

**Istanbul Takas ve Saklama Bankası
Anonim Şirketi**

**Unconsolidated Interim Financial Statements as of
For the Nine-Month Period Ended 30 September 2018
With Auditor’s Independent Review Report Thereon**

*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

9 November 2018

*This report includes “Auditors’ Review Report”
comprising 2 pages and; “Unconsolidated Financial
Statements and Related Disclosures and Footnotes”
comprising 93 pages.*



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

*Convenience Translation of the Independent Auditors' Review Report Originally
Prepared and Issued in Turkish (See Section 3.I)*

REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the statement of financial position of Istanbul Takas ve Saklama Bankası A.Ş. (the "Bank") as at 30 September 2018 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the 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 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA"), and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and 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, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly, in all material respects the financial position of Bank as at 30 September 2018 and its financial performance and its cash flows for the nine-month-period then ended in accordance with the BRSA Accounting and Reporting Legislation.

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.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

Alper Güvenç, SMMM
Partner

9 November 2018
Istanbul, Turkey

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 3.1, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

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

**THE NINE MONTHS UNCONSOLIDATED FINANCIAL REPORT OF
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. AS OF 30 SEPTEMBER 2017**

Address of the Bank's Headquarters : Takasbank Genel Müdürlüğü
Reşitpaşa Mahallesi, Borsa Caddesi, No:4
Emirgan, Sarıyer İstanbul

Telephone of the Bank : (0 212) 315 25 25

Fax of the Bank : (0 212) 315 25 26

Web site of the Bank : www.takasbank.com.tr

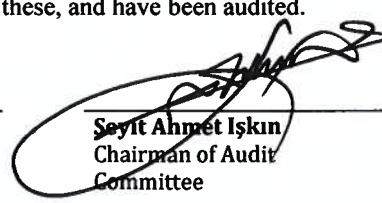
E-mail for correspondence : rap@takasbank.com.tr


The unconsolidated nine months financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying nine months unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited.


Murat Çetinkaya
Chairman of the Management
Board


Seyit Ahmet Işkın
Chairman of Audit
Committee


Kenan Ayyacı
Member of Audit Committee


Mahmut Kayacık
General Manager


Gökhan Elibol
Vice General Manager


Murat Görgün
Manager

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

Name-Surname/Title : Zülal Tarı / Chief Specialist
Telephone Number : (0 212) 315 23 15
Fax Number : (0 212) 315 22 34

SECTION ONE**GENERAL INFORMATION**

I.	Bank's establishment date, start-up statute, history about the changes in this mentioned statute	1
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	1
III.	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
IV.	Information on the Bank's qualified shareholders	3
V.	Information on the Bank's function and areas of activity	3
VI.	A short explanation of the differences between the "Communiqué on Preparation Of Consolidated Financial Statements Of Banks" and consolidation transactions made in line with Turkish Accounting Standards, and on establishments that are subjected to full or proportional consolidation, deducted from equity or establishments that are not subjected to these three methods.....	3
VII.	Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries	3

SECTION TWO**UNCONSOLIDATED FINANCIAL STATEMENTS**

I.	Balance sheet	4-7
II.	Off-balance sheet	8-9
III.	Statement of profit or loss.....	10-11
IV.	Statement of profit or loss and other comprehensive income.....	12-13
V.	Statement of changes in shareholders' equity	14-15
VI.	Statement of cash flows	16-17

SECTION THREE**EXPLANATIONS ON ACCOUNTING POLICIES**

I.	Basis of presentation	18
II.	Explanations on usage strategy of financial assets and foreign currency transactions	19
III.	Explanations on investments in associates, subsidiaries and joint ventures.....	19
IV.	Explanations on forward and options contract and derivative instruments	19
V.	Explanations on interest income and expenses	19
VI.	Explanations on fees and commission income and expense	19
VII.	Explanations on disclosures on financial assets	20-22
VIII.	Explanations on impairment of financial assets	22
IX.	Explanations on offsetting of financial assets and liabilities.....	23
X.	Explanations on sales and repurchase agreements and lending of securities	23
XI.	Explanations on assets held for sale and discontinued operations.....	23
XII.	Explanations on goodwill and other intangible assets.....	23-24
XIII.	Explanations on tangible assets.....	24
XIV.	Explanations on leasing transactions	24
XV.	Explanations on provisions and contingent liabilities.....	25
XVI.	Explanations on liabilities regarding employee benefits.....	25
XVII.	Explanations on taxation.....	25-27
XVIII.	Additional explanations on funds borrowed	27
XIX.	Explanations on issuance of equity securities	27
XX.	Explanations on acceptances.....	28
XXI.	Explanations on government incentives.....	28
XXII.	Explanations on segment reporting	28
XXIII.	Related parties	28
XXIV.	Cash and cash equivalents	28
XXV.	Investment Property	28
XXVI.	Reclassifications	28-34
XXVII.	Explanations on prior period accounting policies	35-37
XXVIII.	Explanations on other matters.....	37

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

I.	Explanations related to components of shareholders' equity	38-45
II.	Explanations related to currency risk	45-46
III.	Explanations related to interest rate risk	47-49
IV.	Equity share position risk in banking accounts	50
V.	Explanations related to liquidity risk	50-51
VI.	Explanations related to leverage ratio	52
VII.	Risk management objectives and policies	53
VIII.	Explanations on segment reporting	54

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

I.	Explanations and notes related to the assets	55-66
II.	Explanations and notes related to the liabilities	67-73
III.	Explanations and notes related to off-balance sheet accounts	74-75
IV.	Explanations and notes related to statement of profit or loss	76-83
V.	Explanations and notes related to risk group of the Bank	84
VI.	Explanations and notes related to subsequent events	85
VII.	Other explanations	85

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

I.	Explanations on independent auditors' review report	86
II.	Other footnotes and explanations prepared by independent auditors	86

SECTION SEVEN**EXPLANATIONS ON INTERIM ACTIVITY REPORT**

I.	Interim period activity report that contains Bank's Chairman and General Manager assessments related to interim period activities	87-93
-----------	---	-------

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

SECTION ONE

GENERAL INFORMATION

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

The Bank was originally set up as a department of the Borsa İstanbul A.Ş. ("BİAŞ") (formerly "İstanbul Menkul Kıymetler Borsası") and reorganized under a separate company named İMKB Takas ve Saklama A.Ş. (ISE Settlement and Custody Company Inc.) on 12 July 1991, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the decision made in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into İstanbul Takas ve Saklama Bankası A.Ş. (Here in after referred to as "Takasbank" or the "Bank") and this title change was approved in 11 April 2013. The name of the Bank has been renovated as "Takasbank" or "Takas İstanbul" with the resolution of the ordinary general meeting dated 9 June 2017 and numbered 22.

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

As of 30 September 2018 and 31 December 2017, 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.	384,869	64.14	1	382,989	63.83	1
2	Türkiye Garanti Bankası A.Ş.	29,685	4.95	1	29,685	4.95	1
3	Tacirler Menkul Değerler A.Ş.	29,016	4.84	1	29,016	4.84	1
4	Phillip Capital Menkul Değerler A.Ş.	27,923	4.65	1	27,923	4.65	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	Diğer (Aracı kurum)	29,656	4.95	26	31,536	5.26	27
9	Diğer (Banka)	20,101	3.35	8	20,101	3.35	8
Toplam		600,000	100.00	41	600,000	100.00	42

64.14% 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.

The changes in the shareholding structure during the current period are shown below:

Old Shareholder	New Shareholder	Cost of Share (TL)	Ratio (%)	Description
Delta Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1,871	0.3118	Transfer
Saxo Capital Markets Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	9	0.0015	Transfer

Dividend payment:

The Bank did not make any dividend payments to shareholders and personnel at the Ordinary General Assembly Meeting held on September 12, 2018.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III.

Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters and shares of the Bank they possess:

Chairman and Members of the Board of Directors

Name Surname	Area of Responsibility	Education Status
Murat Çetinkaya	Member (Vice President and Member of Corporate Management Committee) General Manager and Board Member (Member of Credit Committee)	Middle East University //Faculty of Engineering/ Metallurgical Engineering / Undergraduate Marmara University / Banking / Graduate
Metin Kıratlı ⁽¹⁾	Member (Member of Audit Committee - Chairman of Central Counterparty Risk Consultation Committee)	Ankara University / Faculty of Law / Law / Undergraduate Istanbul University / Institute of Social Sciences / Graduate
Mahmut Kayacık	Member (Member of Audit Committee - Member of Central Counterparty Risk Consultation Committee)	Boğaziçi University / Faculty of Economics and Administrative Sciences / Political Science and International Relations / Undergraduate Marmara University / Institute of Social Sciences / International Economics / Graduate
Seyit Ahmet Işkın	Member (Credit Committee Member)	Istanbul University / Faculty of Political Science / Public Finance / Undergraduate Marmara University / Institute of Banking and Insurance / Graduate
Kenan Ayyacı ⁽¹⁾	Member (Member of Audit Committee - Member of Central Counterparty Risk Consultation Committee)	Middle East Technical University / Faculty of Economics and Administrative Science / Administration / Undergraduate Galatasaray University / Institute of Social Sciences / Financial Economics / Graduate
Gülsevin Çipli ⁽¹⁾	Member (Credit Committee Associate Member) Member (Chairman of Credit Committee)	Boğaziçi University / Faculty of Economics and Administrative Sciences / Economics / Undergraduate
Ekrem Kerem Korur ⁽¹⁾	Member (President of Corporate Governance Committee Credit Committee Associate Member)	Istanbul University / Faculty of Economics / Economics (English) / Undergraduate
Münevver Çetin	Member (Vice President and Member of Corporate Management 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 / Postgraduate
Gülseren Topuz	General Manager and Board Member (Member of Credit Committee)	Anadolu University / Faculty of Economics / Economics / Undergraduate Marmara University / Institute of Social Sciences/ Statistics / Graduate Istanbul University / Institute of Social Sciences / Money and Monetary Policy / Postgraduate

- 1) On June 23, 2018, Deputy Chairman of the Board of Directors Adnan Ertürk passed away. The General Meeting in September 12, 2018, Ersin Özoğuz, Güzide Meltem Kökden and Mustafa İleri, resigned from the membership of the board and Metin Kıratlı, Gülsevin Çipli, Kenan Ayyacı and Ekrem Kerem Korur was appointed as Members of the Board of Directors.

General Manager and Assistant General Managers

Name Surname	Area of Responsibility	Education Status
Mahmut Kayacık	General Manager and Board Member – Member of Credit Committee	Boğaziçi University / Faculty of Economics and Administrative Sciences / Political Science and International Relations / Undergraduate
Gökhan Elibol	Markets and Operations Department	Marmara University / Institute of Social Sciences / International Economics / Graduate
Ekrem Arıkan	IT Department	Ankara University / Faculty of Political Science / Public Administration / Undergraduate

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

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. 64.14% of the Bank belongs to BİAŞ. The Bank has nominal TL 200 preferred shares as of 30 September 2018 (31 December 2017: TL 200) (full TL). 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	384,869	64.14%	384,869	-

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. A short explanation of the differences between the "Communiqué on Preparation Of Consolidated Financial Statements Of Banks" and consolidation transactions made in line with Turkish Accounting Standards, and on establishments that are subjected to full or proportional consolidation, deducted from equity or establishments that are not subjected to these three methods:

None.

VII. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between parent bank and its subsidiaries:

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

SECTION TWO

I. UNCONSOLIDATED BALANCE SHEET

		Reviewed		
		Current Period		
		30 September 2018		
ASSETS	Note	TL	FC	Total
I. FINANCIAL ASSETS (NET)		7,664,683	4,553,739	12,218,422
1.1 Cash and Cash Equivalents		7,620,531	4,553,078	12,173,609
1.1.1 Cash and Balances with Central Bank	I-(1)	4,271	-	4,271
1.1.2 Banks	I-(3)	7,596,208	4,553,078	12,149,286
1.1.3 Money Markets	I-(3)	20,052	-	20,052
1.2 Financial Assets at Fair Value Through Profit or Loss	I-(2)	-	-	-
1.2.1 Government Debt Securities		-	-	-
1.2.2 Equity Instruments		-	-	-
1.2.3 Other Financial Assets		-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	I-(4)	2,421	661	3,082
1.3.1 Government Debt Securities		-	-	-
1.3.2 Equity Instruments		2,421	661	3,082
1.3.3 Other Financial Assets		-	-	-
1.4 Financial Assets Measured at Amortised Cost	I-(6)	58,437	-	58,437
1.4.1 Government Debt Securities		58,437	-	58,437
1.4.2 Other Financial Assets		-	-	-
1.5 Derivative Financial Assets		-	-	-
1.5.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	-	-
1.5.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-
1.6 Non-Performing Financial Assets		-	-	-
1.7 Expected Loss Provision (-)	I-(6)	16,706	-	16,706
II. LOANS (NET)	I-(5)	114,210	-	114,210
2.1 Loans		114,367	-	114,367
2.1.1 Measured at Amortised Cost		114,367	-	114,367
2.1.2 Fair Value Through Profit or Loss		-	-	-
2.1.3 Fair Value Through Other Comprehensive Income		-	-	-
2.2 Lease Receivables		-	-	-
2.2.1 Financial Lease Receivables		-	-	-
2.2.2 Operating Lease Receivables		-	-	-
2.2.3 Unearned Income (-)		-	-	-
2.3 Factoring Receivables		-	-	-
2.3.1 Measured at Amortised Cost		-	-	-
2.3.2 Fair Value Through Profit or Loss		-	-	-
2.3.3 Fair Value Through Other Comprehensive Income		-	-	-
2.4 Non-Performing Loans	I-(5)	1,574	-	1,574
2.5 Expected Credit Loss (-)		1,731	-	1,731
2.5.1 12 Month Expected Credit Losses (Stage I)	I-(5)	157	-	157
2.5.2 Significant Increase in Credit Risk (Stage II)		-	-	-
2.5.3 Credit-Impaired Losses (Stage III / Special Provision)		1,574	-	1,574
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	I-(13)	-	-	-
3.1 Held for Sale Purpose		-	-	-
3.2 Related to Discontinued Operations		-	-	-
IV. EQUITY INVESTMENTS		4,825	-	4,825
4.1 Investments in Associates (Net)	I-(7)	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-
4.1.2 Unconsolidated Associates		-	-	-
4.2 Subsidiaries (Net)	I-(8)	4,825	-	4,825
4.2.1 Unconsolidated Financial Subsidiaries		4,825	-	4,825
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-
4.3 Joint Ventures (Net)	I-(9)	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-
V. PROPERTY AND EQUIPMENT (Net)		12,672	-	12,672
VI. INTANGIBLE ASSETS (Net)		102,384	-	102,384
6.1 Goodwill		-	-	-
6.2 Other		102,384	-	102,384
VII. INVESTMENT PROPERTY (Net)	I-(12)	9,264	-	9,264
VIII. CURRENT TAX ASSET		-	-	-
IX. DEFERRED TAX ASSET	I-(14)	8,536	-	8,536
X. OTHER ASSETS	I-(15)	39,591	545	40,136
TOTAL ASSETS		7,956,165	4,554,284	12,510,449

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

I. UNCONSOLIDATED BALANCE SHEET

		Audited			
		Prior Period			
		31 December 2017			
ASSETS	Note	TL	FC	Total	
I. CASH AND BALANCES WITH CENTRAL BANK	I-(1)	480	-	480	
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)	I-(2)	-	-	-	
2.1 Financial Assets held for trading		-	-	-	
2.1.1 Government Debt Securities		-	-	-	
2.1.2 Share Certificates		-	-	-	
2.1.3 Trading Derivative Financial Assets		-	-	-	
2.1.4 Other Marketable Securities		-	-	-	
2.2 Financial Assets Designated at Fair Value through Profit/Loss		-	-	-	
2.2.1 Government Debt Securities		-	-	-	
2.2.2 Share Certificates		-	-	-	
2.2.3 Loans		-	-	-	
2.2.4 Other Marketable Securities		-	-	-	
III. BANKS	I-(3)	5,717,172	4,446,312	10,163,484	
IV. RECEIVABLES FROM MONEY MARKETS	I-(3)	20,833	-	20,833	
4.1 Receivables from Interbank Money Market		-	-	-	
4.2 Receivables from Istanbul Stock Exchange Money Market		-	-	-	
4.3 Receivables from Reverse Repurchase Agreements		20,833	-	20,833	
V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-(4)	1,171	661	1,832	
5.1 Share Certificates		1,171	661	1,832	
5.2 Government Debt Securities		-	-	-	
5.3 Other Marketable Securities		-	-	-	
VI. LOANS and RECEIVABLES	I-(5)	198,856	-	198,856	
6.1 Loans		198,856	-	198,856	
6.1.1 Loans Extended to the Risk Group of the Bank		144,797	-	144,797	
6.1.2 Government debt securities		-	-	-	
6.1.3 Other		54,059	-	54,059	
6.2 Loans under follow-up		1,574	-	1,574	
6.3 Specific Provisions (-)		1,574	-	1,574	
VII. FACTORING RECEIVABLES		-	-	-	
VIII. HELD-TO-MATURITY SECURITIES (Net)	I-(6)	36,947	-	36,947	
8.1 Government Debt Securities		36,947	-	36,947	
8.2 Other Marketable Securities		-	-	-	
IX. INVESTMENTS IN ASSOCIATES (Net)	I-(7)	-	-	-	
9.1 Consolidated Based on Equity Method		-	-	-	
9.2 Unconsolidated		-	-	-	
9.2.1 Financial Investments in Associates		-	-	-	
9.2.2 Non-financial Investments in Associates		-	-	-	
X. SUBSIDIARIES (Net)	I-(8)	4,825	-	4,825	
10.1 Unconsolidated Financial Subsidiaries		4,825	-	4,825	
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENTURES) (Net)	I-(9)	-	-	-	
11.1 Consolidated Based on Equity Method		-	-	-	
11.2 Unconsolidated		-	-	-	
11.2.1 Financial Joint Ventures		-	-	-	
11.2.2 Non-financial Joint Ventures		-	-	-	
XII. LEASE RECEIVABLES	I-(10)	-	-	-	
12.1 Financial Lease Receivables		-	-	-	
12.2 Operational Lease Receivables		-	-	-	
12.3 Other		-	-	-	
12.4 Unearned Income (-)		-	-	-	
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-(11)	-	-	-	
13.1 Fair Value Hedge		-	-	-	
13.2 Cash Flow Hedge		-	-	-	
13.3 Foreign Net Investment Hedge		-	-	-	
XIV. PROPERTY AND EQUIPMENT (Net)		7,437	-	7,437	
XV. INTANGIBLE ASSETS (Net)		98,095	-	98,095	
15.1 Goodwill		-	-	-	
15.2 Other		98,095	-	98,095	
XVI. INVESTMENT PROPERTY (Net)	I-(12)	9,495	-	9,495	
XVII. TAX ASSET		-	-	-	
17.1 Current Tax Asset		-	-	-	
17.2 Deferred Tax Asset	I-(14)	-	-	-	
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-(13)	-	-	-	
18.1 Held for Sale		-	-	-	
18.2 Discontinued Operations		-	-	-	
XIX. OTHER ASSETS	I-(15)	21,337	808	22,145	
TOTAL ASSETS		6,116,648	4,447,781	10,564,429	

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

I. UNCONSOLIDATED BALANCE SHEET

		Reviewed			
		Current Period			
		30 September 2018			
LIABILITIES	Note	TL	FC	Total	
I. FUNDS COLLECTED		-	-	-	
II. FUNDS BORROWED	II-(2)	652,900	2,581,163	3,234,063	
III. MONEY MARKETS DEBTS	II-(2)	-	-	-	
IV. SECURITIES ISSUED (Net)		-	-	-	
4.1 Bills		-	-	-	
4.2 Asset Backed Securities		-	-	-	
4.3 Bonds		-	-	-	
V. FUNDS	II-(3)	5,617,198	1,954,524	7,571,722	
5.1 Borrower Funds		-	-	-	
5.2 Other		5,617,198	1,954,524	7,571,722	
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	
VII. DERIVATIVE FINANCIAL LIABILITIES	II-(1)	-	-	-	
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	
VIII. FACTORING PAYABLES		-	-	-	
IX. LEASE PAYABLES	II-(4)	-	-	-	
9.1 Finance Lease Payables		-	-	-	
9.2 Operating Lease Payables		-	-	-	
9.3 Other		-	-	-	
9.4 Deferred Finance Lease Expenses (-)		-	-	-	
X. PROVISIONS		68,843	-	68,843	
10.1 Restructuring Provisions		-	-	-	
10.2 Reserve for Employee Benefits	II-(5)	10,892	-	10,892	
10.3 Insurance Technical Provisions (Net)		-	-	-	
10.4 Other Provisions	II-(5)	57,951	-	57,951	
XI. CURRENT TAX LIABILITY	II-(6)	46,232	-	46,232	
XII. DEFERRED TAX LIABILITY		-	-	-	
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	
13.1 Held for Sale Purpose		-	-	-	
13.2 Related to Discontinued Operations		-	-	-	
XIV. SUBORDINATED DEBT INSTRUMENTS		-	-	-	
14.1 Loans		-	-	-	
14.2 Other Debt Instruments		-	-	-	
XV. OTHER LIABILITIES		-	-	-	
XVI. SHAREHOLDERS' EQUITY		1,589,589	-	1,589,589	
16.1 Paid-in capital	II-(7)	600,000	-	600,000	
16.2 Capital Reserves		38,038	-	38,038	
16.2.1 Share Premium		33,019	-	33,019	
16.2.2 Share Cancellation Profits		-	-	-	
16.2.3 Other Capital Reserve		5,019	-	5,019	
16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		-	-	-	
16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	
16.5 Profit Reserves		606,526	-	606,526	
16.5.1 Legal Reserves		79,981	-	79,981	
16.5.2 Status Reserves		-	-	-	
16.5.3 Extraordinary Reserves		523,901	-	523,901	
16.5.4 Other Profit Reserves		2,644	-	2,644	
16.6 Income or (Loss)		345,025	-	345,025	
16.6.1 Prior Periods' Income or (Loss)		21,249	-	21,249	
16.6.2 Current Period Income or (Loss)		323,776	-	323,776	
16.7 Share Premium		-	-	-	
TOTAL LIABILITIES AND EQUITY		7,974,762	4,535,687	12,510,449	

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2018**

I. LIABILITIES

		Audited		
		Prior Period		
		31 December 2017		
LIABILITIES	Note	TL	FC	Total
I. DEPOSITS		-	-	-
1.1 Deposits of Bank's Risk Group		-	-	-
1.2 Other		-	-	-
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-(1)	-	-	-
III. FUNDS BORROWED	II-(2)	771,313	2,372,955	3,144,268
IV. MONEY MARKETS	II-(3)	34,737	-	34,737
4.1 Funds from Interbank Money Market		34,737	-	34,737
4.2 Funds from Istanbul Stock Exchange Money Market		-	-	-
4.3 Funds Provided Under Repurchase Agreements		-	-	-
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-
5.1 Bills		-	-	-
5.2 Asset Backed Securities		-	-	-
5.3 Bonds		-	-	-
VI. FUNDS		-	-	-
6.1 Borrower Funds		-	-	-
6.2 Other		-	-	-
VII. MISCELLANEOUS PAYABLES	II-(3)	3,905,878	2,064,740	5,970,618
VIII. OTHER LIABILITIES		60,316	-	60,316
IX. FACTORING PAYABLES		-	-	-
X. LEASE PAYABLES	II-(4)	-	-	-
10.1 Financial Lease Payables		-	-	-
10.2 Operational Lease Payables		-	-	-
10.3 Other		-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	-	-
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-(6)	-	-	-
11.1 Fair Value Hedge		-	-	-
11.2 Cash Flow Hedge		-	-	-
11.3 Foreign Net Investment Hedge		-	-	-
XII. PROVISIONS	II-(5)	82,062	-	82,062
12.1 General Loan Loss Provision	II-(5)	48,139	-	48,139
12.2 Restructuring Provisions		-	-	-
12.3 Employee Benefits Provisions		12,645	-	12,645
12.4 Insurance Technical Provisions (Net)		-	-	-
12.5 Other Provisions		21,278	-	21,278
XIII. TAX LIABILITY	II-(6)	26,166	-	26,166
13.1 Current Tax Liability		25,121	-	25,121
13.2 Deferred Tax Liability		1,045	-	1,045
XIV. PAYABLES FOR ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-
14.1 Held for Sale		-	-	-
14.2 Discontinued Operations		-	-	-
XV. SUBORDINATED LOANS		-	-	-
XVI. SHAREHOLDERS' EQUITY	II-(7)	1,246,262	-	1,246,262
16.1 Paid-in Capital		600,000	-	600,000
16.2 Capital Reserves		37,107	-	37,107
16.2.1 Share Premium		33,019	-	33,019
16.2.2 Share Cancellation Profits		-	-	-
16.2.3 Marketable Securities Valuation Differences		-	-	-
16.2.4 Tangible Assets Revaluation Differences		-	-	-
16.2.5 Intangible Assets Revaluation Differences		-	-	-
16.2.6 Investment Property Revaluation Differences		-	-	-
16.2.7 Securities		-	-	-
16.2.8 Hedging Reserves (Effective portion)		-	-	-
16.2.9 Value Differences of Assets Held for Sale and Discontinued Operations		-	-	-
16.2.10 Other Capital Reserves		4,088	-	4,088
16.3 Profit Reserves		329,374	-	329,374
16.3.1 Legal Reserves		66,122	-	66,122
16.3.2 Status Reserves		-	-	-
16.3.3 Extraordinary Reserves		260,606	-	260,606
16.3.4 Other Profit Reserves		2,646	-	2,646
16.4 Income or Loss		279,781	-	279,781
16.4.1 Prior Years' Income/Loss		3,410	-	3,410
16.4.2 Current Year Income/Loss		276,371	-	276,371
16.5 Minority Shares		-	-	-
TOTAL LIABILITIES		6,126,734	4,437,695	10,564,429

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
AS OF 30 SEPTEMBER 2018**

II. OFF-BALANCE SHEET

		Reviewed		
		Current Period		
		30 September 2018		
	Note	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		19,863,951	-	19,863,951
I. GUARANTEES AND WARRANTIES		19,773,664	-	19,773,664
1.1. Letters of Guarantee	III-(1)	-	-	-
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		19,773,664	-	19,773,664
1.9. Other Bank Acceptances		-	-	-
II. COMMITMENTS	III-(1)	90,287	-	90,287
2.1. Irrevocable Commitments		90,287	-	90,287
2.1.1. Asset Purchase and Sale Commitments		-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		3,750	-	3,750
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		86,537	-	86,537
2.2. Revocable Commitments		-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-
2.2.2. Other Revocable Commitments		-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-
3.1.1. Fair value hedge		-	-	-
3.1.2. Cash flow hedge		-	-	-
3.1.3. Foreign Net Investment Hedges		-	-	-
3.2. Trading Derivative Financial Instruments		-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-
3.2.3.5. Securities Options-Buy		-	-	-
3.2.3.6. Securities Options-Sell		-	-	-
3.2.4. Foreign Currency Futures		-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-
3.2.5. Interest Rate Futures		-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-
3.2.6. Other		-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		3,537,100,557	932,756	3,538,033,313
IV. ITEMS HELD IN CUSTODY		3,503,166,434	-	3,503,166,434
4.1. Customer Fund and Portfolio Balances		668	-	668
4.2. Investment Securities Held in Custody	III-(1)	3,503,164,266	-	3,503,164,266
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
4.8. Custodians		-	-	-
V. PLEDGES RECEIVED		33,934,123	932,756	34,866,879
5.1. Marketable Securities		7,533,273	932,756	8,466,029
5.2. Guarantee Notes		-	-	-
5.3. Commodity		-	-	-
5.4. Warranty		-	-	-
5.5. Properties		-	-	-
5.6. Other Pledged Items		26,400,850	-	26,400,850
5.7. Pledged Items-Depository		-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3,556,964,508	932,756	3,557,897,264

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
AS OF 30 SEPTEMBER 2018**

II.

OFF-BALANCE SHEET

		Audited		
		Prior Period		
		31 December 2017		
	Note	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	17,937,202	-	17,937,202
I.	GUARANTEES AND WARRANTIES	17,639,591	-	17,639,591
1.1.	Letters of Guarantee	-	-	-
1.1.1.	Guarantees Subject to State Tender Law	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations	-	-	-
1.1.3.	Other Letters of Guarantee	-	-	-
1.2.	Bank Acceptances	-	-	-
1.2.1.	Import Letter of Acceptance	-	-	-
1.2.2.	Other Bank Acceptances	-	-	-
1.3.	Letters of Credit	-	-	-
1.3.1.	Documentary Letters of Credit	-	-	-
1.3.2.	Other Letters of Credit	-	-	-
1.4.	Prefinancing Given as Guarantee	-	-	-
1.5.	Endorsements	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey	-	-	-
1.5.2.	Other Endorsements	-	-	-
1.6.	Securities Issue Purchase Guarantees	-	-	-
1.7.	Factoring Guarantees	-	-	-
1.8.	Other Guarantees	17,639,591	-	17,639,591
1.9.	Other Collaterals	-	-	-
II.	COMMITMENTS	297,611	-	297,611
2.1.	Irrevocable Commitments	297,611	-	297,611
2.1.1.	Asset Purchase and Sales Commitments	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries	-	-	-
2.1.4.	Commitments for Loan Limits	-	-	-
2.1.5.	Securities Issue Brokerage Commitments	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements	-	-	-
2.1.7.	Commitments for Cheques	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments	-	-	-
2.1.9.	Commitments for Credit Card Limits	-	-	-
2.1.10.	Promotion Commitments for Credit Cards and Banking Services	-	-	-
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	297,611	-	297,611
2.2.	Revocable Commitments	-	-	-
2.2.1.	Revocable Commitments for Loan Limits	-	-	-
2.2.2.	Other Revocable Commitments	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	-	-	-
3.1.	Hedging Derivative Financial Instruments	-	-	-
3.1.1.	Transactions for Fair Value Hedge	-	-	-
3.1.2.	Transactions for Cash Flow Hedge	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge	-	-	-
3.2.	Trading Transactions	-	-	-
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 call options	-	-	-
3.2.3.2.	Foreign currency put options	-	-	-
3.2.3.3.	Interest Rate Options-Buy	-	-	-
3.2.3.4.	Interest Rate Options-Sell	-	-	-
3.2.3.5.	Securities Options-Buy	-	-	-
3.2.3.6.	Securities Options-Sell	-	-	-
3.2.4.	Foreign Currency Futures	-	-	-
3.2.4.1.	Foreign Currency Futures-Buy	-	-	-
3.2.4.2.	Foreign Currency Futures-Sell	-	-	-
3.2.5.	Interest Rate Futures	-	-	-
3.2.5.1.	Interest Rate Futures-Buy	-	-	-
3.2.5.2.	Interest Rate Futures-Sell	-	-	-
3.2.6.	Other	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	3,097,517,450	1,182,811	3,098,700,261
IV.	ITEMS HELD IN CUSTODY	3,072,127,521	-	3,072,127,521
4.1.	Customer Held in Custody	1,420	-	1,420
4.2.	Investment Securities Held in Custody	3,072,124,601	-	3,072,124,601
4.3.	Cheques 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
4.8.	Custodians	-	-	-
V.	PLEDGES RECEIVED	25,389,929	1,182,811	26,572,740
5.1.	Marketable Securities	6,750,409	1,182,811	7,933,220
5.2.	Guarantee Notes	-	-	-
5.3.	Commodity	-	-	-
5.4.	Warranty	-	-	-
5.5.	Real Estate	-	-	-
5.6.	Other Pledged Items	18,639,520	-	18,639,520
5.7.	Pledged Items-Depository	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3,115,454,652	1,182,811	3,116,637,463

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

III. STATEMENT OF PROFIT OR LOSS

		Reviewed Current Year 1 January 2018 - 30 September 2018	Reviewed Current Year 1 July 2018 - 30 September 2018
	Note		
I. INTEREST INCOME		455,442	189,435
1.1 Interest on Loans	IV-(1)	12,921	3,069
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks	IV-(1)	436,157	183,676
1.4 Interest Received from Money Market Transactions		-	-
1.5 Interest Received from Marketable Securities Portfolio	IV-(1)	5,645	2,227
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)	5,645	2,227
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		719	463
II. INTEREST EXPENSE	IV-(2)	103,126	40,804
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		102,748	40,804
2.3 Interest Expense on Money Market Transactions		378	-
2.4 Interest on Securities Issued		-	-
2.5 Other Interest Expenses		-	-
III. NET INTEREST INCOME (I - II)		352,316	148,631
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		156,048	60,845
4.1 Fees and Commissions Received		173,595	67,540
4.1.1 Non-cash Loans		39,447	14,202
4.1.2 Other	IV-(10)	134,148	53,338
4.2 Fees and Commissions Paid		17,547	6,695
4.2.1 Non-cash Loans		-	-
4.2.2 Other		17,547	6,695
V. PERSONNEL EXPENSES (-)	IV-(6)	41,048	15,337
VI. DIVIDEND INCOME		-	-
VII. TRADING INCOME / LOSS (Net)	IV-(3)	10,907	7,908
6.1 Trading Gains/ Losses on Securities		-	-
6.2 Trading Gains/ Losses on Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains/ Losses		10,907	7,908
VIII. OTHER OPERATING INCOME	IV-(4)	2,960	23
IX. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		481,183	202,070
X. EXPECTED CREDIT LOSS (-)	IV-(5)	16,889	4,940
XI. OTHER OPERATING EXPENSES (-)	IV-(6)	50,712	17,832
XII. NET OPERATING INCOME/ LOSS (VIII-IX-X)		413,582	179,298
XIII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIV. INCOME/ LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XV. INCOME/ LOSS ON NET MONETARY POSITION		-	-
XVI. INCOME/ LOSS BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)		413,582	179,298
XVII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	IV-(7)	(89,806)	(39,171)
17.1 Current Tax Provision		(91,294)	(40,035)
17.2 Deferred Tax Income Effect (+)		-	-
17.3 Deferred Tax Expense Effect (-)		1,488	864
XVIII. NET INCOME/ LOSS FROM CONTINUING OPERATIONS (XV±XVI)	IV-(8)	323,776	140,127
XIX. INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1 Income from Non-Current Assets Held for Resale		-	-
19.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Income from Discontinued Operations		-	-
XX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
20.1 Expense from Non-Current Assets Held for Resale		-	-
20.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
20.3 Other Expenses from Discontinued Operations		-	-
XXI. INCOME/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII -XIX)		-	-
XXII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
22.1 Current Tax Provision		-	-
22.2 Deferred Tax Income Effect (+)		-	-
22.3 Deferred Tax Expense Effect (-)		-	-
XXIII. NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XX± XXI)		-	-
XXIV. NET PROFIT/LOSS (XVII+XXII)		323,776	140,127
Earnings / (Loss) Per Share in (Full TL)		0.53963	0.30608

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

III. STATEMENT OF PROFIT OR LOSS

	Note	Prior Period Reviewed 1 January- 30 September 2017	Prior Period Reviewed 1 July- 30 September 2017
I. INTEREST INCOME	IV-(1)	288,922	107,777
1.1 Interest on Loans		12,675	8,580
1.2 Interest Received from Reserve Requirements		-	-
1.3 Interest Received from Banks		268,589	96,250
1.4 Interest Received from Money Market Transactions		-	-
1.5 Interest Received from Marketable Securities Portfolio		7,404	2,892
1.5.1 Financial Assets Held for Trading		-	-
1.5.2 Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3 Available-for-sale Financial Assets		-	-
1.5.4 Investments Held-to-maturity		7,404	2,892
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		254	55
II. INTEREST EXPENSE (-)	IV-(2)	59,306	24,811
2.1 Interest on Deposits (-)		-	-
2.2 Interest on Funds Borrowed (-)		53,307	22,296
2.3 Interest on Money Market Borrowings (-)		5,999	2,515
2.4 Interest on Securities Issued (-)		-	-
2.5 Other Interest Expenses (-)		-	-
III. NET INTEREST INCOME (I - II)		229,616	82,966
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		108,198	37,600
4.1 Fees and Commissions Received		119,228	41,651
4.1.1 Non-cash Loans		27,444	10,280
4.1.2 Other	IV-(10)	91,784	31,371
4.2 Fees and Commissions Paid (-)		11,030	4,051
4.2.1 Non-cash Loans (-)		-	-
4.2.2 Other (-)		11,030	4,051
V. DIVIDEND INCOME		30	-
VI. TRADING INCOME/(LOSS) (Net)	IV-(3)	456	14
6.1 Securities trading gains / losses		-	-
6.2 Securities Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3 Foreign Exchange Gains/(Losses)		456	14
VII. OTHER OPERATING INCOME	IV-(4)	319	(384)
VIII. TOTAL OPERATING EXPENSE (III+IV+V+VI+VII)		338,619	120,196
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-(5)	13,034	4,556
X. OTHER OPERATING EXPENSES (-)	IV-(6)	71,333	26,068
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		254,252	89,572
XII. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)		254,252	89,572
XVI. TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-(7)	(53,001)	(18,537)
16.1 Current Tax Provision		(50,684)	(18,432)
16.2 Deferred Tax Provision		(2,317)	(105)
XVII. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV-XVI)	IV-(8)	201,251	71,035
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from Non-Current Assets Held for Sale		-	-
18.2 Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3 Other Income from Discontinued Operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Expense from Non-Current Assets Held for Sale		-	-
19.2 Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3 Other Expenses from Discontinued Operations		-	-
XX. INCOME/(LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Current tax provision		-	-
21.2 Deferred tax provision		-	-
XXII. NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. NET INCOME/(LOSS) (XVII+XXII)	IV-(9)	201,251	71,035
Earnings per share		0.33542	0.1839

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS**

**ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed
	Current Period
	1 January-
	30 September 2018
I. CURRENT PERIOD INCOME/LOSS	323,776
II. OTHER COMPREHENSIVE INCOME	931
2.1 Not Reclassified Through Profit or Loss	931
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	1,164
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	(233)
2.2 Reclassified Through Profit or Loss	-
2.2.1 Foreign Currency Translation Differences	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	-
2.2.3 Cash Flow Hedge Income/Loss	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	324,707

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS**

ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed
		Prior Period
		1 January -
		30 September 2017
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
I.	ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	-
II.	REVALUATION DIFFERENCES OF TANGIBLE ASSETS	-
III.	REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-
IV.	FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-
V.	INCOME/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-
VI.	PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERROR	-
VIII.	OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	88
IX.	DEFERRED TAX ON VALUATION DIFFERENCES	(18)
X.	NET INCOME/LOSS ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	70
XI.	CURRENT PERIOD INCOME/LOSS	201,251
1.1	Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	-
1.2	Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
1.3	Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-
1.4	Other	201,251
XII.	TOTAL INCOME/LOSS RELATED TO THE CURRENT PERIOD (X+XI)	201,321

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS'S EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

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							
		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 Shareholders' Equity
Reviewed																
Current Period																
1 January 2018-30 September 2018																
I.	Prior Period End Balance	600,000	33,019	-	2,644	-	-	-	-	-	-	330,817	3,410	276,371		1,246,261
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	18,621	-	-	18,621
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	18,621	-	-	18,621
III.	Adjusted Beginning Balance (I+II)	600,000	33,019	-	2,644	-	-	-	-	-	-	330,817	22,031	276,371		1,264,882
IV.	Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	931	-	323,776		324,707
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	-	-	-	-	-	-	-	-	-	-	277,153	(782)	(276,371)		-
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	277,153	(277,153)	-		-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	276,371	(276,371)		-
Period-End Balance (I+II+III+...+XVI+XVII+XVIII)		600,000	33,019	-	2,644	-	-	-	-	-	-	608,901	21,249	323,776		1,589,589

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED CHANGES IN SHAREHOLDERS'S EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018**

V. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extra ordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Valuation Difference of AHS and Discontinued Operations	Total Equity
I.	1 January – 30 September 2017																
	Prior Period End Balance	600,000	4,088	33,019	-	51,044	-	139,119	1,441	211,565	3,410	-	-	-	-	-	1,043,686
	Changes in the Period																
II.	Increase/Decrease due to the Merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Hedging Reserves (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation Differences of Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation Differences of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes due to the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes due to the Reclassification of the Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effects of Changes in Equity of Investments in Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Adjustment to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	70	-	-	-	-	-	-	-	70
XVII.	Current Year Income or Loss	-	-	-	-	-	-	-	-	201,251	-	-	-	-	-	-	201,251
XVIII.	Profit Distribution	-	-	-	-	15,078	-	121,487	-	(211,565)	-	-	-	-	-	-	(75,000)
18.1	Dividend Paid ⁽¹⁾	-	-	-	-	-	-	-	-	(75,000)	-	-	-	-	-	-	(75,000)
18.2	Transfers to Reserves	-	-	-	-	15,078	-	121,487	-	(136,565)	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance	600,000	4,088	33,019	-	51,044	-	139,119	1,511	201,251	3,410	-	-	-	-	-	1,170,007

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

VI. STATEMENT OF CASH FLOWS

		Reviewed
		Current Period
		1 January –
		30 September 2018
Note		
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating Profit/ (Loss) Before Changes in Operating Assets and Liabilities	693,782
1.1.1	Interest Received	-
1.1.2	Interest Paid	453,781
1.1.3	Dividend Received	(101,277)
1.1.4	Fees and Commissions Received	-
1.1.5	Other Income	158,857
1.1.6	Collections from Previously Written-off Loans and Other Receivables	2,960
1.1.7	Payments to Personnel and Service Suppliers	-
1.1.8	Taxes Paid	(41,048)
1.1.9	Other	(75,079)
		295,588
1.2	Changes in Operating Assets and Liabilities	1,678,985
1.2.1	Net increase/decrease in Financial Assets at Fair Value Through Profit or Loss	-
1.2.2	Net (increase) / decrease in Due from Banks and Other Financial Institutions	(18,099)
1.2.3	Net (increase) / decrease in Loans	84,665
1.2.4	Net (increase) / decrease in Other Assets	(3,253)
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 Funds Borrowed	53,209
1.2.8	Net increase/(decrease) in Payables	-
1.2.9	Net increase/(decrease) in Other Liabilities	1,562,463
I.	Net Cash Provided from Banking Operations	2,372,767
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net Cash Provided from Investing Activities	(38,942)
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	(7,633)
2.4	Disposals of Property and Equipment	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(1,250)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	-
2.7	Purchase of Financial Assets Measured at Amortised Cost	(56,504)
2.8	Sale of Financial Assets Measured at Amortised Cost	36,656
2.9	Other	(10,211)
C.	CASH FLOWS FROM FINANCING ACTIVITIES	
III.	Net Cash Provided from Financing Activities	11,458
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-
3.3	Issued Capital Instruments	-
3.4	Dividends Paid	-
3.5	Payments for Finance Leases	-
3.6	Other	11,458
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(374,570)
V.	Net Decrease in Cash and Cash Equivalents (I+II+III+IV)	1,970,713
VI.	Cash and Cash Equivalents at Beginning of the Period	10,159,614
VII.	Cash and Cash Equivalents at End of the Period	12,130,327

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

VI. STATEMENT OF CASH FLOWS

		Reviewed
		Prior Period
		1 January- 30 September 2017
	Note	
A.	CASH FLOWS FROM BANKING OPERATIONS	
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	(82,892)
1.1.1	Interest Received	281,305
1.1.2	Interest Paid	(59,249)
1.1.3	Dividend Received	30
1.1.4	Fees and Commissions Received	111,336
1.1.5	Other Income	319
1.1.6	Collections from Previously Written-off Loans and Other Receivables	-
1.1.7	Payments to Personnel and Service Suppliers	(34,845)
1.1.8	Taxes Paid	(48,422)
1.1.9	Other	(333,366)
1.2	Changes in Operating Assets and Liabilities	1,485,285
1.2.1	Net (increase)/decrease in Trading Securities	1,154
1.2.2	Net (increase)/decrease in Fair Value Through Profit/Loss Financial Assets	-
1.2.3	Net (increase)/decrease in Due from Banks	(679)
1.2.4	Net (increase)/decrease in Loans	(283,613)
1.2.5	Net (increase)/decrease in Other Assets	5,967
1.2.6	Net increase/(decrease) in Bank Deposits	-
1.2.7	Net increase/(decrease) in Other Deposits	-
1.2.8	Net increase/(decrease) in Funds Borrowed	282,914
1.2.9	Net increase/(decrease) in Payables	-
1.2.10	Net increase/(decrease) in Other Liabilities	1,479,542
I.	Net Cash Provided from Banking Operations	1,402,393
B.	CASH FLOWS FROM INVESTING ACTIVITIES	
II.	Net Cash Provided from Investing Activities	(87,474)
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	(794)
2.4	Disposals of Property and Equipment	-
2.5	Cash Paid for Purchase of Investments Available-for-Sale	-
2.6	Cash Obtained from Sale of Investments Available-for-Sale	-
2.7	Cash Paid for Purchase of Investment Securities	(80,862)
2.8	Cash Obtained from Sale of Investment Securities	-
2.9	Other	(5,818)
C.	CASH FLOWS FROM FINANCING ACTIVITIES	
III.	Net Cash Provided from Financing Activities	(74,912)
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	(75,000)
3.5	Payments for Finance Leases	-
3.6	Other	88
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	292,673
V.	Net Increase/(Decrease) in Cash and Cash Equivalents	1,532,680
VI.	Cash and Cash Equivalents at the Beginning of the Period	7,723,924
VII.	Cash and Cash Equivalents at the End of the Period	9,256,604

Note: The prior period financial statements and related disclosures are not restated as permitted by TFRS 9 transition rules. Since, 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately, not given comparatively.

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. Basis of Presentation

Presentation of financial statements

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Law numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) related appendices and interpretations (referred as “Turkish Accounting Standards” or “TAS”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”) (“all referred as BRSA Principles”).

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.

In accordance with TFRS 9 transition rules, since 2018 and 2017 financial statements are prepared on different principles, 2017 financial statements are presented separately.

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.

2017 version of TFRS 9 standard has been published by the POA in the Official Gazette dated 19 January 2017 and numbered 29953 for the fiscal periods starting after 1 January 2018. The TFRS 9 standard introduces new provisions relating to the classification and measurement of financial assets and liabilities, impairment and hedge accounting. In addition, the provisions of “Regulation on Procedures and Principles for the Classification of Loans and Provisions to be submitted (Provisions Regulation)” published by the BRSA in the Official Gazette dated 22 June 2016 and numbered 29750 and the provisions to be set aside according to the qualifications of the credits of the banks are under TFRS 9.

With the adoption of TFRS 9 standard, unchanged footnote disclosures in previous periods’ tables are presented comparatively.

The accounting policies and valuation principles applied in the preparation of these financial statements and valuation principles

Implementation and impacts for transition of TFRS 9 are disclosed in the footnote to Chapter XXVI. The accounting policies and valuation principles used in the preparation of the financial statements for the period of 2018 have been determined and applied according to the principles within the scope of TAS. Such accounting policies and valuation principles are explained in footnotes II to XXVIII as below.

TFRS 15 Revenue from Contracts with Customer standard provides a single and comprehensive model and guide for the receipt of revenue and is included in the TAS 18 Revenue standard. This accounting policy is explained in footnote XXVI.

The compliance studies of the Bank regarding the TFRS 16 Leases (TFRS 16) standard, which will become effective as of 1 January 2019, are ongoing.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The Bank places its funds in domestic and foreign banks, in interbank money markets, and treasury bills and government bonds. These instruments are assumed to have higher yields compared to other financial instruments and bear lower risk. For the purposes of maintaining sufficient liquidity to meet all claims that might fall due, the Bank makes overnight or weekly placements in money markets. The most significant financing resources are guarantees of the members, short term placements and the shareholders' equity of the Bank. In making long-term placements, the high yield principle is considered, and accordingly, the Bank invests in government bonds and treasury bills.

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

The Bank carries transactions in securities and money markets. Accordingly, exchange rate and interest rate volatility are managed by matching its assets and liabilities. The Bank does not engage in derivative or structured products defined as off-balance sheet to provide balance sheet management or to make profit. Related to the transactions in securities and money markets, transaction limits are established as risk limits.

The Bank does not have any transactions that cause liability or affect the net asset position negatively in other foreign currency transactions.

III. Explanations on Investments in Associates, Subsidiaries and Joint Ventures

As it is explained on the I-8 footnote of section five, the Bank doesn't have the control or significant efficiency of Merkezi Kayıt Kuruluşu A.Ş., although the Bank owns 65% of it. 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

The Bank has not any derivative instruments used for hedging purposes as of the balance sheet date.

V. Explanations on Interest Income and Expenses

Interest income and expenses are recognized at fair value and accounted for on accrual basis by effective interest rate method (the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability) by taking into account principle amount.

VI. Explanations on Fees and Commission Income and Expenses

The Bank performs custody and settlement services for marketable securities, precious metals and other securities arising from purchases and sales of those assets.

Additionally, the Bank opens custody accounts for its customers, corporate investors and companies quoted on the BİST and on other stock exchange markets, performs transfers, settlements and offsets between the accounts of securities intermediary companies and investors; performs procedures related to obtaining of bonus shares, use of preemptive rights, timely collection of dividends, principal and interest, exchange of certificates representing marketable and other securities and additional financial services. On these operations, the Bank receives custody and service commission income from its customers. These fees and commissions are accrued on a monthly basis under other operating income.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets

As TFRS 9 is effective as of 1 January 2018, the Bank's accounting policy for financial instruments summarized as follows.

Financial instruments form the basis of the Bank's commercial operations and activities. Risks related to the mentioned tools constitute a significant part of the total risk of the Bank. Financial instruments impact the liquidity, credit and market risks of the Bank in all respects.

Financial assets are recognized or derecognized in accordance with "Recognition and Derecognition on Financial Statements" principles defined in the third part of TFRS 9 standard.

The current scope of activities and the services it provides to capital markets require the Bank to maintain a low-risk, high-liquidity portfolio. In this scope, the Bank's business model; high liquidity assets, only Government Domestic Debt Securities issued by the T.C. Undersecretariat of Treasury and liquidity bonds issued by the CBRT for the purpose of "holding" them for use when necessary.

The Bank classifies and accounts for its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income", or "Financial assets measured at amortized cost". Such financial assets are recognized or derecognized in accordance with TFRS 9 Financial Instruments principles.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The carrying values of these assets approximate their fair values.

Funds obtained by borrowing from the other banks, a significant portion of bank guarantees and other liabilities with equity markets is kept in custody banks established in Turkey. While short-term bank accounts are preferred for transaction guarantees due to liquidity sensitivity, the Bank taken into consideration to ensure that these institutions are public banks at the maximum to minimize credit risk. Due to foreign exchange and custody procedures, foreign currency is kept in foreign correspondent institutions.

In addition to the transaction guarantees, the Bank takes into consideration to ensure that the mean value of the banks' accounts held together with equity and short-term liabilities is 1-7 days. They are followed under the heading of financial assets such as cash and cash equivalents in financial statements.

Interest income from banks is recognized as interest income in statement of profit or loss statement.

Financial assets at fair value through profit or loss

The Bank does not have any financial assets classified in this scope.

Financial assets at fair value through other comprehensive income

Securities Representing Shareholding in the Company

Securities portfolio representing the capital share, there are shares belonging to the companies in which the Bank is a partner in the scope of strategic objectives and activity continuity. These investments, which are based on equity, are classified under "Financial assets at fair value through in other comprehensive income".

The shares of the Merkezi Kayıt Kuruluşu A.Ş., which owns the majority of its shares, are followed under the heading of subsidiaries in partnership investments.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

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 Government Domestic Debt Securities and Loans measured at amortized cost.

Interest income from financial assets measured at amortized cost is recognized as interest income in the income statement or loss table.

Government Domestic Debt Securities

In order to ensure that the Bank's services and activities continue smoothly, the government domestic debt securities portfolio is issued with borrowing notes issued by the Treasury Undersecretary, which are accepted as collateral by the CBRT, in order to access the CBRT liquidity, if necessary. Within the framework of the Bank's business model, debt securities are valued at amortized cost.

GDDS's are classified under "financial assets measured at amortized cost" in the context of "being held for the purpose of accounting for contractual cash flows" and "representing contractual interest-only cash flows only at principal and principal" basis.

Loans and Specific Provisions

Loans are financial assets which have fixed payment terms and are not traded in an active market.

The Bank provides cash loans to the brokerage houses at maximum one month maturity however mostly overnight maturity in order to provide efficiency and convenience in capital market transactions within the limits determined by the Board of Directors. Cash loans are classified under the heading "financial assets measured at amortized cost" in the context of "being held for the purpose of obtaining contractual cash flows" and "contractual cash flows representing interest only on principal and principal balance" criteria.

Loans recognized at cost and are valued at amortized cost using the effective interest method.

Explanations on the Impairment of Financial Assets Recognition of Financial Statements of Expected Credit Losses

In accordance with the "Regulation on Procedures and Principles for the Classification of Loans and Provisions to be Issued" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Bank calculates the expected credit loss provision in accordance with TFRS 9 and indicates in its financial statements. Expected credit losses related to cash and cash equivalents under financial assets, other receivables, loans and non-cash loans are calculated and accounted.

Provisions provided by the Bank under TFRS 9; the expected credit loss provision amounts for 12 months and the expected credit loss provision amounts due to a significant increase in the credit risk of the borrower and the expected lifetime credit loss provisions for the default of the debts are considered as special provisions.

For non-impaired financial assets, the expected credit loss provision for twelve months is calculated and set aside for the initial recognition stage. For these financial assets, effective interest rate is used over the gross book value.

Although not available for the reporting period, the expected lifetime credit loss is calculated and set aside for non-impaired financial assets that have significant increase in credit risk after initial recognition. For these financial assets, effective interest rate is used over the gross book value.

Although not available for the reporting period, 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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Assets (Continued)

Explanations on the Impairment of Financial Assets to be Taken to Financial Tables of Expected Credit Losses

The definition of default is included in the Communiqué on the calculation of the credit risk amount based on the internal rating approach. It is assumed that the debtor defaults in the event that the debtor is unable to fully pay the debts to the Bank without applying for collateral or if the debtor has delayed more than 90 days to fulfill his significant liabilities to the Bank.

Expected credit losses for financial assets, other receivables and loans under the title Cash and cash equivalents are recognized under “Expected loss reserves (-)” on the asset side of the balance sheet. The total provision for credit losses under TFRS 9 is classified under “12 Months Expected Loss Equivalent- (First Stage)”. There is no allowance for credit losses classified under “Significant Increase in Credit Risk (Second Stage)”.

The amount of TL 1,574 from prior periods is classified under “Default (Third Stage / Specific Provision)” account.

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 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.

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. Related accounting policy is explained in footnote VII.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

XI. Explanations on Assets Held for Sale and Discontinued Operations

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

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

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

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

XII. Explanations on Goodwill and Other Intangible Assets

As of the balance sheet date, there is no goodwill in the accompanying non-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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. Explanations on Goodwill and Other Intangible Assets (Continued)

Intangible assets of the Bank are basically software license costs. There is no criteria applied for determination of amortization period of those assets, but Turkish Tax Legislations have been taken into consideration. Economic useful life of assets acquired before 2004 is determined as 5 years, and the assets acquired in 2004 and in the following periods is determined as 3 years. 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 Istanbul and NASDAQ, new BISTECH technology, which was developed under Borsa Istanbul's processing system; data distribution; index calculation; market surveillance; reporting systems; and also the Bank's swap and risk management systems, has a useful life of 20 years.

XIII. Explanations on Tangible Assets

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

Tangible fixed assets are depreciated with straight-line method. Tangible fixed assets are depreciated with the rates determined by the Ministry of Finance based on useful lives. These useful lives are in line with the criteria stated in "TAS 16 - Tangible Assets" released by Turkish Accounting Standards Board. Depreciation Rates for Tangible Fixed Assets are as following:

	Estimated Useful Life (Year)	Depreciation Rate
Buildings	50	2%
Furniture, Fixture and Office Equipment	4 - 15	6,67-25%
Other Tangible Fixed Assets	2 - 16	6,67-50%

Tangible fixed assets are accounted for at cost less accumulated depreciation and impairment, if any. Along with the statement of the property and equipment, the effects of any revaluation according to related regulations are eliminated.

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 as Lessor:

The Bank does not have any leasing transactions as lessor.

The Bank as Lessee:

The Bank does not have any assets which are acquired by financial leasing as of the balance sheet date. Transactions related to the operating lease are accounted according to related contractual provisions and accrual basis.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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 2018 is TL 4,306 (31 December 2017: TL 5,900).

Communiqué on “Turkish Accounting Standard (TAS 19) about Benefits for Employee (No: 9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (POA) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2013 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. For the period of 1 January – 30 September 2018, actuarial loss after deferred tax effect amounting to TL 1,164 (31 December 2017: TL 1,506 actuarial loss) was classified as “Other Capital Reserves”.

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxation (Continued)

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.

Current Tax

The corporate tax rate of 20% implementation on the Corporate Tax Law No. 5520 was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 , will be applied as 22% for corporation earnings for three years from 1 January 2018 with the regulation dated 28 November 2017 numbered 7061. Furthermore, council of ministers has the authority to decrease this ratio to 20% from 22%. The Bank applies new regulations to its current and deferred tax responsibilities. The corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (like affiliate gains) and other allowances. If there is no dividend distribution, no further tax charges are made.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations are required to pay advance corporate tax quarterly at a rate of 22% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. Explanations on Taxation (Continued)

Taxes which were not accrued on time because of the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

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

Deferred tax is calculated on the tax rates applicable in the period when assets are made or liabilities are fulfilled or on those which are almost certain to be effective; and it is recorded as income or expense in the income statement. Moreover, deferred tax is recognised directly on equity accounts if it is related to the assets directly associated with the equity in the same or another period. Corporate Tax Law has been amended with Article 91 of the Law, No. 7061 effective upon promulgation in the Official Gazette, No. 30261, dated 5 December 2017; and the corporate tax levied on the corporate income has been increased from 20% to 22% to be applied for the income belonging to 2018, 2019 and 2020. The Bank calculates deferred tax at the relevant rates considering the periods in which deferred tax assets and liabilities will be fulfilled.

XVIII. Additional Explanations on Funds Borrowed

The Bank has not issued any convertible bonds.

The Bank has not also issued any borrowing instruments.

Cash Warrants Received:

BİAŞ Guarantee Fund, BİAŞ Loan and Share Market, Takasbank Money Market, Loan Share Market, Derivatives Exchange Market, Electricity Market, Leveraged call-put transactions and Warrant Deputy (OPIC), BİAŞ Money Market and Precious Metals Market cash warrant amounts are tracked in asset side under banks account, in liability side under various liabilities account. These funds provide creditor members not to be affected in case debtor members may undergo cash default. Cash warrant mechanisms are created in order to provide continuous cash flow in the market by tracking payments to be made in time and in full amounts.

XIX. Explanations on Issuance of Equity Securities

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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, key management personnel and board members are referred to as related parties in accordance with “Turkish Accounting Standard for Related Parties” in the Article 49 of the Banking Act No: 5411.

XXIV. Cash and Cash Equivalents

For the purposes of the preparation of statement of cash flows, “Cash” includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXV. Investment Properties

Investment property consist of the asset that held to earn rentals and/or for capital appreciation and recognized with cost model in accordance with the Turkish Accounting Standard 40 (TAS 40) “Investment Property”. Investment properties are recognized at its cost less any accumulated depreciation. Investment property is amortized by normal depreciation method and useful life basis. Gains and losses arising from disposal of an investment property or removal of a tangible asset are determined as the difference between the sales proceeds and the carrying amount of the asset and are included in the income statement.

XXVI. Reclassifications

TFRS 9 Financial Instruments Standards

In January 2017, the Public Oversight Accounting and Auditing Standards Authority (“the POA”) issued the final standard of TFRS 9 financial instruments. TFRS 9 combines the three phases of the financial instruments accounting project: classification and measurement, impairment and hedge accounting. TFRS 9 is effective on 1 January 2018. In this context, banks have become obliged to apply TFRS 9 as of 1 January 2018 with the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Issued" published by BRSA published in the Official Gazette dated 22 June 2016 and numbered 29750. The effects of the three phases of TFRS 9 are explained below:

Classification and measurement of financial instruments

Financial assets:

TFRS 9 includes a new approach to the classification and measurement of financial assets that impacts the entity’s business model and cash flow characteristics. TFRS 9 includes three main categories of financial assets: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Reclassifications (Continued)

Financial assets (Continued):

Financial assets at fair value through profit or loss are expected to continue to be measured at fair value. Financial assets measured at amortized cost or financial assets at fair value difference through other comprehensive income can be classified in accordance with the characteristics of the entity's management model

Loans and receivables are held to provide contingent cash flows and lead to cash flows from principal and interest. The Bank has analysed the contingent cash flow characteristics of these financial instruments and decided that they should be presented at amortized cost in accordance with TFRS 9. Therefore, the classification of these financial instruments into different categories will not be relevant.

The Bank estimates the expected credit losses over the expected lifetime of the financial instrument with a weighted estimate of the probabilities of credit losses. Moreover, the present value of all cash deficits is estimated. Cash deficit is the difference between the cash flows that must be made to the Bank according to the contract and the cash flows the Bank expects to receive.

Probability of default (PD): It refers to the likelihood of the default of the credit at a certain time. The Bank uses two different probability of default values when calculating the expected credit loss in accordance with TFRS 9:

- 12 Monthly probability of default: estimation of probability of default within 12 months after the reporting date
- Probability of permanent default: Estimation of the likelihood of default of the financial instrument over its expected life

Loss given default (LGD): The economic loss caused by the loan in the event of default on the debts. It is expressed as a ratio.

Defaulted Amount (DA): In the case of cash loans, the amount used represents the realized balance at the date of the report. For non-cash loans and commitments, it is the value calculated by applying the credit conversion rate. The credit conversion rate corresponds to the credit conversion rate used in the adaptation of the possible risk increases between the current date and the default date.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI.

Reclassifications (Continued)

Financial assets (Continued):

Reconciliation of statement of financial position balances to TFRS 9:

		TFRS 9	TFRS 9	
		Classification	Valuation	
Assets	31.12.2017	Effect	Effect	01.01.2018
Financial Assets (Net)	10,223,576	-	(15,046)	10,208,530
Cash and Cash Equivalents	10,184,797	-	-	10,184,797
<i>Cash and Balances with Central Banks</i>	480	-	-	480
<i>Banks</i>	10,163,484	-	-	10,163,484
<i>Money Markets</i>	20,833	-	-	20,833
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Financial Assets Measured at Amortised Cost	-	-	-	-
Derivative Financial Assets	38,779	-	-	38,779
Non-performing Financial Assets	-	-	-	-
Expected Loss Provisison (Financial Assets) (-)	-	-	(15,046)	(15,046)
Loans (net)	198,856	-	(293)	198,563
Measured at Amortised Cost	198,856	-	-	198,856
Non-performing Loans	1,574	-	-	1,574
Expected Credit Loss (-)	1,574	-	293	1,867
12 month expected credit losses (stage I)	-	-	293	293
Significant increase in credit risk (stage II)	-	-	-	-
Credit impaired losses (stage III/special provision)	1,574	-	-	1,574
Property and Equipment Held for Sale Purpose and Related to Discounted Operations (net)	-	-	-	-
Equity Investments	4,825	-	-	4,825
Investments in Associates (net)	-	-	-	-
Subsidiaries (net)	4,825	-	-	4,825
Joint Ventures (net)	-	-	-	-
Maddi duran varlıklar (net)	7,437	-	-	7,437
Intangible Assets (net)	98,095	-	-	98,095
Investment Property (net)	9,495	-	-	9,495
Other Assets	22,145	-	-	22,145
Total Assets	10,564,429	-	(15,339)	10,549,090

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. Reclassifications (Continued)

Financial Liabilities:

TFRS 9 maintains the requirements in TAS 39 for the classification of financial liabilities except for allowing accounting of the fair value changes occurred as a result of changes in a financial liability's own credit risk under other comprehensive income for the liabilities designated for fair value option (applicable for instances not affecting the accounting mismatch at large extent). Based on the evaluation of the Bank, it is not anticipated a significant impact regarding accounting of financial liabilities based on the scope of TFRS 9.

A significant impact is not expected within the scope of TFRS 9 financial liabilities.

Reconciliation of statement of financial position balances to TFRS 9:

Liabilities	31.12.2017	TFRS 9 Classification Effect	TFRS 9 Valuation Effect	01.01.2018
Funds Collected	-	-	-	-
Funds Borrowed	3,144,268	-	-	3,144,268
Money Markets Debts	34,737	-	-	34,737
Securities Issued (net)	-	-	-	-
Funds	6,030,934	-	-	6,030,934
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-
Factoring Payables	-	-	-	-
Lease Payables	-	-	-	-
Provisions	82,062	-	(25,634)	56,428
General Loan Loss Provisions	48,139	-	(48,139)	-
Restructuring Provisions	-	-	-	-
Reserve for Employee Benefits	12,645	-	-	12,645
Insurance Technical Provisions (net)	-	-	-	-
Other Provisions	21,278	-	22,505	43,783
Current Tax Liability	26,166	-	(8,326)	17,840
Deffered Tax Liability	25,121	-	(8,326)	16,795
Liabilities for Property and Equipment Held for Sale and Related to Discounted Operations (net)	-	-	-	-
Subordinated Debt Instruments	-	-	-	-
Other Liabilities	-	-	-	-
Shareholders' Equity	1,246,262	-	18,621	1,264,883
Paid-in Capital	600,000	-	-	600,000
Capital Reserves	37,107	-	-	37,107
Share Premium	33,019	-	-	33,019
Share Cancellation Profits	-	-	-	-
Other Capital Reserves	4,088	-	-	4,088
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	-	-	-	-
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	-	-	-	-
Marketable Securities Valuation Differences	-	-	-	-
Tangible Assets Revaluation Differences	-	-	-	-
Intangible Assets Revaluation Differences	-	-	-	-
Investment Property Revaluation Differences	-	-	-	-
Securities	-	-	-	-
Hedging Reserves (Effective Portion)	-	-	-	-
Value Differences of Assets Held for Sale and Discontinued Operations	-	-	-	-
Profit Reserves	329,374	-	-	329,374
Legal Reserves	66,122	-	-	66,122
Status Reserves	-	-	-	-
Extraordinary Reserves	260,606	-	-	260,606
Other Profit Reserves	2,646	-	-	2,646
Income or (Loss)	279,781	-	-	279,781
Prior Period's Profit or (Loss)	3,410	-	18,621	22,031
Current Period Income or (Loss)	276,371	-	-	276,371
Total Liabilities	10,564,429	-	(15,339)	10,549,090

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. Reclassifications (Continued)

Impairment

TFRS 9 replaces the “realized losses” model in TAS 39 with the “expected credit loss” model. The new standard creates a “3-step” impairment model (general model) based on the change in credit quality after initial accounting.

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized life time expected credit losses for such financial assets.

Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized life time expected credit losses for such financial assets.

The matters which have the most significant impact on TFRS 9 implementation and may change impairment calculations considerably are presented below:

- Assessment of under which conditions there may be significant increase in credit risk
- Macroeconomic factors, forward looking information and multiple scenarios
- Maximum contractual period over which it is exposed to credit risk to be considered during measurement of expected credit losses
- Definition of default

Hedge Accounting

TFRS 9 also includes new hedge accounting rules regarding alignment of the risk management strategies with hedge accounting. During selection of the accounting policies, TFRS 9 gives option of continuing with TAS 39 “Hedge accounting” principles and deferring hedge accounting rules in accordance with TFRS 9.

TFRS 15 Revenue Standard from Customer Contracts

At initial recognition of the financial instruments, the classification depends on the contractual conditions and the relevant business model. TFRS 15 a financial asset or financial liability other than assets that are subject to revenue from customer contracts is measured at fair value on initial recognition. Transaction costs directly attributable to the acquisition or export of financial assets and financial liabilities at fair value through profit or loss other than those at fair value are also added to or deducted from fair value.

TFRS 15 client contract revenue standard does not have a significant impact on the Bank’s accounting policies, financial position and performance.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. Reclassifications (Continued)

The classification and measurement of financial assets in accordance with TFRS 9

The classification and measurement of financial assets in accordance with TFRS 9 standard is determined by the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance only.

Before TFRS 9		After TFRS 9	
Measurement Bases	Book Value	Measurement Bases	Book Value
	31 December 2017		1 January 2018
Cash Balances and Central Bank	Loans and receivables 480	Measured at amortized cost	45
Banks and Money Markets	Loans and receivables 10,184,317	Measured at amortized cost	10,184,317
Marketable Securities	Financial assets held for trading -	Fair value through profit and loss	-
	Available for sale financial assets 1,832	Fair value through other comprehensive income	1,832
	Held-to-maturity securities 36,947	Measured at amortized cost	36,947
Derivative Financial Assets	Financial assets held for trading -	Fair value through profit and loss	-
	Available for sale financial assets -	Fair value through other comprehensive income	-
Loans (Gross)	Loans and receivables 198,856	Measured at amortized cost	198,856

Reconciliation of the opening balances of the provision for expected credit losses to TFRS 9

Current Period	Book value before TFRS 9	Remeasurements	Book value after TFRS 9
	31 December 2017		1 January 2018
Loans	4,537	(2,670)	1,867
Stage 1 ⁽¹⁾	2,963	(2,670)	293
Stage 2 ⁽¹⁾	-	-	-
Stage 3	1,574	-	1,574
Financial Assets ⁽²⁾	-	15,046	15,046
Non-cash Loans ⁽³⁾	45,176	(22,671)	22,505
Stage 1 and 2	45,176	(22,671)	22,505
Stage 3	-	-	-
Total	49,713	(10,295)	39,418

⁽¹⁾ Represents general provisions for stage 1 and 2 loans before TFRS 9.

⁽²⁾ In accordance with TFRS 9, the related amount includes Amortized Cost, Financial Assets At Fair Value Through Other Comprehensive Income, Banks and Money Market and Other Assets.

⁽³⁾ General provisions for first and second stage non-cash loans before TFRS 9 in the "12.1. General Provisions" column, Special Reserves for third stage Non-cash Loans are included in "12.5 Other Provisions" whereas the expected loss provisions for first, second and third stage non-cash loans under TFRS 9 are classified "10.4 Other Provisions"

Equity Impacts of TFRS 9 Transition

As stated in the Communiqué on "Uniform Chart of Accounts and Prospectus" issued on 20 September 2017, for general provisions (TFRS 9 expected loss provisions for the loans at first and second stages), deferred tax assets calculation has started as of 1 January 2018. Within this scope, deferred tax assets amounting to TL 8,326 have been reflected to opening balances on 1 January 2018 and such amount is classified to "Prior Period Profit / Loss" account under shareholders' equity.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Reclassifications (Continued)

Equity Impacts of TFRS 9 Transition (Continued)

Summary information related to the capital shareholders' equity:

	31 December 2017	TFRS-9 Reclassification impact	TFRS-9 Remeasurement impact	1 January 2018
Shareholders' equity	1,246,262	-	18,621	1,264,883
Paid-in capital	600,000	-	-	600,000
Capital reserves	37,107	-	-	37,107
Share premiums	33,019	-	-	33,019
Share cancellation profits	-	-	-	-
Other capital reserves	4,088	-	-	4,088
Other comprehensive income/expense items not to be recycled to Profit or Loss	-	-	-	-
Other comprehensive income/expense items to be recycled in Profit or Loss	-	-	-	-
Valuation differences of marketable securities	-	-	-	-
Tangible assets revaluation differences	-	-	-	-
Intangible assets revaluation differences	-	-	-	-
Revaluation differences on investment property	-	-	-	-
Affiliates, subsidiaries and joint ventures bonus share	-	-	-	-
Hedge funds (effective part)	-	-	-	-
Accumulated valuation differences related to assets held for sale and discontinued operations	-	-	-	-
Profit reserves	329,374	-	-	329,374
Legal reserves	66,122	-	-	66,122
Statutory reserves	-	-	-	-
Extraordinary reserves	260,606	-	-	260,606
Other profit reserves	2,646	-	-	2,646
Profit or (loss)	279,781	-	18,621	298,402
Prior years' profits or (loss)	3,410	-	18,621	22,031
Current period profit or (loss)	276,371	-	-	276,371
Total Equity	1,246,262	-	18,621	1,264,883

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Explanations on prior period accounting policies:

“TFRS 9 Financial Instruments” standard has been applied instead of “TAS 39 Financial Instruments: Recognition and Measurement” as of 1 January 2018. The accounting policies are not applicable with the transition to TFRS 9 are stated below.

The Bank classifies records financial assets as “Financial assets at fair value through profit or loss”, “Available-for-sale financial assets”, “Loans and other receivables” or “Investments held-to-maturity”.

Explanations and Disclosures on Financial Assets

Financial instruments comprise financial assets and financial liabilities. Financial instruments constitute the basis of Bank’s trading activities and operations. The risks related to these instruments comprise a major part of the total risk taken by the Bank. Financial instruments affect liquidity, market and credit risks on the Bank’s balance sheet in all respects.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution, and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial trade date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Fair value differences are not accounted for assets carried at cost or amortized cost; gain or loss of financial assets at fair value through profit and loss are reflected in the statement of income; gain or loss of available for sale assets are accounted for under the shareholders’ equity.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The carrying values of these assets approximate their fair values.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Explanations on prior period accounting policies (Continued):

Financial Assets at Fair Value through Profit and Loss

These transactions are classified in two categories. (i) Trading securities for the purposes of short term profit taking through sale and buying back in a near future. (ii) The financial assets which are classified as financial assets at fair value through profit or loss by the Bank at inception. The Bank uses such classification above when permitted or for the purposes of providing a more proper disclosure.

In this group, trading securities are initially recognized at cost and measured at fair value on the financial statements. Fair values of debt securities that are traded in an active market are determined based on quoted prices. Securities that are not traded in organized markets and whose fair value cannot be determined reliably are reflected in the financial statements after the provision for impairment losses is deducted.

The difference between initial cost and fair value of financial assets at fair value through profit and loss is reflected to interest income or diminution in value of marketable securities accounts. As explained in detail in Section Six: "Other Explanations and Notes", the realized gains and losses and related interest income/expense accruals of these securities are recorded in related income statement accounts, unless the securities belong to problematic securities intermediary members.

Held to Maturity Investments

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding until maturity and the relevant conditions for fulfilment of such intention, including the funding ability. This portfolio excludes loans and receivables. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

Interest income gained from held to maturity investments are accounted for as interest income in income statement.

Available for Sale Financial Assets

Available for sale financial assets comprise from all of the securities except originated loans and receivables, held to maturity investments and trading assets. These assets are initially recognized at cost including the transaction costs. The interest income related to securities with fixed and variable interest under available for sale financial assets are recorded in interest income.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. At the disposal of available for sale financial assets, value increase/decrease that are recorded in the securities value increase fund under equity are transferred to income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVII. Explanations on prior period accounting policies (Continued):

Loans and Specific Provisions

Loans are financial assets which have fixed payment terms and are not traded in an active market.

Loans are initially recognized at cost and measured at amortized cost by using effective interest rate. The duties, charges and other expenses paid for the collaterals obtained against loans are accepted as transaction costs and reflected to customers.

In case of the evidences regarding the uncollectibility of the loans given, the Bank classifies these and allocates provision in accordance with the regulations and accounts them in the related period's profit/loss accounts. The collections made related to loans for which provision is made in the current period are offset in "Provision for Loans and Other Receivables" and "Interest Received from Non-performing Loans" account. As per the Bank management's evaluation of the loan book, there is a provision set for the loans and other receivables that may be doubtful or uncollectible in accordance with the related regulations.

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the initial recognition of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not recognized.

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.

XXVIII. Explanations on Other Matters

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Components of Shareholders' Equity

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks".

The Bank's current period equity capital is TL 1,482,299 (31 December 2017: TL 1,191,401), capital adequacy standard ratio is 17.71% (31 December 2017: 15.23%). Bank's capital adequacy standard ratio is above the minimum rate defined by legislation.

Summary information related to the capital shareholders' equity:

	Current Period	Amounts related to treatment before 1/1/2014 ⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	600,000	
Share issue premiums	33,019	
Reserves	611,545	
Gains recognized in equity as per TAS	-	
Profit	345,025	
Current Period Profit	323,776	
Prior Period Profit	21,249	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,589,589	
Deductions from Common Equity Tier 1 Capital	-	
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	
Improvement costs for operating leasing	81	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	102,384	102,384
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	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	107,290	
Total Common Equity Tier 1 Capital	1,482,299	

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Current Period	Amount related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL	-	
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity Tier 1 Capital+Additional Tier I Capital)	1,482,299	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Tier II Capital Before Deductions	-	
Deductions From Tier II Capital	-	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	-	

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Current Period	Amount related to treatment before 1/1/2014 ⁽¹⁾
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,482,299	
Deductions from Total Capital	1,482,299	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,482,299	
Total risk weighted amounts	8,369,540	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	17.71%	
Tier 1 Capital Adequacy Ratio (%)	17.71%	
Capital Adequacy Ratio (%)	17.71%	
BUFFERS		
Bank specific total Common Equity Tier 1 Capital requirement (%)	1.875	
a) Capital conservation buffer requirement (%)	1.875	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemic significant bank buffer ratio	-	
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	-	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Remaining Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	-	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Prior Period	Amount related to treatment before 1/1/2014 ⁽¹⁾
Common Equity Tier 1 Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	600,000	
Share Premium	33,019	
Reserves	333,462	
Gains Recognized in Equity as per TAS	-	
Profit	279,781	
Current Period Profit	276,371	
Prior Period Profit	3,410	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier 1 Capital Before Deductions	1,246,262	
Deductions from Common Equity Tier 1 Capital	-	
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9 of the Regulation on Bank Capital	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	-	
Leasehold Improvements on Operational Leases	80	
Goodwill netted off deferred tax liability	-	
Other intangible assets netted off deferred tax liabilities except mortgage servicing rights	78,476	98,095
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 value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Tier 1 Capital	-	
Excess amount expressed in the law Article 56 4th paragraph	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital amount above 10% threshold	-	
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions amount above 10% threshold of Tier 1 Capital	-	
Mortgage servicing rights amount above 10% threshold of Tier 1 Capital	-	
Deferred tax assets arising from temporary differences amount above 10% threshold, net of related tax liability	-	
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks 2nd article temporary second paragraph	-	
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity amount above 10% threshold	-	
Amounts related to mortgage servicing rights	-	
Excess amount of deferred tax assets from temporary differences	-	
Other Items Determined by BRSA	3,860	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions from Common Equity Tier 1 Capital	82,416	
Total Common Equity Tier 1 Capital	1,163,846	

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Prior Period	Amount related to treatment before 1/1/2014⁽¹⁾
Additional Tier 1 Capital		-
Preferred Stock not Included in Common Equity and the Related Share Premiums		-
Debt instruments and premiums approved by BRSA		-
Debt instruments and premiums approved by BRSA(Temporary Article 4)		-
Additional Tier 1 Capital before deductions		-
Deductions from Additional Tier 1 Capital		-
Bank's direct or indirect investment on its own Tier 1 Capital		-
Investments in equity instruments issued by banks or financial institutions invested in Bank's additional Tier 1 Capital which are compatible with the article 7 of the regulation		-
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 Common Equity Tier 1 Capital		-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier 1 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital		-
Other Items Determined by BRSA		-
Items to be deducted from Tier I Capital during the Transition Period		-
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 Bank Capital (-)	19,619	
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 Bank Capital (-)		-
The amount to be deducted from Additional Tier 1 Capital (-)		-
Total Deductions from Additional Tier 1 Capital	19,619	
Total Additional Tier 1 Capital	19,619	
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	1,144,227	
Tier 2 Capital		-
Debt instruments and premiums approved by BRSA		-
Debt instruments and premiums approved by BRSA(Temporary Article 4)		-
Provisions (Amounts stated in the first paragraph of the article 8 of the Regulation on the Bank Capital)	48,139	
Tier 2 Capital Before Deductions	48,139	
Deductions From Tier 2 Capital		-
Bank's direct or indirect investment on its own Tier 2 Capital (-)		-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital which are compatible with Article 8 of the regulation		-
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 Common Equity Tier 1 Capital (-)		-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital		-
Other Items Determined by BRSA (-)	965	
Total Deductions From Tier 2 Capital	965	
Total Tier 2 Capital	47,174	

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

	Prior Period	Amount related to treatment before 1/1/2014 ⁽¹⁾
Total Capital (The sum of Tier 1 and Tier 2 Capital)	1,191,401	
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	1,191,401	
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue	-	
Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years	-	
Other items to be defined by the BRSA	-	
Items to be deducted from the sum of Tier I and Tier II Capital ("Capital") during the Transition Period	-	
Portion of the total of net long positions of investments made in Common 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 not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital 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 not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Portion of the total of net long positions of investments made 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, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Total Capital	1,191,401	
Total Capital (Sum of Tier 1 and Additional Tier1)	1,191,401	
Total Risk Weighted Assets	7,825,093	
Capital Adequacy Ratios	-	
Common Equity Tier 1 Capital Adequacy Ratio (%)	14.87%	
Tier 1 Capital Adequacy Ratio (%)	14.62%	
Capital Adequacy Ratio (%)	15.23%	
Buffers	-	
Total buffer requirement (a+b+c)	1.250	
a) Capital conservation buffer requirement (%)	1.250	
b) Bank specific counter-cyclical buffer requirement (%)	-	
c) Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier 1 capital to Risk Weighted Assets calculated based on the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers (%)	-	
Amounts below the Excess Limits as per the Deduction Principles	-	
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	
Mortgage servicing rights	-	
Deferred tax assets arising from temporary differences (net of related tax liability)	-	
Limits related to provisions considered in Tier 2 Calculation	-	
General provisions for standard based receivables (before ten thousand twenty five limitation)	48,139	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	48,139	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	

⁽¹⁾ The amounts to be taken into account at the end of the transition period are shown for the items subject to the transition provisions under the provisional articles of the "Regulation on Shareholders' Equity of Banks".

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

Informations on addition debt instruments to shareholders' equity calculating:

None.

Information on applied approaches in order to evaluate internal capital adequacy within the scope of internal capital adequacy evaluation of internal capital requirement in terms of future and current activities:

The evaluation period for internal capital adequacy in the Bank has been designed within in accordance with the principle of proportionality and is consistent with the Guidelines on ISEDES Report and Guidelines on Stress Tests To Be Used By Banks For Capital and Liquidity Planning which is published by the Banking Regulation and Supervision Agency, and with the Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process (ISEDES) which entered into effect upon being published in Official Gazette No. 29057 dated 11 July 2014.

The Bank is in compliance with the said regulation and good practice guidelines in line with its small-scale structure, task environment, and requirements. In accordance with ISEDES, it is aimed for the Bank to internally determine a level of capital which covers the risks it has faced or is likely to face and to continue its operations with capital above that level. Maximum attention is paid to the ISEDES processes so that they are implemented with a long-term view and are risk focused, internalized within the Bank and that its consequences are used in the decision-making process.

Evaluations of the Bank's capital and liquidity adequacy are done from a risk-based perspective, considering the strategic plan, three-year budget projections, bank policies on capital adequacy, liquidity and funding, risk measurement outcomes for risks that the company is exposed to, ISEDES and stress test reports. Within this scope, activities performed and services provided by the Bank are considered.

The Bank determines its capital level in such a way that it is above the minimum level and legal ratios required by the legal regulations of the Banking Regulation and Supervision Agency, and so that it is able to continue all its operations. Also, scenario analyses, and particular, plenary, and reverse-stress tests are done in order to measure the effects of parameters that affect the financial power of the Bank at the capital level. In addition, via sensitivity analyses, primary and secondary structural block risks that the Bank is exposed to are determined within the scope of the proportionality principle.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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

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 (Continued)

The Bank takes stress tests, scenario analyses, risk appetites, the capital plan, the strategic plan and budget, the emergency and unexpected situation action plan for various risks, and other issues deemed necessary into consideration, and calculates and establishes a capital planning buffer, which is designed to prevent the capital adequacy level from becoming lower than the internal and legal minimum capital adequacy over the next three years as a result of possible negative situations and losses. The capital planning buffer is determined by considering worst case scenarios. However, the legal capital adequacy ratio determined by the BRSA as at least 12% and the ratio of the internal capital requirement calculated under the stress test are compared. The larger of these ratios is considered as the target ratio and it is evaluated whether the current capital adequacy ratio of the Bank is above the target rate.

According to the "Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks", the ISEDES report and the Stress Test report are prepared annually with the participation of all relevant units of the Bank and the coordination of the Risk Management Unit. These reports are approved by the Board of Management or the Bank after being examined.

The senior management of the Bank and members of the Board of Management are jointly responsible for designing ISEDES and its implementation within the Bank. All units of the Bank execute their duties, authorities, and responsibilities which are within the scope of ISEDES in accordance with their own regulations. The inspection report regarding the data, systems, and processes is prepared by the Internal Audit Unit, and the validation report regarding the models and/or methods that are used for risk measurement within the scope of the internal capital adequacy calculation is prepared by the Internal Control and Compliance Unit.

II. Explanations Related to Currency Risk

The Bank is subject to the reserve requirements in relation to the foreign currency guarantees received for the Stock Exchange Money Market, Derivatives Market, Debt Securities Market, Electricity Market, Precious Metals Market, BİAŞ Money Market, Share Market, collaterals obtained for cash loans and non-cash loans and foreign currency amounts deposited in the Bank's accounts as guarantee and the foreign currency amounts left in the unrestricted accounts of customers consisting of banks and brokerage firms except the foreign settlement transaction commissions and foreign currency amounts kept for its own transactions in accordance with the agreements made in foreign currencies. Therefore, the Bank performs its obligations in two-weekly periods in ratios designated in blocked accounts of the Central Bank of Turkey. The foreign currency amounts, kept due to the reserve requirements, are creating an excess amount of assets with regard to the ratio of assets to liabilities.

The Bank calculated a net long foreign exchange of TL 18,597 (31 December 2017: TL 10,086) for the net position between assets and liabilities in foreign currency, and recognised it in the amount basis to market risk.

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

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

Current Period	1 USD	1 EUR	1 GBP	100 JPY
Current Exchange Rate on Balance Sheet Date	6.0752	7.1130	7.9631	5.3761
1 st Business Day's Current Exchange Rate	6.1242	7.2007	8.0470	5.4114
2 nd Business Day's Current Exchange Rate	6.1240	7.2057	8.0360	5.4122
3 rd Business Day's Current Exchange Rate	6.2287	7.3234	8.1565	5.5179
4 th Business Day's Current Exchange Rate	6.2671	7.3794	8.2610	5.5463
5 th Business Day's Current Exchange Rate	6.2718	7.3437	8.2689	5.5761
Simple arithmetic averages for last 30 days	6.3669	7.4247	8.2917	5.6807

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,375,521	3,175,431	2,126	4,553,078
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	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	287	174	84	545
Total Assets	1,376,469	3,175,605	2,210	4,554,284
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Funds	-	-	-	-
Funds Provided From Other Financial Institutions	670,757	1,910,406	-	2,581,163
Securities Issued	-	-	-	-
Funds	698,310	1,255,223	991	1,954,524
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	1,369,067	3,165,629	991	4,535,687
Net Balance Sheet Position	7,402	9,976	1,219	18,597
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-
Prior Period				
Total Assets	1,970,032	2,469,478	8,271	4,447,781
Total Liabilities	1,968,257	2,461,690	7,748	4,437,695
Net Balance Sheet Position	1,775	7,788	523	10,086
Net Off-Balance Sheet Position	-	-	-	-
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	-	-	-	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analyses. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

To evaluate its funding resources, the Bank enters into foreign currency and TL depot transactions, repurchase agreements, time and demand deposit transactions and foreign exchange transactions with the Central Bank of Turkey or other banks. The related transactions undertaken by the Fund Management Department are made with the banks having transaction limits designated by the Board of Directors under the regulations set out in "Treasury Transaction Limits".

Other than securities guaranteed or issued by the Turkish Treasury, the Bank does not include any debt instruments in its portfolio during the year 2018. 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 repricing dates):

30 September 2018	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing⁽²⁾	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	-	-	-	-	-	4,271	4,271
Banks	11,460,527	548,009	-	-	-	140	12,149,286
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	20,052	-	-	-	-	-	20,052
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	3,082	3,082
Loans	114,367	-	-	-	-	(157)	114,210
Financial Assets Measured at Amortised Cost	-	58,437	-	-	-	-	58,437
Other Assets ⁽¹⁾	14,739	-	-	-	-	146,372	161,111
Total Assets	11,609,685	606,446	-	-	-	294,318	12,510,449
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	-	-	-	-	-	-	-
Miscellaneous Payables	2,378,877	-	-	-	-	5,192,845	7,571,722
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,232,131	-	-	-	-	1,932	3,234,063
Other Liabilities ⁽²⁾	-	-	-	-	-	1,704,664	1,704,664
Total Liabilities	5,611,008	-	-	-	-	6,899,441	12,510,449
Balance Sheet Long Position	5,998,677	606,446	-	-	-	-	6,605,123
Balance Sheet Short Position	-	-	-	-	-	(6,605,123)	(6,605,123)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	5,998,677	606,446	-	-	-	(6,605,123)	-

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

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued)

31 December 2017	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic Turkey	-	-	-	-	-	480	480
Banks	9,159,396	933,919	-	-	-	70,169	10,163,484
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	20,833	-	-	-	-	-	20,833
Financial Assets Available-for-Sale	-	-	-	-	-	1,832	1,832
Loans	198,856	-	-	-	-	-	198,856
Held-to-Maturity Investments	-	-	36,947	-	-	-	36,947
Other Assets ⁽¹⁾	1	-	-	-	-	141,996	141,997
Total Assets	9,379,086	933,919	36,947	-	-	214,477	10,564,429
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Funds	34,737	-	-	-	-	-	34,737
Miscellaneous Payables	3,090,414	-	-	-	-	2,880,204	5,970,618
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	3,185,696	-	-	-	-	18,888	3,204,584
Other Liabilities ⁽¹⁾	-	-	-	-	-	1,354,490	1,354,490
Total Liabilities	6,310,847	-	-	-	-	4,253,582	10,564,429
Balance Sheet Long Position	3,068,239	933,919	36,947	-	-	-	4,039,105
Balance Sheet Short Position	-	-	-	-	-	(4,039,105)	(4,039,105)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Net Position	3,068,239	933,919	36,947	-	-	(4,039,105)	-

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

Other Assets	Current Year Balance
Intangible Assets	102,384
Custody Services Commission Rediscount	14,778
Investment Properties	9,264
Deferred Tax Asset	8,536
Temporary Accounts	5,675
Tangible Assets	12,672
Sundry Assets	2,913
Subsidiaries	4,825
Stationary Supplies	64
Total	161,111
Other Liabilities	Current Year Balance
Shareholder's equity	1,589,589
Provisions	68,843
Current tax liability	46,232
Total	1,704,664

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations Related to Interest Rate Risk (Continued)

Other Assets	Prior Period Balance
Intangible assets	98,095
Custody services commission rediscount	9,906
Investment properties	9,495
Temporary accounts	8,305
Tangible assets	7,437
Subsidiaries	4,825
Sundry assets	3,881
Stationary supplies	53
Total	141,997

Other Liabilities	Prior Period Balance
Shareholder's equity	1,246,262
Provisions	82,062
Current tax liability	26,166
Total	1,354,490

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

Current Period End Balance	EUR	USD	JPY	TL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks	2.98	5.43	-	24.18
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	19.72
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans	-	-	-	24.87
Financial Assets Measured at Amortized Cost	-	-	-	14.00
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	-
Funds	-	-	-	19.18
Securities Issued	-	-	-	-
Funds Borrowed	0.01	2.29	-	22.94

Prior Period End Balance	EUR	USD	JPY	TL
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due From Other Banks	2.47	4.42	-	13.22
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
Money Market Placements	-	-	-	10.43
Financial Assets Available-For-Sale	-	-	-	-
Loans	-	-	-	13.17
Held-To-Maturity Investments	-	-	-	11.63
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	-	-	-	12.75
Other Creditors	-	-	-	12.27
Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	0.03	1.66	-	11.82

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Equity share position risk in banking accounts

As of 30 September 2018, the Bank has no equity share position risk arising from the equity share and banking accounts (31 December 2017: None).

V. Explanations Related to Liquidity Risk

The Bank pays attention to work under guarantees and committed to keeping most of its TL funds in liquid to meet the risks arising from transactions with Takasbank Money Market, Debt Securities Market, Futures and Options Market, Securities Lending Market, BIST Money Market, Share Market and other transactions.

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

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

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

Cash warrants that are received for cash flows of the Bank, amounts that are kept in its equities and members' free accounts, BİAŞ Guarantee Fund, BİAŞ Loan and Share Market, Takasbank Money Market, Loan Share Market, Derivatives Exchange Market, Electricity Market, Borsa Istanbul Money Market, Precious Metals Market, Leveraged call-put transactions, Warrant Deputy (OPIC) are made use of in Over-the-Counter Market with other banks via overnight repo in order to manage liquidity risk.

The Bank manages its liquidity risk by having enough cash and cash equivalent resources in order to meet present and probable debt obligations, by being able to close short positions and by being able to fund loan requirements.

Liquidity position is assessed and managed considering the market-wide and Bank-specific factors. The most important scenario among these scenarios is to maintain the ratio of net liquid assets/payables to clients in limits.

According to the fourth paragraph of Article 4 of the Regulation on the Calculation of Liquidity Coverage Rate of Banks, consolidated and unconsolidated total liquidity coverage ratio cannot be lower than 100 percent and consolidated and unconsolidated total liquidity coverage ratio in foreign currency cannot be lower than 80 percent and in accordance with Provisional Article I of the Regulation, the total and foreign currency liquidity coverage rates to be applied until 1 January 2019 are governed by the Board of Directors, with the appropriate opinion of the Central Bank of the Republic of Turkey.

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 PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Explanations Related to Liquidity Risk (Continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Undistributed⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency								
Cash, Money in Transit, Cheques								
Purchased) and Balances with the Central								
Bank of Turkey	4,271	-	-	-	-	-	-	4,271
Banks	140,750	11,460,527	548,009	-	-	-	-	12,149,286
Financial Assets at Fair Value Through								
Profit and Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	20,052	-	-	-	-	-	20,052
Fair Value with Changes in Other								
Comprehensive Income	3,082	-	-	-	-	-	-	3,082
Loans	(157)	114,367	-	-	-	-	-	114,210
Financial assets measured at amortized cost	-	-	58,437	-	-	-	-	58,437
Other Assets ⁽¹⁾	-	14,739	-	-	-	-	146,372	161,111
Total Assets	147,946	11,609,685	606,446	-	-	-	146,372	12,510,449
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial								
Institutions	-	3,232,131	-	-	-	-	1,932	3,234,063
Money Market Borrowings	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-	-
Funds	5,192,845	2,378,877	-	-	-	-	-	7,571,722
Other Liabilities	-	6,906	40,767	10,891	-	-	1,646,100	1,704,664
Total Liabilities	5,192,845	5,617,914	40,767	10,891	-	-	1,648,032	12,510,449
Current Period Liquidity (Gap)/surplus	(5,044,899)	5,991,771	565,679	(10,891)	-	-	(1,501,660)	-
Prior Period								
Total Assets	72,481	9,379,086	933,919	36,947	-	-	141,996	10,564,429
Total Liabilities	2,880,204	6,317,812	-	32,315	-	-	1,334,098	10,564,429
Liquidity Gap	(2,807,723)	3,061,274	933,919	4,632	-	-	(1,192,102)	-

⁽¹⁾ Accounts that constitute the balance sheet assets such as fixed assets, participation and subsidiaries, prepaid expenses, receivables for follow up those are required to maintain banking operations and are not convertible to cash in short term period are recorded into this account.

Securitisation positions:

The Bank does not apply securitisation as of 30 September 2018 (31 December 2017: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations Related to Leverage Ratio:

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

The leverage ratio calculated by the Bank in accordance with the “Regulation on Measurement and Assessment of Leverage of Banks” is 4.17% (31 December 2017: 4.15%). This ratio is above the minimum ratio and the regulation stipulates the minimum leverage ratio as 3%. The increase in the off-balance sheet transactions is the main reason for the change in the leverage ratio compared to the previous period.

b) Leverage ratio:

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Assets on the Balance Sheet		
Assets on the Balance Sheet (Excluding Derivative Financial Instruments and Loan Derivatives, Including Collaterals)	13,640,186	10,535,093
(Assets Deducted from Core Capital)	(107,491)	(95,501)
Total Risk Amount for Assets on the Balance Sheet	13,532,695	10,439,592
Derivative Financial Instruments and Credit Derivatives		
Renewal Cost of Derivative Financial Instruments and Loan Derivatives	-	-
Potential Credit Risk Amount of Derivative Financial Instruments and Loan Derivatives	-	-
Total Risk Amount of Derivative Financial Instruments and Loan Derivatives	-	-
Financing Transactions With Securities Or Goods Warranties		
Risk Amount of Financial Transactions with Securities or Goods Warranties (Excluding Those in the Balance Sheet)	-	-
Risk Amount Arising from Intermediated Transactions	-	-
Total Risk Amount of Financing Transactions with Securities or Goods Warranties	-	-
Off-the-Balance Sheet Transactions		
Gross Nominal Amount of the Off-Balance Sheet Transactions	20,801,762	16,786,035
(Adjustment Amount Arising from Multiplying by the Credit Conversion Rate)	-	-
Total Risk Amount for Off-Balance Sheet Transactions	20,801,762	16,786,035
Capital and Total Risk		
Tier 1 Capital	1,431,822	1,129,776
Total Risk Amount	34,334,457	27,225,627
Leverage Ratio		
Leverage Ratio (%)	4.17	4.15

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

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 (ISEDES) is to internally determine the capital level which is adequate to compensate for the risks that the Bank is or is likely to be exposed to, and to enable the Bank to continue its operations with capital above this level.

When establishing and implementing the Risk Management System and ISEDES, the proportionality principle is considered, in accordance with BRSA legislation and good practice guidelines.

The general risk policy of the Bank is to perform its activities taking manageable, controllable, and reasonable risks, which maintain the balance between income and expenses. The Bank manages its risks in such a way that they stay above the minimum and below the maximum levels stated in the regulations published by the BRSA, and below the risk appetite confirmed by the Board of Directors.

The 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.

The footnotes and related explanations prepared in accordance with the Communiqué on “Public Disclosures related with Banks’ Risk Management Regulations” published in Official Gazette No. 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. The following tables, which should be given in quarterly periods in accordance with the related communiqué, have not been presented as of 30 September 2018 as the standard approach is used in the calculation of Bank’s capital adequacy.

- The Change Table of Risk Weighted Assets (RWA) under the Internal Grading Based (IGB) approach
- RWA changes for Counterparty Credit Risk under the Internal Capital Method
- The market risk RWA change table, according to the internal model approach

Overview of Risk Weighted Amounts

	Risk Weighted Amounts		Minimum Capital
	Current Period	Prior Period	Current Period
Credit Risk (excluding counterparty credit risk)	7,653,569	7,278,486	612,285
Standardised approach	7,653,569	7,278,486	612,285
Internal rating-based approach	-	-	-
Counterparty credit risk	8	6	1
Standardised approach for counterparty credit risk	8	6	1
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	18,600	10,088	1,488
Standardised approach	18,600	10,088	1,488
Internal model approaches	-	-	-
Operational risk	697,363	536,513	55,789
Basic Indicator approach	697,363	536,513	55,789
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity(subject to a 250% risk weight)	-	-	-
Floor adjustments	-	-	-
Total	8,369,540	7,825,093	669,563

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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
Net Interest Income	-	13,640	338,676	-	352,316
Net Fees and Commissions Income and Other Operating Income	116,601	39,447	-	-	156,048
Dividend Income	-	-	-	-	-
Trading Profit/Loss	-	-	10,907	-	10,907
Other Operating Receivables	-	-	-	2,960	2,960
Impairment Provision for Loans and Other Receivables	-	16,889	-	-	16,889
Other Operating Expenses ⁽¹⁾	-	-	-	(91,760)	(91,760)
Profit Before Taxes	116,601	36,198	349,583	(88,800)	413,582
Tax Provision	-	-	-	(89,806)	(89,806)
Net profit for the period	116,601	36,198	349,583	(178,606)	323,776

Prior Period	Custody, Clearing and Operation	Loans and MM	Treasury Transactions	Other	Total
Net Interest Income	-	12,929	216,687	-	229,616
Net Fees and Commissions Income and Other Operating Income	80,754	27,444	-	-	108,198
Dividend Income	-	-	30	-	30
Trading Profit/Loss	-	-	456	-	456
Other Operating Receivables	-	-	-	319	319
Impairment Provision for Loans and Other Receivables	-	13,034	-	-	13,034
Other Operating Expenses	-	-	-	71,333	71,333
Profit Before Taxes	80,754	27,339	217,173	(71,014)	254,252
Tax Provision	-	-	-	(53,001)	(53,001)
Net profit for the period	80,754	27,339	217,173	(124,015)	201,251

⁽¹⁾ Personnel expenses are included in the other operating expenses.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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
CBRT	4,243	-	443	-
Cash/Foreign Currency	28	-	37	-
Other	-	-	-	-
Total	4,271	-	480	-

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	4,243	-	443	-
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
Total	4,243	-	443	-

1.c.) Information on required reserves:

In accordance with the Official Statement numbered 2013/15 about Required Reserves, liabilities that are subject to required reserves have been changed. Required reserves are not kept in the Central Bank of Turkey as the liabilities stated in the newly announced Official Statement are lacked in the Bank.

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

2.a) Information on government debt securities: None (31 December 2017: None).

2.b) Information on marketable securities representing the Bank's share: None (31 December 2017: None).

2.c) Information on other financial assets: None (31 December 2017: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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	7,596,208	4,413,425	5,717,172	4,376,869
Foreign	-	139,653	-	69,443
Branches and overseas head office	-	-	-	-
Total	7,596,208	4,553,078	5,717,172	4,446,312

3.b) 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	20,052	20,833
Total	20,052	20,833

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

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

4.a) Information on equity instruments:

Name	Current Period		
	Acquired On	Amount	Ratio (%)
S.W.I.F.T.SCRL	24 April 2009	339	0.02
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	3 January 2011	637	4.12
SASE - Sarajevo Menkul Kıymetler Borsası	18 May 2011	322	5.00
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29 July 2011	210	10.50
Borsa İstanbul A.Ş.	31 May 2013	324	0.15
Türkiye Ürün İhtisas Borsası A.Ş. (Tübaş)	25 July 2018	1,250	5.00
Total		3,082	

The details of available for sale assets are given below:

Name	Prior Period		
	Acquired On	Amount	Ratio (%)
Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş.	3 January 2011	637	4.12
S.W.I.F.T.SCRL	24 April 2009	339	0.55
Borsa İstanbul A.Ş. (VOBAŞ Transfer Shares)	31 May 2013	324	0.15
SASE - Sarajevo Menkul Kıymetler Borsası	18 May 2011	322	5.00
Sermaye Piyasası Lisanslama Sicil ve Eğitim Kuruluşu A.Ş.	29 July 2011	210	10.50
Total		1,832	

Current Period			
Debt Securities			-
Quoted on a stock exchange			-
Not quoted on a stock exchange			-
Share certificates			3,082
Quoted on a stock exchange			-
Not quoted on a stock exchange ⁽¹⁾			3,082
Impairment provision(-)			-
Total			3,082

Prior Period			
Debt Securities			-
Quoted on a stock exchange			-
Not quoted on a stock exchange			-
Share certificates			1,832
Quoted on a stock exchange			-
Not quoted on a stock exchange ⁽¹⁾			1,832
Impairment provision(-)			-
Total			1,832

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

5. 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	112,913	1,621,332	144,797	2,312,973
<i>Corporate shareholders</i>	112,913	1,621,332	144,797	2,312,973
<i>Real person shareholders</i>	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	-	-	-	-
Total	112,913	1,621,332	144,797	2,312,973

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

Current Period	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans (Total)	Revised contract terms	Loans (Total)	Revised contract terms
		Restructure for extending the payment plan	Restructure for extending the payment plan	Restructure for extending the payment plan
Cash Loans				
Non-specialized loans	114,210	-	-	-
Working capital loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	114,210	-	-	-
Foreign loans	-	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Precious metal credit	-	-	-	-
Other	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	114,210	-	-	-

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms	Loans and Other Receivables (Total)	Loans and other receivables with revised contract terms
		Restructured or Rescheduled		Restructured or Rescheduled
Cash Loans				
Non-specialized loans	198,856	-	-	-
Working capital loans	-	-	-	-
Export loans	-	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	198,856	-	-	-
Foreign loans	-	-	-	-
Consumer loans	-	-	-	-
Credit cards	-	-	-	-
Precious metal credit	-	-	-	-
Other	-	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	198,856	-	-	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

5. Information on loans (Continued):

c) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards: None (31 December 2017: None).

d) Information on commercial loans with instalments and corporate credit cards: None (31 December 2017: None).

e) Loans according to borrowers:

	Current Period	Prior Period
Private	114,210	198,856
Public	-	-
Total	114,210	198,856

f) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	114,210	198,856
Foreign loans	-	-
Total	114,210	198,856

g) Loans granted to subsidiaries and associates: None (31 December 2017: None).

h) Information on non-performing loans (Net):

	Current Period
Uncollectable loans and receivables	1,574
Loans and receivables with limited collectability	-
Loans and receivables with doubtful collectability	-
Total	1,574

	Prior Period
Provisions for uncollectable loans and receivables	1,574
Provisions for loans and receivables with limited collectability	-
Provisions for loans and receivables with doubtful collectability	-
Total	1,574

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

5. Information on loans (Continued):

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 2017: None).

i.2) Information on movement of non-performing loans:

	Group III	Group IV	Group V
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current period end balance	-	-	1,574
Additions during the period (+)	-	-	-
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections during the period (-)	-	-	-
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Period end balance	-	-	1,574
Provision (-)	-	-	1,574
Net Balances on Balance Sheet	-	-	-

	Group III	Group IV	Group V
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior period end balance	-	-	1,574
Additions during the period (+)	-	-	-
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections during the period (-)	-	-	-
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Period end balance	-	-	1,574
Specific provision (-)	-	-	1,574
Net Balances on Balance Sheet	-	-	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

5. 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 2017: None).

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

	Group III	Group IV	Group V
	Loans and Receivables With Doubtful Collectability	Loans and Receivables With Doubtful Collectability	Uncollectable Loans and Receivables
Current Period (Net)	-	-	-
Loans to real persons and legal entities (Gross)	-	-	1,574
Provision amount (-)	-	-	1,574
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans to real persons and legal entities (Gross)	-	-	1,574
Provision amount (-)	-	-	1,574
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Provision amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

	Group III	Group IV	Group V
	Loans and Receivables With Doubtful Collectability	Loans and Receivables With Doubtful Collectability	Uncollectable Loans and Receivables
Prior Period (Net)	-	-	-
Loans to real persons and legal entities (Gross)	-	-	1,574
Specific provision amount (-)	-	-	1,574
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans to real persons and legal entities (Gross)	-	-	1,574
Specific provision amount (-)	-	-	1,574
Loans to Real Persons and Legal Entities (Net)	-	-	-
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

5. Information on loans (Continued):

j) Expected loss provision:

	Current Period	
	Standard Loans	Loans Under Close Monitoring
12 Month expected credit losses	157	-
Significant increase in credit risk	-	-
Total	157	-

	Prior Period
General provisions	
Provisions for group I. loans and receivables	2,963
Additional provision for loans with extended payment period	-
Provisions for group II. loans and receivables	-
Additional provision for loans with extended payment period	-
Provisions for non-cash loans	45,176
Other	-
Total	48,139

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”.

6. Information on financial assets measured at amortised cost:

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

	Current Period
Government bonds	58,437
Treasury bills	-
Other public sector debt instruments	-
Total	58,437

6.a) ii. Information on held-to-maturity investments:

	Prior Period
Government bonds	36,947
Treasury bills	-
Other public sector debt instruments	-
Total	36,947

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

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

6.a) ii. Information on held-to-maturity public sector debt instruments:

	Current Period
Debt securities	58,437
<i>Quoted on a stock exchange</i>	58,437
<i>Not quoted on a stock exchange</i>	-
Impairment provision (-)	-
Total	58,437
	Prior Period
Debt securities	36,947
<i>Quoted on a stock exchange</i>	36,947
<i>Not quoted on a stock exchange</i>	-
Impairment provision (-)	-
Total	36,947

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

	Current Period
Beginning balance	36,947
Foreign currency differences on monetary assets	-
Purchases during year	56,504
Disposals through sales and redemptions	(36,656)
Impairment provision (-)	-
Effect of valuation	1,642
Closing Balance	58,437

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

⁽²⁾ Includes interest accruals change.

	Prior Period
Beginning balance	45,943
Foreign currency differences on monetary assets	-
Purchases during year	80,862
Disposals through sales and redemptions ⁽¹⁾	(91,343)
Impairment provision (-)	-
Effect of valuation ⁽²⁾	1,485
Closing Balance	36,947

⁽¹⁾ All of disposals through sales and redemptions amount is from redemptions, there is no disposals through sales in current period.

⁽²⁾ Includes interest accruals change.

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

	Current Period
Treasury loans	16,403
Sundry receivables	295
Government Domestic Debt Securities accrual	8
Total	16,706

6.c) Information on other financial assets: None. (31 December 2017: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

7. Information on investments in associates (Net):

- 7.a) Information on consolidated associates according to Communiqué on Preparing Banks' Consolidated Financial Statements and related Turkish Accounting Standard: None (31 December 2017: None).
- 7.b) Information on the unconsolidated associates: None (31 December 2017: None).
- 7.c) Explanations of consolidated associates: None (31 December 2017: None).
- 7.d) Information on sector information on consolidated associates: None (31 December 2017: None).
- 7.e) Consolidated associates which are quoted on the stock exchange: None (31 December 2017: None).

8. Information on subsidiaries (Net):

8.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

The Bank's share in Merkezi Kayıt Kuruluşu A.Ş. ("MKK") is 65% and the Bank's voting right is 28.57% (2/7) according to its Articles of Association. Although the Bank possesses more than 20% of the voting rights of MKK, the Bank does not have significant influence over the company. Therefore, the associate is not consolidated. This subsidiary is carried at cost amounting to TL 4,825 thousand in the financial statements.

Total Assets ⁽¹⁾	Shareholder's Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profits / Losses	Fair Value
165,428	136,226	29,807	13,039	1,225	27,826	28,039	-

(1) Reviewed financial statements, prepared as of 30 September 2018, in accordance with the Turkish Accounting Standards have not been prepared yet.

8.b) Information on the consolidated subsidiaries:

- i. Information on the consolidated subsidiaries: None (31 December 2017: None).
- ii. Information on movement of consolidated subsidiaries: None (31 December 2017: None).
- iii. Sectorial information on the consolidated subsidiaries: None (31 December 2017: None).
- iv. Consolidated subsidiaries quoted on the stock exchange: None (31 December 2017: None).

9. Information on entities under common control (joint ventures): None (31 December 2017: None).

10. Information on finance lease receivables (Net): None (31 December 2017: None).

11. Information on derivative financial assets for hedging purposes: None (31 December 2017: None).

12. Information on investment property:

As of 30 September 2018, the Bank's investment property amounting to TL 9,264 (31 December 2017: TL 9,495).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

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

None (31 December 2017: None).

14. Explanations on deferred tax asset:

Deferred tax asset / (liabilities):

	Current Period	
	Accumulated temporary differences	Deferred tax asset/(liability)
TFRS 9 –Expected credit losses	54,734	12,041
Provisions for Capital Market Board’s Share Fee – Other provisions	11,523	2,535
Provision for Employee Termination	4,306	861
Unused Vacation Provision	6,586	1,449
Provision for Legal Claims and Premium	8,558	1,883
Difference between Internal Rate of Return and Market Value of Government Debt		
Securities Measured at Amortised Cost	2,674	588
Interest Accruals	-	-
Deferred Tax Asset	88,381	19,357
Difference between Book Value and Tax Value of Fixed Assets	52,078	10,551
Difference between Internal Rate of Return and Market Value of Government Debt		
Securities Measured at Amortised Cost	1,229	270
Deferred Tax Liability	53,307	10,821
Deferred Tax Asset / (Liability), Net		8,536
	Prior Period	
	Accumulated temporary differences	Deferred tax asset/(liability)
Provisions for Capital Market Board’s Share Fee	11,352	2,271
Provision for Legal Claims	9,926	1,985
Unused Vacation Provision	6,745	1,349
Provision for Employee Termination	5,900	1,180
Interest Accruals	56	11
Difference between Internal Rate of Return and Market Value of Government Debt		
Securities Held to Maturity	-	-
Deferred Tax Asset	33,979	6,796
Difference between Book Value and Tax Value of Fixed Assets	38,805	7,761
Difference between Internal Efficiency and Market Value of Government Debt		
Securities Held To Maturity	402	80
Deferred Tax Liability	39,207	7,841
Deferred Tax Asset / (Liability), Net		(1,045)

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations Related to the Assets (Continued)

14. Explanations on deferred tax asset (Continued):

Deferred tax asset movement table:

	Current Period	Prior Period
Prior period closing balance	(1,045)	1,179
TFRS 9 expected credit loss (opening impact)	8,326	-
Deferred Tax Profit / (Loss)	1,488	(1,923)
Deferred Tax Recognized under the Shareholder's Equity	(233)	(301)
Deferred Tax Asset	8,536	(1,045)

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
Commission, Receivables From Members	19,060	9,906
Prepaid Expenses	14,778	8,186
Custody Accruals	5,675	2,826
Cash Guarantees Given	64	84
Seller Advances	9	53
Other	550	1,090
Total	40,136	22,145

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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 2017: None).
- a) ii. Derivative financial liabilities at fair value through other comprehensive income: None (31 December 2017: None).

2. Information on funds borrowed:

- a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	34,737	-
From Domestic Banks and Institutions	652,900	2,581,163	771,313	2,372,955
From Foreign Banks, Institutions and Funds	-	-	-	-
Total	652,900	2,581,163	806,050	2,372,955

- b) Maturity analysis of Funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	652,900	2,581,163	806,050	2,372,955
Medium and long-term	-	-	-	-
Total	652,900	2,581,163	806,050	2,372,955

- c) 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 PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

3. Information on Funds:

a) Information on borrowers' funds: None (31 December 2017: None).

b) Information on other funds:

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

	Current Period	
	TL	FC
Cash collaterals	5,038,561	1,682,564
Members' receivables	153,052	271,960
Capital market board share	-	-
Shareholders dividend receivables	-	-
Expense accruals	1,441	-
Other ⁽¹⁾	424,144	-
	5,617,198	1,954,524

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

Miscellaneous payables	Prior Period	
	TL	FC
Cash collaterals	3,787,374	1,849,178
Members' receivables	116,990	215,562
Capital market board share	-	-
Shareholders dividend receivables	-	-
Expense accruals	1,514	-
Other	60,316	-
	3,966,194	2,064,740

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

4. Explanations on financial lease obligations (net):

- a) The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank: None (31 December 2017: None).
- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None (31 December 2017: None).
- c) Explanation on finance lease payables: None (31 December 2017: None).
- d) Explanations regarding operational leases: None (31 December 2017: None).
- e) Explanations on the lesser and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None (31 December 2017: None).

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 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002. The provision for employment termination benefits of the Bank is calculated over the 5,434.32 TL (31 December 2017: TL 4,732.18) (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 2018, 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 11% and interest rate 20% and a discount rate of 3.74% (31 December 2017: 7% inflation rate, 3.74% discount rate). The estimated rate of severance pay amount which is not paid and to be held in the bank as a result of optional leavings are also considered.

	Current Period	Prior Period
Total liabilities of employee terminations (Undiscounted)	9,971	9,533
Provision for employee termination (Presented in financial statements)	4,305	5,900
The ratio of provision to undiscounted total liabilities (%)	43.18	61.89

As of 30 September 2018, the Bank provided a reserve of TL 6,586 (31 December 2017: TL 6,745) for the unused vacation which classified under Reserve for Employee Benefits in the financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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	5,900	7,384
Paid during the year	(1,338)	(1,407)
Actuarial (gain)/loss	(1,163)	(1,506)
Charge for the year	907	1,429
Service charge	420	601
Interest charge	487	828
Total	4,306	5,900

a.2) The reserve for employee benefits:

	Current Period	Prior Period
Unused vacation provision	6,586	6,745
Total	6,586	6,745

b) Information on other provisions:

b.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (31 December 2017: 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 ⁽¹⁾	37,870	-
Provisions for CMB’s Share Fee ⁽²⁾	11,523	11,352
Provision for Legal Claims	8,558	9,926
Total	57,951	21,278

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

⁽²⁾ According to the related article of the Bank’s Capital Markets Law, the board share to be paid to the Capital Markets Board in 2018 consists of an expense accrual (CMB Board Share).

	Current Period	Prior Period
Provisions for cases beginning balance	9,926	1,900
Additions	4,953	8,086
Payments	-	-
Cancellations	6,321	60
Provisions for cases year end	8,558	9,926

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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 2017: None).

c.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (31 December 2017: None).

c.2) Liabilities resulting from all kinds of pension funds, foundations, which provide post-retirement benefits for the employees: None (31 December 2017: None).

6. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate tax:

	Current Period	Prior Period
Provision for corporate taxes	92,075	70,354
Advance taxes (-)	51,308	50,684
Corporate Income Tax Payable	40,767	19,670

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	40,767	19,670
Banking insurance transaction tax (BITT)	562	1,856
Taxation on securities	2,598	626
Value added tax payable	61	149
Other	1,118	1,692
Total	45,106	23,993

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

6. Explanations on taxes payable (Continued)

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employer	526	512
Social security premiums-employee	493	508
Unemployment insurance-employer	72	72
Unemployment insurance-employee	35	36
Total	1,126	1,128

b) Explanations on deferred tax liabilities:

Deferred tax assets and liabilities are offset and deferred tax liabilities are recognized in the asset, and the explanations for deferred tax assets / liabilities for the current and prior period are presented in footnote No. 14.

7. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock ⁽¹⁾	600,000	600,000
Preferred stock	-	-

⁽¹⁾ As of 30 September 2018, the Bank has totally 6,000,000,000 issued share certificates. 2,000 of these shares are preferred shares.

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the Bank if so, and amount of registered share capital ceiling:** Registered share capital system is not applied as of the balance sheet date (31 December 2017: Not applied).
- c) Other information on the share of capital increased through capital contributions performed during the current period and capital funds:** None (31 December 2017: None).
- d) Information on share capital increases from capital reserves during the current period:** None (31 December 2017: None).
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:** None (31 December 2017: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued)

7. Information on Shareholders' Equity (Continued):

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Due to the Bank's liquid position and good relations with other banks, the Bank has the means to provide low cost financing and place it in domestic market which leads to profits. In parallel with this, if similar circumstances will occur in the future, it can be predicted that profitability will increase and this will improve the equity of the Bank with retained profits.

g) Information on preferred shares:

As of 30 September 2018, the Bank has preferred shares with a nominal value of TL 200 (full TL). According to the article six of the Articles of Association, the shares which represent group shares of the newly issued group A and B shares belong only to BİAŞ and cannot be transferred. Besides, according to the Bank's Articles of Association - article 9/2, four members of the board of directors are chosen by the General Assembly, among the candidates presented by group shareholders.

h) Information on marketable securities valuation reserve:

None (31 December 2017: None).

ı) Information on past year profit distribution:

Since the Ordinary General Assembly meeting has not been held, there is no decision regarding the dividend distribution.

i) Information on minority shares:

None (31 December 2017: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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 2017: None).
- b) Possible losses and commitments related to off-balance sheet items including items listed below:
- b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits: There are no non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits as of the balance sheet date.

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	-	-
With Original Maturity of One Year or Less	-	-
With Original Maturity of More than One Year	-	-
Other non-cash loans ⁽¹⁾	19,773,664	17,639,591
Total Non-Cash Loans	19,773,664	17,639,591

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

b.2) Guarantees, temporary guarantees, collateral and other warranties: None (31 December 2017: None).

b.3) Explanation of irrevocable commitments:

	Current Period		Prior Period	
	TL	FC	TL	FC
Capital commitment for Derivatives Exchange (Bank is central counterparty services (CCP))	57,980	-	181,543	-
Capital commitment for Stock Exchange (Bank is central counterparty services (CCP))	12,980	-	41,646	-
Capital commitment for Central Counterparty Service (Bank is central counterparty services (CCP))	11,250	-	62,470	-
Capital commitment for associates and subsidiaries	3,750	-	-	-
Capital commitment for Loan Share Market (Bank is central counterparty services (CCP))	2,596	-	8,928	-
Capital commitment for Money Market (Bank is central counterparty services (CCP))	1,731	-	3,024	-
Total	90,287	-	297,611	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities (Continued):

c) Information related to Non-Cash Loans:

Information related to Non-Cash Loans: As the Bank functions as a bridge between seller and buyer in money market operations in which bank has a market maker role and guarantees that the debts will be paid, bank follows the risks which occurred in this market in non-cash loans accounts.

The limits are defined for the members and it is required to have continued guarantees. A limit is set for members for Takasbank Money Market, Loan Share Market, Share Market, Futures and Options Market (VIOP), BİAŞ Money Market and Debt Securities Market there is a continuing guarantee for these limits. These mentioned guarantees are hold in bank as defined credit limits' multiples according to their liquidity.

d) Information related to investment securities held in custody: the investment securities held in custody, TL 3,503,164,266 (31 December 2017: TL 3,072,124,601) of the TL 3,502,932,035 balance of investment securities held in custody are investment funds as the other TL 232,231 balance consists of share certificate held in custody.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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	12,921	-	12,675	-
Medium/long-term loans	-	-	-	-
Interest on loans under follow-up	-	-	-	-
Premiums received from resource utilisation support fund	-	-	-	-
Total	12,921	-	12,675	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks	295,065	141,092	173,209	95,380
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Total	295,065	141,092	173,209	95,380

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on interest on loans (Continued)

c) Interest received from marketable securities portfolio:

	Current Period	
	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	5,645	-
Total	5,645	-

	Prior Period	
	TL	FC
From trading financial assets	-	-
From financial assets at fair value through profit or loss	-	-
From available-for-sale financial assets	-	-
From held-to-maturity investments	7,404	-
Total	7,404	-

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

None (30 September 2017: None).

e) Other information:

None (30 September 2017: None).

2. Information on interest expense

a) Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	103,126	-	59,306	-
The Central Bank of Turkey	378	-	5,999	-
Domestic banks	102,748	-	53,307	-
Foreign banks	-	-	-	-
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	103,126	-	59,306	-

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

b) Information on interest expense to associates and subsidiaries:

None (30 September 2017: None).

c) Information on interest expense to marketable securities issued:

None (30 September 2017: None).

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

None (30 September 2017: None).

3. Information on net trading income:

	Current Period	Prior Period
Income	21,091	1,513
Gains on capital market operations	-	-
Gains on derivative financial instruments		
Foreign exchange gains	21,091	1,513
Losses (-)	(10,184)	(1,057)
Losses on capital market operations	-	-
Losses on derivative financial instruments		
Foreign exchange losses	(10,184)	(1,057)
Total (Net)	10,907	456

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Information on other operating income:

	Current Period	Prior Period
Provisions no longer required	2,690	60
Collection of prior year expenses	243	242
Income from sales of the assets	23	14
Other income	4	3
Total	2,960	319

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 20% of the balances under “Other” section are included if the accounted under “Other” section excludes 10% of the total balance of the Income Statement.

Information about the factors that affect the Bank’s profit materially and including new developments and the amount and quality of extraordinary accounts: None (30 September 2017: None).

5. Explanations on Banks’ expected credit loss:

Credit loss provision for the nine-month period ended on 30 September 2018 is presented below:

	Current Period
Expected Credit Loss	16,889
12 month expected credit loss (Stage 1)	16,889
Significant increase in credit risk (Stage 2)	-
Non-performing loans (Stage 3)	-
Marketable Securities Impairment Expense	-
Financial Assets Measured at Fair Value through Profit/Loss	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-
Associates	-
Subsidiaries	-
Joint ventures	-
Other	-
Total	16,889

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Provision for impairment of loans and other receivables:

	Prior Period
Specific provisions for loans and other receivables	-
<i>Group III loans and receivables</i>	-
<i>Group IV loans and receivables</i>	-
<i>Group V loans and receivables</i>	-
General provision expenses	13,034
Provision expenses for possible losses	-
Marketable securities impairment losses	-
<i>Financial assets at fair value through profit and loss</i>	-
<i>Investment securities available for sale</i>	-
Impairment provision expense	-
<i>Associates</i>	-
<i>Subsidiaries</i>	-
<i>Entities under common control (Joint Ventures)</i>	-
<i>Investments held to maturity</i>	-
Other	-
Total	13,034

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information on other operating expenses:

	Current Period
Personnel Expenses ⁽¹⁾	41,048
Litigation Provision Expenses	16,475
CMB Council Portion	11,522
Intangible Amortization Expenses	5,922
Tax, Duty and Charge Expenses	4,896
Tangible Amortization Expenses	2,599
Employee Benefits Provision Expense	907
Provisions for Termination Indemnities	15
Leasehold Improvements Amortization Expenses	(159)
Other Management Expenses	8,535
-Computer Using Expenses	5,695
-Communication Expenses	1,587
-Insurance Expenses	178
-Other Expenses	1,075
Total	91,760

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

	Prior Period
Personnel Expenses	32,416
CMB Council Portion	8,517
Litigation Provision Expenses	3,353
Tax, Duty and Charge Expenses	2,975
Intangible Amortization Expenses	1,700
Tangible Amortization Expenses	1,026
Employee Benefits Provision Expense	661
Provisions for Termination Indemnities	473
Leasehold Improvements Amortization Expenses	9
Other Management Expenses	20,203
-Insurance Expenses	4,690
-Communication Expenses	1,421
-Computer Using Expenses	122
-Other Expenses	13,970
Total	71,333

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. 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	(91,294)	(13,564)
Deferred tax charge	1,488	(2,164)
Total	(89,806)	(15,728)

b) Deferred tax on temporary differences:

	Current Period
TFRS 9 - Provisions for expected credit losses	(991)
Provision for employee termination	(319)
Deferred tax expense recognized under equity	(233)
Provision for legal claims and premium	(102)
Interest Accruals	(69)
Difference between internal rate of return and market value of government debt securities measured at amortised cost	48
Unused vacation provision	100
Provisions for capital market board's share fee	264
Difference between book value and tax value of fixed assets	2,790
Total	1,488
	Prior Period
Difference between book value and tax value of fixed assets	(2,546)
Provisions for Capital Market Board's Share Fee – Other provisions	(293)
Difference between internal rate of return and market value of government debt securities held to maturity	(89)
Provision for employee termination	(23)
Interest Accruals	8
Deferred tax expenses recognized in equity	18
Unused vacation provision	280
Provision for legal claims	328
Total	(2,317)

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

As of 30 September 2018, net profit after tax of the Bank is TL 323,776 (30 September 2017: TL 201,251).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. 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 2017: 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 2017: 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 2017: None).

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

	Current Period	Prior Period
Other fees and commissions		
Commissions on options exchange	37,866	20,790
Custody commissions	26,001	18,793
Service commissions	23,641	13,278
Customer account maintenance commissions	21,573	17,546
Other	7,669	6,735
Transfer commissions	5,572	4,216
Bank transfer transactions	11,826	10,426
Total	134,148	91,784

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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	-	-	144,797	2,666,698	100,108	-
Balance at end of the period	-	-	112,913	1,456,509	79,161	471,405
Interest and commission income	1,689	-	24,832	19,555	2,402,840	6,849,974

b) Prior Period:

Bank's Risk Group	Subsidiaries, associates and entities under common control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of the period ⁽¹⁾	-	-	98,945	2,783,755	70,038	-
Balance at end of the period ⁽¹⁾	-	-	144,797	2,666,698	100,108	-
Interest and commission income	1,695	-	24,129	13,972	2,196	-

⁽¹⁾ 31 December 2017 amounts are expressed.

c) Information on related party deposits balances: None (31 December 2017: None).

d) Information on forward and option agreements and other similar agreements made with related parties: None (31 December 2017: 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 2017: 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 2017: 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 2017: None).

d) Transactions accounted for under the equity method: None (31 December 2017: 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 2017: None).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related To Subsequent Events

None.

VII. Other Explanations

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on the Independent Auditor’s Review Report

The unconsolidated financial statements for the three month period ended 30 September 2018 were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Auditors’ Review Report dated 9 November 2018 is presented in the introduction of this report.

II. Other Footnotes and Explanations Prepared by Independent Auditor

None.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SEVEN ⁽¹⁾

EXPLANATIONS ON INTERIM ACTIVITY REPORT

Chairman of the Board of Director's Evaluation Regarding the Operating Period

Takasbank, developing its activities within the scope of grand transformation of the capital markets, continues to contribute for a more stable and sustainable structure of our markets.

The slowdown in growth trend, which started in the second quarter of the year in global economic activity and became evident in the third quarter, causes the growth rate of the global economy to create a value below the previous quarter. In this period, while the developed countries showed a more positive performance, the growth rate of the developing countries slowed down. The gradual normalization in monetary policy of developed countries continued in July - October period. The Federal Reserve (FED) increased the short-term interest rates to 2.00-2.25, which was the third interest rate increase of the year and maintained its balance sheet reduction program. The European Central Bank (ECB), while maintaining its monetary policy stance, has reduced the size of the monetary expansion program. With the expectations that the FED and the ECB will continue to tighten, an increase in developed country bond yields has been observed. The increase in the tendency of protectionism in the world trade leads to downward revisions in global growth expectations, while the decrease in trade volumes causes pressure on emerging countries and losses in stock exchanges. Monetary tightening tendency in developed countries, rising bond yields, trade protectionism, Brexit process, Italy's debt stock and Iran sanctions are the main reasons for the low global risk appetite.

Our country's economy has started to slow down in the third quarter of 2018 in parallel with the loss momentum in global economic activity. As global financial conditions tightened in the third quarter, rising oil prices caused inflation to rise in developed and developing countries. Increase of protectionism in trade, rising domestic bond interest rates led to volatility in global markets, leading to risk premiums in emerging economies and depreciation of currencies. The fluctuation in the foreign exchange markets of our country was weakened by the measures taken and the interest rate increase of 625 basis points made by the CBRT in September and the positive evaluation of the new economy program introduced to the public in the first days of October. While the depreciation of the Turkish Lira by 37% in this quarter was the main determinant of the inflation to 24.5% in the third quarter of the year, the deterioration in pricing behavior with foreign exchange rate transitivity caused the inflation outlook to deteriorate. With the effect of the financial and monetary measures taken after the volatility of the markets in August and September, it was observed that the return to normal market conditions with the gradual decline of TL interest rates started in October.

Our bank completed a successful 2018 nine months of financial period, our pre-tax profit being realized as TL 413,6 million, total assets as TL 12,5 billion and shareholder equity as TL 1,6 billion.

In order to provide faster, more efficient and uninterrupted services, Takasbank has continued its efforts to develop the technology infrastructure. BISTECH Faz2+ Project was launched successfully on July 2, 2018. With this transition, Borsa Istanbul Equity Market, Debt Securities Market, Precious Metals and Diamond Market, Derivatives Market are started to work together on the same platform. The studies on new technologies such as Takasbank's blockchain, which aims to have a strong operation and technological infrastructure by providing innovative solutions to the capital markets and our country's financial sector, are still in progress.

Interbank check clearing operations conducted by the Interbank Clearing Room Center, with the decision of the Central Bank of the Republic of Turkey was transferred to the Takasbank and the activities in this context started to be carried out by Takasbank since July 2, 2018.

In this period, Takasbank completed many important projects. The Gold Transfer System, its software and system development made by Takasbank, enables bank's customers to transfer of the golds between the accounts opened in different banks. This system started to serve the member banks as of July 16, 2018. As of August 31, 2018, Takasbank started to offer cash clearing and collateral management services in the Organized Wholesale Natural Gas Sales Market operated by Turkish Energy Exchange

With the belief that our employees having a big role in the high performance of our bank will continue their devoted efforts in the upcoming periods, I would like to extend my thanks to everyone having a labour in this success.

Best regards,

Murat ÇETİNKAYA
Chairman of the Board of Directors

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

CEO's Evaluation regarding the Operating Period

Throughout in the nine months of 2018, our bank continued its efficient and effective progress for Turkish capital markets, shareholders and customers and showed a successful performance.

Evaluating the 2018 financial results of our bank for the nine month period ended, it is observed that a pre-tax profit of TL 413,6 million is obtained. The aforementioned tax result points out a profit being 36% higher than the projected budgeted amount. Also, our total assets are realized as TL 12,5 billion.

Throughout the period, a total TL 3,505 billion transactions executed in BİAŞ Debt Securities Market Outright Purchases and Sales Market and Repo-Reverse Repo Market. Of these transactions, TL 26,7 billion are corporate bond transactions. As a result of multilateral netting process in the Takasbank system, Takasbank executed cash settlement with a value of TL 754,5 billion and securities settlement with a market value of TL 1,754.5 billion.

In the third quarter period, BİAŞ realized a stock exchange transaction volume of TL 1,529 billion, a cash transaction of TL 81 billion and a securities exchange transaction of TL 263 billion.

Total number of members in the Futures and Options Market (VIOP) was 70 as of 30 September 2018. In the same period, the number of open positions in VIOP reached 2,007,384 with a market value of TL 10,7 billion.

Throughout the period, Takasbank cash credit volume reached a daily average volume of TL 112 million with the active utilization of 15 brokerage houses and settlement credit reached to TL 3 million with the active utilization of 7 brokerage houses.

At Takasbank Money Market (TMM), trading volume once in a nine month period reached TL 651,1 billion and transaction number was 182,331. Daily average trading volume was realized as TL 3,5 billion and average transaction size was TL 3,6 billion.

Takasbank Securities Lending Market at which CCP service is provided, a total of 2,346 million transactions are executed once in a nine month period. In this market, 306 different type of securities were subject to the transactions and the trading volume was realized as TL 10,2 billion.

As of 30 September 2018, 17 private pension companies held 408 private pension funds with Takasbank having a total asset value of 90.5 billion Turkish liras. At the same period, 487 mutual funds had a total asset value of TL 49,8 billion and 12 mutual trusts had a total asset value of TL 472,2 million.

With the belief that our employees having a big role in the high performance of our bank will continue their devoted efforts in the upcoming periods, I would like to extend my thanks to everyone having a labour in this success.

Best regards,

Mahmut KAYACIK
CEO and Board Member

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Bank's Historical Development

The Bank was originally set up as a department of the Borsa Istanbul Inc. ("BİAŞ") and, was transformed into a non-deposit taking bank on 8 August 1995 with the name İMKB Takas ve Saklama Bankası A.Ş. (ISE Settlement and Custody Bank Inc.), as published in the Official Gazette dated 23 March 1995 with the decision of the Council of Ministers No. 95/6551. According to the resolution in 18th Ordinary Meeting of the Bank General Assembly dated 29 March 2013, title of the Bank has been changed into Istanbul Takas ve Saklama Bankası A.Ş. (Istanbul Settlement and Custody Bank Inc.)

Shareholding Structure

Takasbank has a paid-in capital of TL 600 million. The bank has 41 shareholders with Borsa Istanbul having 64.14%, 11 banks having 17.04 % and 29 brokerage houses having 19.12% of shares.

Shareholder Name	Paid-in Capital (Thousand TL)	Capital ratio (%)
Borsa Istanbul A.Ş.	384,869	64.14
Türkiye Garanti Bankası A.Ş.	29,685	4.95
Tacirler Menkul Değerler A.Ş.	29,016	4.84
Phillip Capital Menkul Değerler A.Ş.	27,923	4.65
Yapı Kredi Yatırım Menkul Değerler A.Ş.	26,280	4.38
Türkiye İş Bankası A.Ş.	26,235	4.37
Türkiye Vakıflar Bankası T.A.O.	26,235	4.37
Other (Brokerage)	29,656	4.95
Other (Bank)	20,101	3.35
Total	600,000	100

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

Business Name	Share Amount (Thousand TL)	Ratio (%)
Borsa Istanbul A.Ş.	384,869	64.14

Share transfers of the shareholders within the reporting period:

Old Shareholder	New Shareholder	Cost of Share (thousand TL)	Ratio (%)	Description
Delta Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	1,827	0.3118	Transfer
Saxo Capital Markets Menkul Değerler A.Ş.	Borsa İstanbul A.Ş.	9	0.0015	Transfer

Branch and Personnel Information

The Bank has a total of 293 employees and does not have any branches. The Bank is operating as Head Office.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

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
Murat Çetinkaya	President
Metin Kıratlı (*)	Member (Vice President and Member of Corporate Management Committee)
Mahmut Kayacık	General Manager and Board Member (Member of Credit Committee)
Seyit Ahmet Işkın	Member (President of Audit Committee- Chairman of Central Counterparty Risk Consultation Committee)
Kenan Ayvacı(*)	Member (Member of Audit Committee- Member of Central Counterparty Risk Consultation Committee)
Gülsevin Çipli	Member (Member of Credit Committee)
Ekrem Kerem Korur (*)	Member (Credit Committee Associate Member)
Münevver Çetin	Member (Credit Committee Associate Member)
Gülseren Topuz	Member (Credit Committee Associate Member –President of Corporate Governance Committee)
CEO and Executive Vice Presidents	
Name Surname	Area of Responsibility
Mahmut Kayacık	General Manager and Board Member (Member of Credit Committee)
Gökhan Elibol	Markets and Operations
Ekrem Arıkan	Information Technology

- 1) On June 23, 2018, Deputy Chairman of the Board of Directors Adnan Ertürk passed away. The General Meeting in September 12, 2018, Ersin Özoguz, Güzide Meltem Kökden and Mustafa İleri, resigned from the membership of the board and Metin Kıratlı, Gülsevin Çipli, Kenan Ayvacı and Ekrem Kerem Korur was appointed as Members of the Board of Directors.

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

Within the scope of the transactions executed with its risk group, the transactions executed with the Bank’s major shareholder Borsa Istanbul as well as the transactions executed by the member of the Board of Directors with the institutions of which they hold CEO or Board member posts are taken into account. “Miscellaneous Payables” item is not in the Debt securities guarantee fund since the third quarter of 2018. BİAŞ withdrawn the amount of Share Certificate Guarantee Fund which held by Takasbank.

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 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	-	-	144,797	2,666,698	100,108	-
Closing Balance at the end of the period	-	-	112,913	1,456,509	79,161	471,405
Received Interest and Commission Income	1,689	-	24,832	19,555	2,402,840	6,849,974

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Evaluation on the Bank's Financial Indicators and Performance

ASSETS (Thousand TL)	30 September 2018
Financial assets (net)	12,218,422
<i>Cash and balances with central bank</i>	4,271
<i>Banks</i>	12,149,286
<i>Money markets</i>	20,052
<i>Financial assets at fair value through other comprehensive income</i>	3,082
<i>Loans measured at amortised cost</i>	58,437
<i>Expected loss reserves (-)</i>	16,706
Loans (Net)	114,210
<i>Loans measured at amortised cost</i>	114,367
<i>Allowance for expected credit losses (-)</i>	157
Investments in associates, subsidiaries and joint ventures	4,825
Tangible assets (net)	12,672
Intangible assets and goodwill (net)	102,384
Investment properties (net)	9,264
Current tax assets	-
Deferred tax assets	8,536
Other assets	40,136
Total Assets	12,510,449
LIABILITIES (Thousand TL)	30 September 2018
Loans received	3,234,063
Funds	7,571,722
Provisions	68,843
Current tax liabilities	46,232
Shareholders' equity	1,589,589
Total Liabilities	12,510,449
Statement of Profit or Loss(Thousand TL)	30 September 2018
Interest Income	455,442
Interest Expense (-)	103,126
Net Interest Income/Expense	352,316
Net Fees and Commissions Income/Expenses	156,048
Personnel Expenses (-)	41,048
Dividend Income	-
Trading Profit/Loss (net)	10,907
Other Operating Income	2,960
Net Operating Profit/Loss	481,183
Expected Loss Provisions (-)	16,889
Other Operating Expenses (-)	50,712
Net Operating Income/Loss	413,582
Provision for Taxes on Income from Continuing Operations	89,806
Net profit/loss	323,776

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Financial Ratios	30 September 2018
Operating Income / Total Assets	3.31%
Shareholders Equity / Total Assets	12.71%
Operating Income / Shareholders Equity	26.02%
Net interest revenue / Operating revenue	73.22%
Assets (Thousand TL)	31 December 2017
Cash And Balances With Central Bank	480
Banks	10,163,484
Money Markets	20,833
Available-For-Sale Financial Assets (Net)	1,832
Loans	198,856
Held-To-Maturity Securities (Net)	36,947
Subsidiaries	4,825
Intangible Assets (Net)	7,437
Investment Property (Net)	98,095
Tax Assets	9,495
Other Assets	22,145
Total Assets	10,564,429
Liabilities (Thousand TL)	31 December 2017
Funds Borrowed	3,144,268
Money Market	34,737
Miscellaneous Payables	5,970,618
Other Liabilities	60,316
Provisions	82,062
Tax Liability	26,166
Shareholders' Equity	1,246,262
Total Liabilities	10,564,429
Statement of Profit or Loss (Thousand TL)	30 September 2017
Interest Income	288,922
Interest Expense (-)	59,306
Net Interest Income/Expense	229,616
Net Fees And Commissions Income/Expense	108,198
Dividend Income	30
Trading Income/(Loss) (Net)	456
Other Operating Income	319
Total Operating Income/Expense	338,619
Provision For Loan Losses And Other Receivables	13,034
Other Operating Expenses	71,333
Income/(Loss) From Continuing Operations Before Tax	254,252
Tax Provision	53,001
Net Income/(Loss)	201,251
Financial Ratios	30 September 2017
Operating Income / Total Assets	2.56%
Shareholders Equity / Total Assets	11.80%
Operating Income / Shareholders Equity	21.73%
Net interest revenue / Operating revenue	67.81%

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS
ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOW
(FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018)**

SECTION SEVEN (Continued)

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

Total asset size being TL 10,564,429 thousand as of 2017 year-end reached to TL 12,510,449 thousand as of the end of September 2018. Banks item being the highest amount among the asset items increased TL 12,149,286 thousand and recorded and increase of 20%.

Funds item taking an important place among the liability items increased from TL 7,571,722 thousand as of the previous year-end to TL 6,030,934 thousand and recorded an increase of 25%. Funds borrowed increased to TL 3,234,063 thousand from TL 3,144,268 thousand and recorded and increase of 3%.

The Bank obtained a pre-tax profit of TL 413,582 thousand and a post-tax profit of TL 323,776 thousand as third quarter end of 2018.

Of TL 455,442 thousand interest revenue obtained as of the end of September 2018 TL 436,157 thousand was from banks, TL 5,645 thousand from securities, TL 12,921 thousand from loans, TL 719 thousand from others. Total interest expense regarding this period was realized as TL 103,126 thousand.

The Bank earned TL 173,595 thousand commission revenue as the result of the services provided and paid a commission of TL 17,547 thousand for TL and FX money transfer transactions. Net fee and commission income was realized as TL 156,048 thousand as of the end of September 2018.