Stage 3)	-	-
<b>Marketable securities impairment expense</b>	<b>-</b>	<b>-</b>
Financial assets at fair value through profit/loss	-	-
Financial assets at fair value through other comprehensive income	-	-
<b>Impairment provision for associates, subsidiaries and joint ventures</b>	<b>-</b>	<b>-</b>
<b>Provisions for Impairment</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Other</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>36,871</b>	<b>4,040</b>

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses <sup>(1)</sup>	154,191	70,536
Intangible amortization expenses	2,810	1,558
Tangible amortization expenses	-	-
Provisions for termination indemnities	-	-
Deficit provision for pension funds	6,321	3,811
Tangible impairment expenses	-	-
Intangible impairment expenses	-	-
Impairment losses on goodwill	13,285	10,551
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment losses on assets to be disposed	-	-
Depreciation expenses on assets to be disposed	-	-
Impairment losses on assets held for sale	-	-
Other operating expenses	155,997	30,449
-Leasing expenses related to TFRS 16 exceptions <sup>(2)</sup>	4,351	3,280
-Repair and maintenance expenses	519	298
- Advertisement expenses	5,127	1,825
-Other expenses	146,000	25,046
Loss on sale of assets	25	46
Other <sup>(3)</sup>	100,545	40,624
<b>Total</b>	<b>433,174</b>	<b>157,575</b>

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

(2) 30 September 2022 amounts include all operating lease expenses.

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

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	(367,366)	(215,613)
Deferred tax charge	25,658	6,201
<b>Total</b>	<b>(341,708)</b>	<b>(209,412)</b>

b) Deferred tax on temporary differences:

	Current Period	Prior Period
Provisions for capital market board's share fee	3,772	428
Provision for employee termination	2,433	255
Unused vacation provision	11,329	3,874
Provision for legal claims and premium	167	(85)
TFRS 9 - Provisions for expected credit losses	13,642	(317)
Difference between internal rate of return and market value of government debt securities measured at amortised cost	79	1,178
Derivative financial assets	-	798
Difference between book value and tax value of fixed assets	(4,116)	(31)
Interest accruals	20	165
Deferred tax expense recognized under equity	(1,651)	(59)
Financial Leasing_TFRS16	(17)	(5)
<b>Total</b>	<b>25,658</b>	<b>6,201</b>

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

As of 30 September 2022, net profit after tax of the Bank is TL 1,071,449 (30 September 2021: TL 655,999).

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 (30 September 2021: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: There is no effect of changes in accounting estimates on income statement for the current period (30 September 2021: None).
- c) Profit/loss attributable to minority shares: There is no profit or loss attributable to minority shares as of the balance sheet date (30 September 2021: 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
<b>Other fees and commissions</b>		
-Retention Commissions	171,435	80,571
-Service Commissions	222,497	111,760
-Customer Account Maintenance Commissions	41,982	29,668
-Futures Options Exchange Commissions	246,394	145,207
-Transfer Transactions	13,772	7,276
-Other	53,611	29,403
-Remittance Commissions	18,477	11,109
<b>Total</b>	<b>768,168</b>	<b>414,994</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations and notes related to 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	-	-	530,928	15,284,700	-	-
Balance at end of the period	-	-	2,602,874	21,756,902	-	-
Interest and commission income	48	-	474,100	34,164	12,638	-

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 <sup>(1)</sup>	-	-	84,877	11,228,460	-	-
Balance at end of the period <sup>(1)</sup>	-	-	530,928	15,284,700	-	-
Interest and commission income <sup>(2)</sup>	4,604	-	12,731	7,413	-	-

<sup>(1)</sup> 31 December 2021 amounts are expressed.

<sup>(2)</sup> 30 September 2021 amounts are expressed.

c) Information on related party deposits balances: None (31 December 2021: None).

d) Information on forward and option agreements and other similar agreements made with related parties: None (31 December 2021: None).

2. Disclosures for the risk group of the bank:

a) The relations of the bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not: None (31 December 2021: None).

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the volume of transactions, amount of major items and ratio to all items, pricing policies and other factors: None (31 December 2021: None).

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: None (31 December 2021: None).

d) Transactions accounted for under the equity method: None (31 December 2021: None).

e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees and management contracts: None (31 December 2021: None).

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**VI. Explanations and Notes Related To Subsequent Events**

None.

**VII. Other Explanations**

None.

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

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**SECTION SIX**

**INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT**

**I. Explanations on the Independent Auditor’s Review Report**

The unconsolidated financial statements for the nine month period ended 30 September 2022 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A member firm of Ernst & Young Global Limited) and Auditors’ Review Report dated November 10, 2022 is presented in the introduction of this report.

**II. Other Footnotes and Explanations Prepared by Independent Auditor**

None.

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION SEVEN**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

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

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

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

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

Takasbank effectively continued its services to the money and capital markets of our country in the third quarter of 2022, and carried out an effective management in line with international examples, especially in the management of risks and guarantees arising from the markets it serves as a central counterparty.

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

With its strategic perspective and effective management policies, our Bank has achieved a pre-tax profit of TL 1.4 billion as of September 30, 2022, its asset size has reached TL 69.5 billion and its shareholders' equity has reached TL 3.9 billion. Thanks to our preparedness for risks and our technical competence, our business continuity will be maintained in the upcoming period, and new products and services will continue to be developed in harmony with Group companies.

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

Best regards,

**Mahmut KAYACIK**  
Chairman of the Board of Directors

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

**Evaluation of the CEO for the Period**

Takasbank continued to contribute to the development of Turkish capital markets and displayed a successful performance in the first nine months of 2022, when an intense struggle was waged with the epidemic disease and the economic difficulties it caused in our country as well as in the rest of the world.

In the first nine months of 2022, due to the increase in market transaction volumes and the widening in Takasbank's service profile, our fee and commission revenues increased significantly above the budget projections and the realizations in the same period last year and reached 885,727 million TL, and our profit before tax was 1,413,157 million TL. As of 30 September 2022, Takasbank's asset size has reached 69.5 billion TL, its shareholders' equity has reached 3.9 billion TL and its total cash collateral size has reached 55.6 billion TL.

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

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

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

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

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

In the Equity Lending Market, 57 different securities were traded in a nine-month period, 3.98 billion transactions were realized on a unit basis, and the total transaction volume was 55.94 billion TL. The transaction volume in the Turkish Electronic Fund Trading Platform (TEFAS) was 277.3 billion in the nine-month period TL, the number of funds traded was 448. While the average daily transaction volume was TL 1.4 billion, the number of transacting institutions was 92. The transaction volume in the Private Pension Fund Trading Platform (BEFAS) was 2.1 billion in the nine-month period TL, the number of funds traded was 278. While the average daily transaction volume was TL 11.4 billion, the number of transacting institutions was 15.

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

Within the scope of the cash loan service offered by Takasbank to intermediary institutions, a daily average of 924.6 million TL of cash loans was extended.

In the nine-month period of 2022, Takasbank continued its efforts to deepen the markets and strengthen its information technology infrastructure with its development activities for the management of financial risks, within the framework of its vision of "contributing to the development of markets with reliable and effective post-transaction services".

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

Best regards,

**Avşar R. SUNGURLU**  
General Manager  
Board Member



(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

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 June 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
Diğer (Aracı kurum)	26,397	4.40
Diğer (Banka)	20,101	3.35
<b>Total</b>	<b>600,000</b>	<b>100.00</b>

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 322 employees and does not have any branches. The Bank is operating as Head Office.

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

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	Subsidiaries, associates and entities under common control (Joint Venture) (Thousand TL)		Direct and indirect shareholders of the Bank (Thousands of TL)		Other real persons and legal entities included in the risk group (Thousand TL)	
	Cash	Non-Cash	Cash	Non-Cash	Non-Cash	Cash
Loans and Other Receivables						
Opening Balance at the Beginning of the Period	-	-	530,928	15,284,700	-	-
Closing Balance at the end of the Period	-	-	2,602,874	21,756,902	-	-
Received Interest and Commission Income	48		474,100	34,164	12,638	

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	30 September 2022
<b>Financial Assets (net)</b>	<b>60,029,592</b>
<i>Cash and Cash Equivalents</i>	<b>60,025,260</b>
<i>Cash and Balances with Central Bank</i>	186
<i>Banks</i>	60,090,549
<i>Money Markets</i>	-
<i>Expected Loss Reserves (-)</i>	65,475
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	4,332
<i>Derivative Financial Assets</i>	-
<b>Financial Assets Measured at Amortised Cost (net)</b>	<b>9,008,301</b>
<i>Loans</i>	4,370,568
<i>Other Financial Assets Measured at Amortised Cost</i>	4,643,223
<i>Expected Credit Losses (-)</i>	5,490
<b>Investments in Associates, Subsidiaries and Joint Ventures</b>	<b>4,825</b>
<b>Tangible Assets (net)</b>	<b>21,683</b>
<b>Intangible Assets and Goodwill (net)</b>	<b>123,483</b>
<b>Investment Properties (net)</b>	<b>46,250</b>
<b>Current Tax Assets</b>	-
<b>Deferred Tax Assets</b>	<b>36,375</b>
<b>Other Assests</b>	<b>275,279</b>
<b>Total Assets</b>	<b>69,545,788</b>
LIABILITIES (Thousand TL)	30 September 2022
<b>Loans Received</b>	<b>4,345,035</b>
<b>Payables to Money Markets</b>	-
<b>Funds</b>	<b>60,990,243</b>
<i>Other</i>	60,990,243
<b>Derivative Financial Liabilities</b>	-
<b>Lease Payables</b>	<b>1,995</b>
<b>Provisions</b>	<b>170,578</b>
<i>Provision for Employee Benefits</i>	39,846
<i>Other Provisions</i>	130,732
<b>Current Tax Liabilities</b>	<b>179,537</b>
<b>Deferred Tax Liability</b>	-
<b>Shareholders` Equity</b>	<b>3,858,400</b>
<b>Total Liabilities</b>	<b>69,545,788</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Statement of Profit or Loss(Thousand TL)	30 September 2022
Interest Income	1,103,962
Interest Expense (-)	71,200
Net Interest Income/Expense	1,032,762
Net Fees and Commission Income/Expense	797,740
Dividend Income	29,446
Net Trading Income/Losses	9,774
Other Operating Income	13,480
Total Operating Profit	1,883,202
Expected Credit Losses (-)	36,871
Other Provisions (-)	90,985
Personnel Expenses (-)	154,191
Other Operating Expenses	187,998
Net Operating Profit/Loss	1,413,157
Provision for Taxes (-)	(341,708)
<b>Net profit/loss</b>	<b>1,071,449</b>
<b>Financial Ratios</b>	<b>30 September 2022</b>
Operating Income / Total Assets	2.03
Shareholders Equity / Total Assets	5.55
Operating Income / Shareholders Equity	36.63
Net Interest Income / Operating Income	54.84
<b>ASSETS (Thousand TL)</b>	<b>31 December 2021</b>
<b>Financial Assets (Net)</b>	<b>38,847,283</b>
<i>Cash and Cash Equivalents</i>	<b>38,842,951</b>
<i>Cash Values and Central Bank</i>	67
<i>Banks</i>	38,852,237
<i>Receivables From Money Markets</i>	35,961
<i>Expected Loss Reserves (-)</i>	45,314
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>4,332</b>
<b>Derivative Financial Assets</b>	-
<b>Financial Assets Measured by Amortized Cost (Net)</b>	<b>5,408,398</b>
<i>Credits</i>	573,749
<i>Other Financial Assets Measured by Amortized Cost</i>	4,835,980
<i>Expected Loss Reserves (-)</i>	1,331
<b>Partnership Investments</b>	<b>4,825</b>
<b>Property, Plant and Equipment (Net)</b>	<b>7,621</b>
<b>Intangible Assets (Net)</b>	<b>116,214</b>
<b>Investment Properties (Net)</b>	<b>46,250</b>
<b>Current Tax Asset</b>	-
<b>Deferred Tax Asset</b>	<b>9,066</b>
<b>Other Assets</b>	<b>584,354</b>
<b>Total Assets</b>	<b>45,024,011</b>

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

<b>LIABILITIES (Thousand TL)</b>	<b>31 December 2021</b>
Loans received	3,416,560
Funds	218,904
Other	37,955,957
Derivative Financial liabilities	37,955,957
Lease payables	-
Provisions	2,033
Provision for Employee Benefits	87,149
Other provisions	20,409
Current tax liabilities	66,740
Deferred tax liabilities	106,506
Shareholders' equity	-
Loans received	3,236,902
<b>Total Liabilities</b>	<b>45,024,011</b>
<b>Statement of Profit or Loss (Thousand TL)</b>	<b>30 September 2021</b>
Interest Income	605,412
Interest Expense (-)	21,253
Net Interest Income/Expense	584,159
Net Fees and Commission Income/Expense	411,407
Dividend Income	15,213
Net Trading Income/Losses	9,368
Other Operating Income	6,879
Total Operating Profit	1,027,026
Expected Credit Losses (-)	4,040
Other Provisions (-)	35,025
Personnel Expenses (-)	70,535
Other Operating Expenses	52,015
Net Operating Profit/Loss	865,411
Provision for Taxes (-)	(209,412)
<b>Net Income/(Loss)</b>	<b>655,999</b>
<b>Financial Ratios</b>	<b>30 September 2021</b>
Operating Income / Total Assets	2.77
Shareholders Equity / Total Assets	9.60
Operating Income / Shareholders Equity	28.83
Net Interest Revenue / Operating Revenue	56.88

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

*(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)*

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**SECTION SEVEN (Continued)**

**EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)**

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

While the funds item holding the most important place in the liabilities of the Bank was 37,955,957 thousand TL at the end of the previous year, it increased by 61% and reached 60,990,243 thousand TL.

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

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

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

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