

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

**FINANCIAL STATEMENTS AS OF AND FOR
THE YEAR ENDED DECEMBER 31, 2022
TOGETHER WITH INDEPENDENT AUDITOR'S
REPORT**

**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITOR'S REPORT

To the Board of the Central Bank of the Republic of Turkey
Ankara

A) Audit of the Financial Statements

Opinion

We have audited the financial statements of the Central Bank of the Republic of Turkey ("the Bank", and "CBRT"), which comprise the balance sheet as at 31 December 2022, the statements of profit or loss, changes in equity and cash flows for the year then ended, and notes, to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the Law of the Central Bank of the Republic of Turkey and related legislation (Note I. A. (2)).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey. We have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Bank management is responsible for the preparation and fair presentation of the financial statements in accordance with the Law of the Central Bank of the Republic of Turkey and related legislation (Note I. A. (2)), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of Financial Statements

The responsibilities of independent auditors in an independent audit are as follows:

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Tolga Özdemir SMMM
Partner

February 27, 2023
İstanbul, Türkiye

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

BALANCE SHEETS (FINANCIAL POSITION) AS OF 31 DECEMBER 2022 AND 2021

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

	Note (Section II)	Audited December 31, 2022	Audited December 31, 2021
1. GOLD RESERVES	1	857,249,028	499,485,010
1.1 International Standards		857,249,028	499,485,010
2. FOREIGN CURRENCY BANKNOTES		179,560,204	51,758,697
3. FOREIGN CORRESPONDENTS	2	1,371,134,245	887,895,809
3.1 Foreign Currency Securities		120,149,710	106,493,636
3.2 Deposit		164,704,488	119,977,655
3.3 Other		1,086,280,047	661,424,518
4. RESERVE TRANCHE POSITION	10	2,816,499	2,049,054
5. SECURITIES PORTFOLIO	3	151,051,857	74,109,108
5.1 Government Domestic Debt Securities		150,709,204	73,535,177
5.2 Other		342,653	573,931
6. RECEIVABLES FROM MONETARY POLICY OPERATIONS	3	190,308,403	569,610,998
6.1 Open Market Operations		146,055,499	377,360,486
6.2 Interbank Money Market Operations		37,713,249	119,230,982
6.3 Other		6,539,655	73,019,530
7. DOMESTIC CORRESPONDENTS	4	3,802,186	599,767
8. LOANS	5	263,421,905	198,280,513
8.1 Domestic Loans		263,252,472	198,162,918
8.1.1 Discount Loans		234,250,033	195,842,969
8.1.2 Other Loans		29,002,439	2,319,949
8.2 Foreign Loans		169,433	117,595
9. EQUITY PARTICIPATIONS	6	5,889,960	4,366,320
10. TREASURY LIABILITIES DUE TO SDR ALLOCATION	10	138,268,530	100,592,854
11. FIXED ASSETS (NET)	7	1,148,976	925,593
12. LOANS UNDER LEGAL FOLLOW-UP (NET)	5	-	-
12.1 Loans Under Legal Follow-Up		29,711,063	20,514,868
12.2 Provision for Loans Under Legal Follow-Up (-)		(29,711,063)	(20,514,868)
13. VALUATION ACCOUNT	15	328,537,596	-
14. OTHER ASSETS	8	81,873,304	106,542,773
14.1 Gold Reserve in Non-International Standards	1	3,085,875	2,150,901
14.2 Coins		23,599	85,130
14.3 Income Accruals		859,175	144,248
14.4 Other		77,904,655	104,162,494
TOTAL ASSETS		3,575,062,693	2,496,216,496

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

BALANCE SHEETS (FINANCIAL POSITION) AS OF 31 DECEMBER 2022 AND 2021

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

	Note (Section II)	Audited December 31, 2022	Audited December 31, 2021
1. CURRENCY IN CIRCULATION	9	341,798,643	235,377,440
2. PAYABLES DUE TO MONETARY POLICY OPERATIONS	3	15,809,982	6,012,486
2.1 Open Market Operations		400,164	-
2.2 Interbank Money Market Operations		15,409,818	6,012,486
2.3 Liquidity Bills		-	-
2.4 Other		-	-
3. DEPOSITS	11	2,774,018,103	1,893,247,670
3.1 Public Sector		509,601,387	336,153,675
3.1.1 Treasury, General and Annexed Budget Administrations		509,525,735	336,099,280
3.1.1.1 Cash		454,929,560	302,437,150
3.1.1.2 Gold		54,596,175	33,662,130
3.1.2 Other		75,652	54,395
3.2 Banking Sector		2,257,283,606	1,553,201,590
3.2.1 Domestic Banks		881,579,556	638,975,015
3.2.1.1 Cash		726,203,484	602,077,818
3.2.1.2 Guarantees		137,667,784	30,969,609
3.2.1.2.1 Cash		137,667,784	28,136,056
3.2.1.2.2 Gold		-	2,833,553
3.2.1.3 Gold		17,708,288	5,927,588
3.2.2 Foreign Banks		432,625,775	225,735,442
3.2.3 Reserve Requirements		943,078,275	688,491,133
3.2.3.1 Cash		771,515,462	581,424,709
3.2.3.2 Gold		171,562,813	107,066,424
3.2.4 Other		-	-
3.3 Other Deposits		7,133,110	3,892,405
3.3.1 Foreign Exchange Deposits By Citizens Abroad		3,912,905	3,506,187
3.3.2 International Institutions		309,527	192,082
3.3.3 Funds		188,916	194,040
3.3.4 Other		2,721,762	96
4. FOREIGN CORRESPONDENTS	17	165,822,662	62,913,857
5. RESERVE TRANCHE POSITION	10	2,816,499	2,049,054
6. SDR ALLOCATION	10	138,268,530	100,592,854
7. TAX LIABILITY	14	22,310,675	17,139,731
7.1 Taxes Payable		22,095,994	16,989,486
7.2 Deferred Tax Liabilities		214,681	150,245
8. PROVISIONS	13	717,744	474,700
9. SHARE CAPITAL AND LEGAL RESERVES	12	7,799,460	4,684,659
9.1 Paid-in Share Capital		25	25
9.2 Adjustment to Paid-in Share Capital		46,209	46,209
9.3 Legal Reserves		7,753,226	4,638,425
10. VALUATION ACCOUNT	15	-	53,610,920
11. PROFIT FOR THE YEAR		72,029,068	57,483,159
12. OTHER LIABILITIES	16	33,671,327	62,629,966
12.1 Non-International Standard Treasury Gold		-	-
12.2 Letter of Credits		87,997	191,921
12.3 Expense Accruals		660,435	501,905
12.4 Other		32,922,895	61,936,140
TOTAL LIABILITIES		3,575,062,693	2,496,216,496

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF PROFIT OR LOSS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

		Audited	Audited
	Note	January 1 -	January 1 -
	(Section III)	December 31,	December 31,
		2022	2021
I-	INTEREST INCOME	166,619,107	131,631,095
II-	INTEREST EXPENSE	(26,892,216)	(25,946,169)
III-	NET INTEREST INCOME / (EXPENSE)	139,726,891	105,684,926
IV-	NET COMMISSION AND SERVICE INCOME	18,453,429	1,659,477
	- Commission and Service Income	18,615,352	1,758,296
	- Commission and Service Expenses	(161,923)	(98,819)
V-	NON-INTEREST INCOME	61,810,163	35,151,292
VI-	NON-INTEREST EXPENSES	(126,688,790)	(68,302,677)
VII-	PROFIT BEFORE TAX {III+IV+V-VI}	93,301,693	74,193,018
VIII-	TAX EXPENSE		
	Note 14		
	(Section II)	(21,272,625)	(16,709,859)
	- Tax Provision	(21,345,116)	(16,718,403)
	- Deferred Tax Income/(Expense)	72,491	8,544
IX-	NET PROFIT FOR THE YEAR {VII-VIII}	72,029,068	57,483,159

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS AS OF 31 DECEMBER 2022 AND 2021

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

OFF-BALANCE SHEET ACCOUNTS	December 31, 2022				December 31, 2021			
	TL	FC (Original Currency) (Thousand)	FC (TL Equivalent) (Thousand)	Unit (Thousand)	TL	FC (Original Currency) (Thousand)	FC (TL Equivalent) (Thousand)	Unit (Thousand)
A. Securities in Custody	475,803,618	189,299	873,675	23	328,649,375	233,021	1,279,982	23
1. Marketable Securities in Custody – Free	409,264,040	38,743	749,081	-	287,204,684	85,271	1,225,817	-
2. Deal Securities Government Debt Security Depot of Savings	5,555,818	-	-	8	8,333,722	-	-	8
3. Deposits Insurance Fund, Exempt from Income Tax	60,983,760	-	-	-	32,766,228	-	-	-
4. Other	-	150,556	124,594	15	344,741	147,750	54,165	15
B. Guarantees Received	543,389,020	26,502,614	154,339,064	211	152,302,658	52,915,202	284,432,346	211
1. Bonds as Market Operations Guarantees	322,201,449	22,200,958	74,187,146	-	145,416,937	30,860,233	87,374,709	-
2. Other	221,187,571	4,301,656	80,151,918	211	6,885,721	22,054,969	197,057,637	211
C. Obsolete and Reserve Banknotes	133,573,384	-	-	-	136,173,543	-	-	-
1. Reserve Banknotes - Head Office	27,571,820	-	-	-	39,305,240	-	-	-
Reserve Banknotes – Branches, Banknotes Depots and Other								
2. Units	106,001,201	-	-	-	96,868,028	-	-	-
Obsolete Banknotes – Branches, Banknotes Depots and Other								
3. Units	363	-	-	-	275	-	-	-
D. Other	2,427,671,939	1,317,032,389	1,689,019,099	1,401,314	1,316,135,980	131,753,074	781,507,922	1,418,183
Bank Treasury Bonds Portfolio and Security Depots Received								
1. Through Repo Transactions	168,046,949	-	-	-	237,053,573	-	-	-
2. Customer Transactions Portfolio – Takasbank and MKK	243,121,503	-	-	-	295,276,046	-	-	-
3. Other	2,016,503,487	1,317,032,389	1,689,019,099	1,401,314	783,806,361	131,753,074	781,507,922	1,418,183
Unpublished Marketable Securities Depots in Electronic								
E. Marketable Security Transfer Recording	1,348,249,573	-	-	-	923,674,872	-	-	-
TOTAL (A+B+C+D+E)	4,928,687,534	1,343,724,302	1,844,231,838	1,401,548	2,856,936,428	184,901,297	1,067,220,250	1,418,417

The balances presented in the Off -Balance Sheet Commitments table consist of securities expressed in TL, foreign currency, and units. TL and foreign currency securities are expressed in terms of the original amount of currency of their nominal values; blank letter of credits, letter of credits that account owners entrust for maintenance, gold and silver medallions and badges of service award, banknote samples, specimen catalogues, cheques with unknown costs are expressed in terms of units.

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Share Capital	Capital Reserves Due to Inflation Accounting	Legal Reserves	Equity Participations Value Increase Fund (*)	Retirement Pay Actuarial Gains /(Losses) (*)	Retained Earnings/ (Accumulated Deficit) (*)	Net Profit For the Year	Total Shareholders' Equity
Balance at January 1, 2021	25	46,209	5,910,363	2,201,042	2,490	34,537,979	-	42,698,108
Fair Value Increase /(Decrease) in Equity Participations	-	-	-	1,564,376	-	-	-	1,564,376
<u>Profit Distribution</u>								
Dividends	-	-	-	-	-	(30,207,403)	-	(30,207,403)
- <i>Treasury</i>	-	-	-	-	-	(30,193,951)	-	(30,193,951)
- <i>Other Shareholders</i>	-	-	-	-	-	(3)	-	(3)
- <i>Employees</i>	-	-	-	-	-	(13,449)	-	(13,449)
Transferred to Equity Reserves	-	-	4,304,257	-	-	(4,304,257)	-	-
Paid to Treasury	-	-	(5,576,195)	-	-	-	-	(5,576,195)
Net Profit for the Year	-	-	-	-	-	-	57,483,159	57,483,159
Balance at December 31, 2021	25	46,209	4,638,425	3,765,418	2,490	26,319	57,483,159	65,962,045
Balance at January 1, 2022	25	46,209	4,638,425	3,765,418	2,490	57,509,478	-	65,962,045
Fair Value Increase /(Decrease) in Equity Participations	-	-	-	1,261,288	-	-	-	1,261,288
<u>Profit Distribution</u>								
Dividends	-	-	-	-	-	(50,053,119)	-	(50,053,119)
- <i>Treasury</i>	-	-	-	-	-	(50,038,000)	-	(50,038,000)
- <i>Other Shareholders</i>	-	-	-	-	-	(3)	-	(3)
- <i>Employees</i>	-	-	-	-	-	(15,116)	-	(15,116)
Transferred to Equity Reserves	-	-	7,419,058	-	-	(7,419,058)	-	-
Paid to Treasury	-	-	(4,304,257)	-	-	-	-	(4,304,257)
Net Profit for the Year	-	-	-	-	-	-	72,029,068	72,029,068
Balance at December 31, 2022	25	46,209	7,753,226	5,026,706	2,490	37,301	72,029,068	84,895,025

(*) Presented within other liabilities in balance sheet. (Refer to Note II.16).

(**) Refers to banknotes those have expired and been transferred to legal reserves in accordance with Article 59 of the CBRT law.

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

	Audited 01.01. - 31.12.2022 (*)	Audited 01.01.- 31.12.2021(**)
A. DISTRIBUTION OF PROFIT FOR THE YEAR		
1. Profit for the year	93,301,693	74,193,018
2. Taxes Payable and Legal Liabilities	(21,272,625)	(16,709,859)
- Corporate Tax (Income Tax)	(21,345,116)	(16,718,403)
- Income Tax Deduction	-	-
- Other Taxes and Legal Liabilities	72,491	8,544
NET PROFIT FOR THE YEAR	72,029,068	57,483,159
3. Prior Year Profit/(Loss)	37,301	26,319
4. Legal Reserves	39,330,080	7,419,058
- Legal Reserves (Law No. 1211 Art. 60)	9,330,080	7,419,058
- Legal Reserves (Turkish Commercial Law No. 6102 Art. 523)	30,000,000	-
5. Other Legal Funds	-	-
DISTRIBUTABLE PROFIT FOR THE YEAR		
6. Dividends to Shareholders	3	3
7. Dividends to Employees	28,775	15,116
AMOUNT OF PAYABLE TO REPUBLIC OF TÜRKİYE, MINISTRY OF TREASURY AND FINANCE ("TREASURY") ACCORDING TO THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE ("CBRT") LAW NO. 1211	32,596,831	50,038,000

(*) As of the date of these financial statements, there is no declared decision of the Board of the Bank related to the distribution of the profit for the year 2022. However, corporate tax provision is calculated based on the assumption that employees will be paid 1 months of salary as dividend. The profit distribution of the Bank for the year 2022 will be decided based on the resolution of the General Assembly to be held in 2023.

(**) According to decision taken in the Ordinary General Assembly Meeting of Central Bank of the Republic of Türkiye held on March 29, 2022, dividend amounting to TL 50 billion and the entire reserve fund amounting to TL 4.3 billion which was allocated from the profit of 2020 have been distributed to shareholders with respect to the related legislation. 6% of the Bank's annual net profit is transferred to the shareholders as the first shareholder share, 5% of the remaining amount is transferred to the employees on condition that it does not exceed the two-month salary amount, and 10% to the reserve fund. With the decision of the General Assembly over the nominal amount of the shares, the remaining amount is transferred to the Treasury after the second dividend of maximum 6% is distributed.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

	Note (Section II. III. IV)	Audited January 1 – December 31, 2022	Audited January 1 – December 31, 2021
Cash flows (used in) / from operations			
Net profit for the year		72,029,068	57,483,159
Adjustments:			
Depreciation of fixed assets and amortization expenses	III. 4	114,778	82,725
Retirement pay provision	II. 13	255,259	47,054
Net interest income		(139,726,891)	(105,684,926)
Dividend income	III. 3	-	-
Net commission income		(18,453,429)	(1,659,477)
Tax expense/income	II. 14	21,272,625	16,709,859
Increase/decrease in value of financial assets, net		(32,172,736)	(729,575)
Other		23,955,379	32,679,974
Cash flows from operating income before changes in operating assets and liabilities		(72,725,947)	(1,071,207)
Changes in operating assets and liabilities:			
Changes in gold reserves		(221,708,658)	(81,152,929)
Changes in marketable securities		(57,441,028)	(16,883,482)
Net change in loans and advances given		(183,679,862)	(55,609,898)
Net change in other assets		(41,956,720)	119,910,979
Net change in currency in circulation		106,421,204	47,007,993
Changes in liabilities due to money market operations		9,797,496	(6,995,299)
Net change in deposits		647,183,788	688,277,789
Net change in other liabilities		(428,671,015)	(269,057,883)
Taxes paid		(47,543,167)	(6,274,906)
Retirement payments made	II. 13	(12,215)	(1,874)
Interest received		178,379,379	132,076,220
Interest paid		(25,423,797)	(29,313,071)
Commissions received		18,615,352	1,758,296
Commissions paid		(161,923)	(98,819)
Cash flows from / (used in) operations, net		(118,927,113)	522,571,909
Cash flows related to investments activities			
Fixed asset purchases		(338,722)	(66,256)
Cash generated from fixed asset sales		561	461
Dividend received	III. 3	46,538	48,635
Cash flows used in investments activities, net		(291,623)	(17,160)
Cash flows related to financing activities			
Dividends paid		(50,053,119)	(30,207,403)
Legal reserves paid to Treasury		(7,419,058)	(4,304,257)
Net cash used in financing activities, net		(57,472,177)	(34,511,660)
Effect of changes in exchange rates on cash and cash equivalents		396,750,990	324,919,485
Changes in cash and cash equivalents		220,060,077	812,962,574
Cash and cash equivalents at the beginning of the year	IV. 1	1,403,013,886	590,051,312
Cash and cash equivalents at the end of the year	IV. 2	1,623,073,963	1,403,013,886

The accompanying notes are an integral part of these financial statements.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE

A. Notes and explanations related to current year

(1) The accompanying financial statements of the Central Bank of the Republic of Türkiye ("the Bank" or "CBRT") as of December 31, 2022 have been approved by the Budget and Financial Reporting General Directorate and the Board and the General Assembly have the authority to modify the financial statements.

(2) Detailed explanations of principal accounting policies applied by the Bank:

The basis of presentation of the financial statements and accounting policies which are integral part of the accompanying financial statements are as follows:

i. Basis of Presentation of the Financial Statements

The Bank maintains its books of account in accordance with the Turkish Commercial Code numbered 6102, Tax Legislation and Law of the Central Bank of the Republic of Türkiye numbered 1211 ("CBRT Law") and prepares its financial statements in accordance with the accounting policies below, which are in conformity with the aforementioned legislation. According to the 57th and 58th articles of the Central Bank Law, the accounting period of the Bank is the calendar year. At the end of each calendar year, the Bank submits its balance sheet and income statement to the Presidency of the Republic of Türkiye along with the annual report prior to the General Assembly Meeting and publishes the balance sheet in the Official Gazette.

According to IAS 29 Financial Reporting Standard in Hyperinflationary Economies, entities whose functional currency is the currency of a hyperinflationary economy report their financial statements according to the purchasing power of money at the end of the reporting period. IAS 29 defines characteristics that may indicate that an economy is a hyperinflationary economy. Also, all entities reporting in the currency of a hyperinflationary economy in accordance with IAS 29 are required to apply this Standard effective from the same day. In order to maintain consistency in practice across the country, it is expected that all entities will start to implement IAS 29 at the same time, with the announcement to be made by the Public Oversight Accounting and Auditing Standards. However, in the statement made on December 31, 2022, Public Oversight Authority has not made a statement regarding whether a correction will be made. Therefore, while preparing the financial statements as of December 31, 2022, no inflation adjustment was made according to IAS 29.

Additional paragraph for convenience translation into English

The differences between accounting principles, as described in the preceding paragraphs, and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, these financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

ii. Accounting Principles

Significant accounting principles applied in the preparation of the financial statements are as follows:

a. Accounting of Income and Expenses

Interest income and expense that are calculated by using the effective interest rate method are accounted for on an accrual basis.

The difference between the acquisition costs and fair value of financial assets whose fair value difference is reflected in profit/loss, TL-Settled Foreign Exchange Transactions foreign exchange income/expenses, foreign exchange expense of conversion transactions to Turkish lira deposits and participation accounts, gold and foreign currency purchasing-sale income/expenses and general expenses are followed under non-interest income/expenses.

The average cost method is used to calculate income/expenses for trading of gold and foreign currencies. Interest income/expense arising from money agreements is included in the average cost.

Prepaid expenses are recognized as expense in monthly basis in line with the periodicity principle.

In accordance with the article 61 of the CBRT Law amended with the Law No:6009 on July 23 2010, in the event of a change in the value of the TL against the foreign currencies and a change in the gold prices in the international markets, the unrealized gains and losses arising from the revaluation of gold, foreign exchange and other assets and liabilities of the Bank those are originated in foreign currencies are classified into "Valuation Account" which is a transitory account on the balance sheet.

The Valuation Account is not considered as income and expense during computation of corporate tax base. Realized foreign exchange gains and losses from foreign currency sales and purchase transactions are reflected to the income statement at the date of transaction.

b. Foreign Currency Transactions

The Bank's foreign currency transactions are converted into Turkish Lira over the foreign exchange rates at the date of the transaction. During the preparation of the financial statements, the assets and liabilities in foreign currency accounts are converted into Turkish Lira based on the foreign exchange rates and effective buying rates as of the balance sheet date.

As described in article a. above, according to Article 61 of the Central Bank Law, unrealized foreign exchange gains and losses are presented in "Valuation Account". In case of realization such gains and losses are transferred to profit or loss accounts.

c. Gold Reserves

Gold reserves of the Bank consists of international standards of gold held in the Bank vault, in international banks and in Istanbul Stock Exchange ("BIST") and non-international standard of gold held in the Bank vault. Gold reserves held abroad for the purpose of reserve management policy are kept in free depots. In addition, gold deposited for reserve requirement establishment by banks and finance companies are followed at banks abroad and BIST. The Bank can make direct buying and selling transactions, gold custody accounts, forward gold deposit transactions, gold equivalent foreign currency and foreign currency equivalent gold swaps, swap transactions for gold with domestic banks, location swaps, physical gold transfer operations and similar transactions for the purpose of gold reserves management.

The accompanying notes are an integral part of these financial statements.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

c. Gold Reserves (Continued)

Gold is initially recorded with the prices prevailing at the date of acquisition and is valued with fair value in subsequent periods. Fair value is determined on the last business day of the week and month, based on the gold price quoted at the London Bullion market exchange at 10:30 (2021: based on the gold price quoted at the London Bullion market exchange at 10:30) (2022: US Dollars 1,812.35 /2021: US Dollars 1,820.10) and based on 1 ounce being equal to 31.1035 grams, presented on the balance sheet after being converted to Turkish Lira. Fair value changes of gold reserves both arising from changes in price and exchange rates are accounted for as unrealized gains or losses under “Valuation Account” in accordance with the Article 61 of the CBRT Law. Realized gains and losses are transferred to statement of profit or loss.

As of the end of year 2022, gold rate used in the valuation is 33,887.86 TL/ounce (2021: TL/ounce 23,620).

d. Financial Instruments

Turkish Lira and foreign currency securities held for the purpose of liquidity and reserve management are financial assets measured at fair value through profit or loss (“FVTPL”). Financial assets at FVTPL, are subjected to fair value valuation at the end of the month after initial recognition and profit or loss arising from valuation is reflected in profit/loss accounts. Interest earned from holding financial assets at FVTPL is recognized in interest income.

▪ *Securities Portfolio*

The Bank’s securities portfolio consists of securities purchased on Bank’s own behalf in line with the article 52 about open market operations and article 53 about foreign currency operations of the CBRT Law. The securities are initially carried at their cost values including their transaction costs. After the initial recognition, profit or loss arising from revaluation according to their fair value is recognized in profit/loss accounts. Valuation differences between acquisition costs and revalued amounts according to their fair value are reflected to “3. Foreign Correspondents/3.1 Foreign Currency Securities” and “5. Securities Portfolio” captions in the balance sheet.

Fair value of the securities is determined with reference to quoted market prices in BIST; in case the quoted prices are not available fair value is determined using prices declared daily by the Bank and published in the Official Gazette. Foreign securities are valued with fair values determined with reference to quoted market prices in the international markets at the end of the month. Interest accrued during the holding of the securities, are shown as interest income.

▪ *Open Market Operations - Securities Purchased Under Agreements to Resell*

The transactions of domestic currency securities purchased under agreements to resell are carried out by the Bank within the framework of open market operations.

Securities purchased under agreements to resell are accounted for as collateralized loans. Cash receivables originated from the transaction are classified as “6. Receivables Due to Monetary Policy Operations / 6.1 Open Market Operations” in the asset side where the securities received as collateral are classified under the off-balance sheet accounts. Interest income is calculated on an accrual basis using the effective interest method at the end of each month. Interest income generated from the securities purchased under agreements to resell operations at maturity is recorded in the statement of profit or loss.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL
STRUCTURE (Continued)

d. Financial Instruments (Continued)

▪ *Open Market Operations - Securities Sold Under Agreements to Repurchase*

Securities sold under agreements to repurchase are accounted for as collateralized deposits received by the Bank. Securities given as collateral are classified under "5. Securities Portfolio" in the asset side where the cash that will be paid at the maturity is classified under "2. Payables Due to Monetary Policy Operations / 2.1 Open Market Operations" in the liability side. Interest amount to be paid to the banks are accrued at the end of each month using effective interest method. Interest expense for the securities sold under agreements to repurchase operations at maturity is recorded in the statement of profit or loss.

▪ *Deposits Operations*

○ *Foreign Exchange Deposits Operations Against Turkish Lira Deposits*

Exchange deposits given is classified under "7. Domestic Correspondents" in the asset side and TL deposits received is classified under "2. Payables Due to Monetary Policy Transactions / 2.4 Other" in the liability side. Interest amount collected from exchange deposits and paid to the TL deposits are accrued at the end of each month using effective interest method. Interest income arising from the operations at maturity and interest expense paid for the related operations are recorded in the statement of profit or loss.

○ *Mutual Deposit Operations*

Exchange deposits taken is classified under "3. Deposit / 3.2 Banking Sector / 3.2.1 Domestic Bank / 3.2.1.1 Cash" in the liabilities side, Turkish Lira deposits given is classified under "6. Receivables From Monetary Policy / 6.3 Other" in the assets side. Interest amount collected from TL deposits are accrued at the end of each month using effective interest method. Interest income arising from the operations at maturity operations are recorded in the statement of profit or loss.

▪ *TL Settled Forward Foreign Exchange Sales*

At effective date, TL receivables with foreign exchange sales commitment is recognized under the off-balance sheet items. At the end of months, gains from the increase in value and loss decrease in value are classified under "14. Other Assets / 14.4 Other" / "12. Other Liabilities / 12.4 Other" in the balance sheet. TL payments/collections related to foreign currency exchange rate difference arising from the operations at maturity are recorded in the statement of profit or loss.

For Turkish Lira based forward foreign exchange buy-sell transactions at BIST VIOP, appreciation and depreciation of contracts are reflected daily in statement of profit/loss.

▪ *Swap Transactions*

○ *Bilateral Currency Swap Agreements with Central Banks*

FC debts and TL receivables subjected to the bilateral currency swap agreement are recognized under the off-balance sheet items at value date and classified under "3. Foreign Correspondents / 3.3. Other" in the asset side and "3. Deposits at Bank / 3.2 Banking Sector Deposits / 3.2.2 Foreign Banks in the liability side respectively. Interest collected/paid in the framework of currency swap agreement is accrued at the end of each month using effective interest method. Interest collected/paid within the maturity date is recorded in the statement of profit or loss.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

d. Financial Instruments (Continued)

○ *Currency Swap Transactions with Banks*

Relevant securities (TL, foreign currency, gold) are bought and sold on the value date of currency swap transactions with the CBRT and BIST. Commitments to buy or sell on the value date and payables and receivables are recognized in off-balance sheet accounts. At the end of the month, Fair Value increases or decreases are recorded in the balance sheet as "14. Other Assets / 14.4 Other" / "12. Other Liabilities / 12.4 Other" and those increases or decreases are followed under interest income items in the profit and loss statement. Non-interest valuation effects related to the increase or decrease in the Fair Value, together with the valuation effects of unrealized income or expenses arising from the valuation of assets subject to currency swap transactions, are included in the balance sheet in "14. Other Assets / 14.4 Other" / "12. In the "Other Liabilities / 12.4 Other" items, the amounts related to the interest components of the increase or decrease in the Fair Value are followed in the profit and loss statement, and the amounts related to the interest income or expenses arising from the transaction at maturity are reflected in the profit and loss statement.

■ *Conversion Transactions to Turkish Lira Deposit and Participation Accounts*

The assets (foreign currency, gold) acquired through conversion into Turkish lira deposit and participation accounts are accounted under the "7. Domestic Banks" in the balance sheet at the value date. At the end of every month, the exchange rate differences to be paid within the scope of conversion to Turkish lira deposit and participation accounts are included in the balance sheet at "14. Other Assets/14.4 Other"/ "12. Other Liabilities/12.4 Other" are followed up against each other, and the foreign exchange expense arising from the transaction at maturity is reflected in the profit/loss statement.

■ *Loans and Impairment*

Loans granted by the Bank, are financial assets generated by lending money to the borrower. At the initial recognition, they are measured at cost. After the initial recognition, they are measured at amortized cost using the "effective interest rate" method. All loans and advances given, are recognized when cash is transferred to the debtor.

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

Interest income from loans measured at amortized cost is recognized in the statement of profit or loss.

■ *Impairment*

The Bank has implemented incurred loss model in the calculation of provision for impairment. Expected credit loss model is probability-weighted and includes reasonable and supportable information on past events, current conditions and forecast of future economic conditions.

The expected credit loss model includes instruments that are recorded financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income and, debt securities, contract assets, credit commitments and financial guarantee contracts.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

d. Financial Instruments (Continued)

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- 1) Probability-weighted and neutral amount determined by taking into account possible outcomes,
- 2) Time value of money
- 3) Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

The expected 12-month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- i. 12 Month Expected Credit Losses (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- ii. Lifetime Expected Credit Losses (Stage 2 and 3) is applied when a significant increase in credit risk.

In the calculation of the expected credit loss, parameters used are presented below:

- Probability of Default: It refers to the likelihood that a loan will default at the related maturity. In the calculation of probability of default, transition matrix data of credit rating agencies are used.
- Loss Given Default: Loss given default expresses the economic loss to be caused by the loan in case of default in proportion.
- Exposure at Default: It represents amount of risk for cash loans.

▪ *Definition of Default*

The Bank considers a debt as default on the conditions stated below (Stage 3), and defaulted loans are subjected to lifetime impairment and classified as Stage 3 by the Bank.

- 1) Deterioration of financial position of counterparty and economic conditions
- 2) Other objective criteria approved by management
- 3) Loans are more than 90 days past due

▪ *Definition of Significant Increase in Credit Risk*

Loans that are not expected to have default risk in the future and that do not have a significant increase in credit risk are subject to 12 month expected credit loss and classified as Stage 1.

Loans which debtors have deterioration in their solvency and cash flows, problems in fulfilling the contract conditions (principal and/or interest payments delaying more than 30 days) and there is significant increase in credit risk of the debtor, are subjected to lifetime credit loss and classified as Stage 2.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

d. Financial Instruments (Continued)

Provision provided in a period are recorded in statement of profit or loss of the related period. At the date when legal actions are completed and receivables are identified as uncollectible, loans are removed from financial statements. If loans and advances, which provision had been provided in the prior periods, are collected, the amount of collection is recognized by decreasing provision provided in the period.

▪ *Equity Participations*

The Bank classified its investments in the Bank for International Settlements (“BIS”), Society for Worldwide Interbank Financial Telecommunication (“SWIFT”), International Islamic Liquidity Management (“IILM”), and Interbank Card Center (Bankalararası Kart Merkezi) as equity participations.

Equity participations are initially recorded with their acquisition costs. In subsequent periods to initial recognition, equity participations are measured at fair value and classified as fair value through other comprehensive income, irrevocably.

The fair value of BIS’s shares that Bank holds are calculated as 70% the Bank’s net asset on the BIS shares and converted to Turkish Lira with TL/SDR exchange rate at the end of the year. This valuation method is the method that determines purchase and sales prices of BIS shares.

The fair value of SWIFT’s shares is determined by using the per share value announced by SWIFT.

Income and expenses arising from changes in fair value are recognized under other liabilities. A dividend related to investments in equity participations are recorded to the statement of profit or loss in the period when the right to receive dividend occurs.

▪ *Financial Liabilities*

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

e. Banknotes in Circulation

According to the article 4 of Central Bank Law, the Bank has the exclusive privilege of issuing banknotes in Türkiye. According to the article 36 of CBRT Law, banknotes in circulation are recognized in “1. Banknotes in Circulation” under liabilities. The Bank may change the banknotes in circulation with the new banknotes, if necessary. Banknotes in circulation are presented at nominal value in the financial statements.

The Bank’s semi-finished banknote inventory produced in banknote printing office are presented under “13. Other Assets” at cost. The expenses related to banknotes are capitalized and the banknotes are recorded as expense when the banknotes are transferred to reserve depot. Cost of finished and semi-finished goods consist of general expenses such as direct cost, depreciation expense, payroll expense, banknote transportation cost and other production cost.

In accordance with Article 59 of the CBRT Law, banknotes that are expired are recorded in the legal reserves.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

e. Banknotes in Circulation (Continued)

▪ *Demonetized Currency - Turkish Lira and New Turkish Lira*

With the Council of Ministers' decision issued in Official Gazette on May 5, 2007, it was decided that the phrase "New" on the New Turkish Lira and New Kuruş that were put into circulation on January 1, 2005, are removed as of January 1, 2009, and Turkish Lira banknotes have been put into circulation as of the same date. Accordingly, the legal circulation period of New Turkish Lira banknotes that were in circulation between January 1, 2009 and December 31, 2009 along with Turkish Lira banknotes expired as of December 31, 2009.

f. Fixed Assets

Fixed assets consist of land, buildings, fixtures, vehicles and software products.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation rates of the fixed assets are as follows:

Buildings	2-6 %
Vehicles, Furniture and Fixture	2-100 %
Leasehold Improvements	10-20 %
Software	6-100 %

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

g. Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions include amounts provided for future probable losses in accordance with the article 59 of the CBRT Law for insurance, money in transit, retirement pay and taxation.

▪ *Retirement Bonus and Severance Payments*

According to the Turkish legislation and labor union agreements, employment termination benefits are paid upon the retirement of employees or in the case of layoff. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized under actuarial gain/loss account in other liabilities.

h. Taxes

The Bank is subject to corporation tax in accordance with the Turkish tax legislation. In addition, the Bank is liable for income withholding tax of third parties.

The Corporate Tax Law No.5520 has come into effect with the announcement at the Official Gazette No: 26205 dated June 21, 2007. Most of the articles of the Corporate Tax Law are effective from January 1, 2006. Accordingly, in accordance with No:32 corporation tax is payable, at a rate of 20% effective from January 1, 2006 on the total income of the Bank after adjusting for certain disallowable expenses and exempt income in accordance with tax legislation and Central Bank Law No:1211.

Corporate earnings are subject to 20% corporate tax. However, in accordance with the temporary article 13 added to the Corporate Tax Law, it will be applied at the rate of 23% for corporate earnings in 2021 and 2022. With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and numbered 31810, the amendment made in Article 32 of the Corporate Tax Law, the regulation tax rate will start from the declarations that must be submitted as of July 1, 2022 and from January 1, 2022, for corporate earnings related to taxation. determined as 25%. Current year tax liabilities, are paid as the amount after offsetting prepaid taxes. Tax amounts deducted from the repo - reverse repo income and deducted from temporary tax and temporary tax amounts paid are recognised in the balance sheet under "14. Other Assets / 14.4 Other".

Except changes on corporate tax rate, the exemption of 75% applied to gains from the sales of properties held by the entities has been reduced to rate of 50% with deferred tax rate to be applied on temporary differences arising on the revaluation of assets will be considered 10% instead of 5% in case of carrying amount of properties recovered through sales.

Income taxes stated in the financial statements include the change in the current tax and deferred tax.

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

h. Taxes (continued)

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit by using balance sheet method and by using prevailing tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences. 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. According to article 61 of CBRT Law, deferred tax is not calculated for "valuation account" which is not subjected to corporate tax base. Deferred tax liability or asset are indicated at financial statements considering their estimated effects on increase or decrease rate of tax amount that will pay future period which no temporary differences. Deferred tax asset is accounted when the probability of providing tax advantages is occurred in future period. When it is understood as being utilized that deducting from related assets made provision.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority intends to settle its current tax assets and liabilities on a net basis.

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

i. Custody Operations

The assets belonging to several individuals and organizations are classified in the off-balance sheet accounts, since these assets are held for custody purposes only.

j. Comparative Information and Restatement of Prior Year Financial Statements

In order to allow the determination of the financial position and performance trends, the financial statements of the Bank are prepared comparatively with the prior period. Certain classifications are made in the previous year financial statements and the significant differences are disclosed in order to maintain comparability with the current year financial statement. Bank hasn't made any reclassification on the previous year's financial statements.

k. Change in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, they are applied in the period when changes in estimates are made. If the changes are related to future periods, they are applied both in the period when changes in estimates are made and future periods prospectively. There is no significant change in accounting estimates of Bank in current year. Significant changes in accounting policy are applied retrospectively and prior period financial statements are restated. There is no significant accounting error identified by the Bank in current year.

l. Changes in Accounting Policies

Changes in accounting policies are applied prospectively and prior period financial statements are not restated.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(3) Changes in accounting policies in the current period and their financial effects:

There is no change in accounting policies in the current period.

(4) Compliance of the Bank with the fundamental accounting principles of going concern, matching and consistency:

These financial statements have been prepared based on the fundamental principles of accounting; going concern assumption, matching principle, and consistency; assuming that the Bank will continue its operations without interruption in the future.

(5) The US dollar ("US Dollar") and Euro ("EUR") bid rates used in the preparation of the balance sheet at year-end and the US\$ and EUR bid rates announced by the Bank for the last five working days prior to balance sheet date are as follows:

a. The Bank's "Exchange Rate for the Translation of Foreign Currency Items"

	December 31, 2022	December 31, 2021
(1 Euro = TL)	TL 19.9349	TL 14.6823
(1 US Dollar = TL)	TL 18.6983	TL 12.9775

b. EUR and US Dollar bid rates announced by the Bank as of the balance sheet date and for the last five working days prior to balance sheet date are as follows:

EUR and US Dollar bid rates as of the balance sheet date:

	December 31, 2022	December 31, 2021
Euro	TL 19.9349	TL 14.6823
US Dollar	TL 18.6983	TL 12.9775

	December 31, 2022	December 31, 2021
Prior to Balance Sheet Date (Euro)		
Bid rate of the 1st Day	TL 19.9349	TL 14.6823
Bid rate of the 2nd Day	TL 19.8816	TL 13.8011
Bid rate of the 3rd Day	TL 19.8946	TL 13.4000
Bid rate of the 4th Day	TL 19.9087	TL 12.8903
Bid rate of the 5th Day	TL 19.8324	TL 13.2926

	December 31, 2022	December 31, 2021
Prior to Balance Sheet Date (US Dollar)		
Bid rate of the 1st Day	TL 18.6983	TL 12.9775
Bid rate of the 2nd Day	TL 18.6966	TL 12.2219
Bid rate of the 3rd Day	TL 18.6964	TL 11.8302
Bid rate of the 4th Day	TL 18.6813	TL 11.3900
Bid rate of the 5th Day	TL 18.6649	TL 11.7278

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(6) Information on assets and liabilities denominated in foreign currencies, their US Dollar and TL equivalents and the foreign currency position are as follows:

	December 31, 2022		December 31, 2021	
	Thousand TL	Million US Dollar	Thousand TL	Million US Dollar
<u>I-Foreign Currency Assets</u>				
1) Gold Reserves	857,249,028	45,846	499,485,010	38,489
2) Foreign Currency Banknotes	179,560,204	9,603	51,758,697	3,988
3) Foreign Correspondents	1,371,134,245	73,329	887,895,809	68,418
4) Reserve Tranche Position	2,816,499	151	2,049,054	158
5) Securities Portfolio	-	-	-	-
Receivables from Monetary Policy				
6) Operations	-	-	-	-
7) Domestic Correspondents	3,242,719	173	257,902	20
8) Loans	79,123,758	4,232	188,308,045	14,510
9) Equity Participations	5,799,417	310	4,275,777	329
10) Treasury Liabilities Due to SDR Allocation	138,268,530	7,395	100,592,854	7,751
11) Fixed Assets (Net)	-	-	-	-
12) Loans Under Legal Follow-Up (Net)	-	-	-	-
13) Deferred Tax Assets	-	-	-	-
14) Valuation Account	-	-	-	-
15) Other Assets	20,387	1	12,996,900	1,001
Total Foreign Currency Assets	2,637,214,787	141,040	1,747,620,048	134,664
<u>II-Foreign Currency Liabilities</u>				
1) Currency in Circulation	-	-	-	-
2) Payables Due to Monetary Policy				
Operations	-	-	-	-
3) Deposits	1,950,808,199	104,331	1,417,772,432	109,249
a) Public Sector	356,499,301	19,066	245,869,147	18,946
b) Banking Sector	1,590,059,737	85,038	1,168,396,989	90,033
c) Other Deposits	4,249,161	227	3,506,296	270
4) Foreign Correspondents	165,822,662	8,868	62,913,857	4,848
5) Reserve Tranche Position	2,816,499	151	2,049,054	158
6) SDR Allocation	138,268,530	7,395	100,592,854	7,751
7) Tax Liability	-	-	-	-
8) Provisions	-	-	-	-
9) Share Capital and Legal Reserves	-	-	-	-
10) Valuation Account	-	-	-	-
11) Profit for the Year	-	-	-	-
12) Other Liabilities	7,684,206	411	7,087,005	546
Total Foreign Currency Liabilities	2,265,400,096	121,156	1,590,415,202	122,552
Net Balance Sheet Foreign Currency Position	371,814,691	19,884	157,204,846	12,112

The accompanying notes are an integral part of these financial statements.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(7) Book value of property and equipment, accumulated depreciation and their insurance coverage:

	December 31, 2022				December 31, 2021			
	Cost	Accumulated depreciation	Net book value	Insurance Coverage (*)	Cost	Accumulated depreciation	Net book value	Insurance Coverage (*)
Furniture								
Fixture	912,986	521,834	391,153	17,482	611,421	418,039	193,382	583,416
Property	959,925	202,101	757,823	608,778	925,622	193,411	732,211	383,149
	1,872,911	723,935	1,148,976	626,260	1,537,043	611,450	925,593	966,565

(*) Refers to the insured value amount.

(8) Information on significant contingent losses and gains that cannot be quantified:

As of December 31, 2022, there is a few legal proceedings outstanding against the Bank amounting to TL 10,087 and EUR 37,318 (full) (December 31, 2021: TL 12,386, and EUR 210,474 (full). No provisions are provided in the accompanying financial statements for such legal proceedings based on the views of legal counsel.

(9) Other matters which may have a material impact on the financial statements, or which should be explained for facilitating a better understanding of the financial statements:

Valuation Account

As explained in the article 2-ii-b, Section "A. Notes and Explanations related to Current Year" of the Section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses as at the balance sheet date. Realized foreign exchange gains and losses are recognized in the statement of profit or loss during the period.

B. Other notes and explanations

(1) Events occurred after the balance sheet date, affecting the financial activities and/or financial structure significantly and therefore require explanation:

At the Ordinary General Assembly Meeting to be held in March 2023, taking into account the provisions of Article 60 of the CBRT Law No. 1211 and Article 64 of the Turkish Commercial Code No. 6102 as amended by Law No. 6355, the Bank's Tax No. 213, the remaining amount after deducting the amount calculated on the basis of the percentages specified in paragraphs (b), (c) and (d) of Article 60 of the CBRT Law from the profit of 2022, amounting to TL 93,300,805 included in the book records kept in accordance with the provisions of the Procedural Law the issue of transferring it to the Treasury will be resolved.

An earthquake occurred in Türkiye that affected many of our cities. No significant impact is expected on the Bank's operations and financial condition.

Donations were made in order to provide aid due to the earthquake disaster in Türkiye.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

I. NOTES AND EXPLANATIONS RELATED TO THE BANK AND ITS FINANCIAL STRUCTURE (Continued)

(2) Information on the Bank's foreign branches:

There are no foreign branches; however, the Bank has representatives working in Turkish Representations of the Republic of Türkiye Ministry of Foreign Affairs in Frankfurt, London, New York, Beijing, Tokyo, Washington, Doha and Kuala Lumpur

C. The independent audit firm that audits the financial statements:

The financial statements for the year ended December 31, 2022 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("A member firm of Ernst & Young Global Limited"). The independent auditors' report is presented in front of the financial statements and notes to the financial statements.

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS

(1) Gold Reserves

In accordance with the article 53 of the CBRT Law, the Bank manages gold and foreign exchange reserves of the Country in the context of the monetary policy targets and applications. For this purpose, the Bank performs banking operations in domestic and foreign markets including forward or spot purchase/sale of gold, foreign currency, marketable securities, derivative instruments and lending/borrowing transactions in accordance with the procedures and rules determined by its own safe investment, liquidity and yield priorities.

As of December 31, 2022, the Bank has 786,313,979 grams pure gold which meets international standards (December 31, 2021:657,726,642), 2,832,327 grams pure gold which does not meet the international standards. All of the gold reserve which does not meet the international standards is kept in Bank's Head Office and belongs to Bank as of December 31, 2022 (All of the gold reserve which does not meet the international standards is kept in Bank's Head Office and belongs to Bank as of December 31, 2021).

The gold reserve as of December 31, 2021 is valued with the gold prices quoted in the London Bullion Market at 10:30 a.m. (2020: the gold prices quoted in the London Bullion Market at 10:30 a.m.) and on the basis of 1 ounce being equal to 31.1035 grams.

Gold	December 31, 2022		December 31, 2021	
	Pure Gram	Amount	Pure Gram	Amount
Gold in International Standards	786,813,979	857,249,028	657,726,642	499,485,010
CBRT's own gold	562,985,627	613,383,714	460,878,828	349,996,566
<i>Held at BOE</i>	160,540,787	174,912,288	78,123,482	59,327,851
<i>Held at CBRT</i>	34,015,936	37,061,020	34,015,936	25,832,085
<i>Held at BIST</i>	368,428,904	401,410,406	348,739,410	264,836,630
Required reserves of the banks	157,466,518	171,562,813	140,986,092	107,066,424
<i>Held at BOE</i>	54,016,306	58,851,809	38,950,131	29,579,167
<i>Held at BIST</i>	103,450,212	112,711,004	102,035,961	77,487,257
Given as collateral	-	-	3,731,250	2,833,553
<i>Held at BIST</i>	-	-	3,731,250	2,833,553
Banks gold depository	16,251,501	17,706,325	7,803,857	5,926,337
<i>Held at BIST</i>	16,251,501	17,706,325	7,803,857	5,926,337
Treasury's gold	50,110,333	54,596,176	44,326,615	33,662,130
<i>Held at BIST</i>	50,110,333	54,596,176	44,326,615	33,662,130
Gold in Non-International Standard	2,832,327	3,085,875	2,832,327	2,150,901
CBRT	2,832,327	3,085,875	2,832,327	2,150,901
<i>Held at CBRT</i>	2,832,327	3,085,875	2,832,327	2,150,901

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(2) Foreign Correspondents

	December 31, 2022		December 31, 2021	
	Thousand TL	Million US Dollar	Thousand TL	Million US Dollar
Foreign currency securities	120,149,710	6,426	106,493,636	8,206
Deposit	164,704,488	8,809	119,977,655	9,245
Other	1,086,280,047	58,095	661,424,518	50,967
~ Demand deposits	948,708,803	50,738	561,341,122	43,255
~ SDR holdings account	137,571,032	7,357	100,080,245	7,712
~ Other	212	-	3,151	-
Total	1,371,134,245	73,330	887,895,809	68,418

Foreign Correspondents account consists of foreign currency securities held as foreign currency reserves and the current accounts of the Bank held on its foreign correspondents. Foreign currency securities consist of government bonds and treasury bills issued by foreign government and kept in custody at foreign banks.

As of December 31, 2022, foreign currency securities held for reserve purpose amounting to TL 120,149,710 (December 31, 2021: TL 106,493,636 are valued with the prices quoted in the international markets where they are traded at the balance sheet date.

(3) Securities Portfolio and Receivables/Payables Due to Monetary Policy Operations

(a) Information on Securities Portfolio

As of December 31, 2022, securities portfolio amounting to TL 151,051,857 consists of government bonds with outright purchase. (As of December 31, 2021: securities portfolio amounting to TL 74,109,108 consists of government bonds with outright purchase.)

Breakdown of securities portfolio as of December 31, 2022 are as follows:

	December 31, 2022			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<u>Purchases under Agreements to Resell:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<u>Outright Purchases:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	94,128,307	19,863,765	113,992,072	113,992,072
2. Indexed to Inflation	5,821,056	10,620,668	16,441,724	16,441,724
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	19,039,922	1,578,139	20,618,061	20,618,061
TOTAL	118,989,285	32,062,572	151,051,857	151,051,857

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(3) Securities Portfolio and Receivables/Payables Due to Monetary Policy Operations (continued)

(b) Receivables/Payables Due to Monetary Policy Operations

	December 31, 2021			
	Acquisition Cost	Accrual (net)	Carrying Amount	Fair Value
<u>Purchases under Agreements to Resell:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	-	-	-	-
2. Indexed to Inflation	-	-	-	-
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	-	-	-	-
<u>Outright Purchases:</u>				
Treasury Bills and Government Bonds				
1. Fixed Income	32,216,312	(2,910,437)	29,305,874	29,305,874
2. Indexed to Inflation	15,497,064	6,504,818	22,001,882	22,001,882
3. Indexed to Foreign Currency	-	-	-	-
4. Foreign Currency	-	-	-	-
5. Floating Rate	21,877,229	924,122	22,801,352	22,801,352
TOTAL	69,590,605	4,518,503	74,109,108	74,109,108

As of December 31, 2022, the nominal values of TL securities acquired by outright purchases amounts to TL 121,415,003 (December 31, 2021: TL 63,834,001)

(b) Receivables/Payables Due to Monetary Policy Operations

As of December 31, 2022, breakdown of the securities purchased under agreement to resell recognized in off-balance sheet is as follows:

	December 31, 2022	
	Nominal	Fair value
<u>Purchases under Agreements to Resell:</u>		
Treasury Bills and Government Bonds		
1 Fixed Income	46,751,944	147,041,853
2 Inflation-Indexed	-	-
3 Indexed	-	-
4 Foreign Currency	-	-
5 Floating Rate	-	-
TOTAL	46,751,944	147,041,853

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(b) Receivables/Payables Due to Monetary Policy Operations (continued)

<u>Purchases under Agreements to Resell:</u>	December 31, 2021	
	Nominal	Fair value
Treasury Bills and Government Bonds		
1 Fixed Income	173,219,572	376,220,330
2 Inflation-Indexed	-	-
3 Indexed	-	-
4 Foreign Currency	-	-
5 Floating Rate	-	-
TOTAL	173,219,572	376,220,330

Receivables Due to Monetary Policy- Open Market Operations at the asset side of the balance sheet as of December 31, 2022 – Securities purchased under agreements to resell presented under Open Market Operations consists of TL 146,055,499 of cost and the accrued interest income (December 31, 2021: TL:377,360,486). As of December 31, 2022, the accrued interest on securities purchased under agreements to resell amounting to TL 100,591 (December 31, 2021: TL 450,373) is presented in the Receivables from Monetary Policy Operations - Open Market Operations.

In addition, as of December 31, 2022, there is TL 37,713,249 of Money Market receivables including income accruals due from the transactions which the Bank entered into on its behalf (December 31, 2021: TL 119,230,982). Interest income accrual amounting to TL 25,156 (December 31, 2021: TL 141,103) are accounted in the same account.

Receivables Due to Monetary Policy- Other at the assets side of the balance sheet of the December 31, 2022, Mutual Deposit Operations consist of TL 6,539,655 of cost and rediscount (December 31, 2021: TL 73,019,530). Interest income accrual amounting to TL 29,619 (December 31, 2021: TL 753,491) calculated in relation to the aforementioned account was recorded under the same account.

As of December 31, 2022, payables from Monetary Policy Transactions-Open Market Transactions and payables from sales transactions, which are included in the liabilities of the balance sheet, consist of the sum of transaction costs and expense accruals amounting to TL 400,164. (December 31, 2021: None). As of December 31, 2022, TL 164, which is an expense accrual from sales with promises to buy back, is followed in Payables from Monetary Policy Transactions-Open Market Transactions. (December 31, 2021: None).

As of December 31, 2022, the monetary policy transactions amount of TL 15,409,818 which is received by the Bank from Interbank Money Market including expense accruals as the counterparty of the transaction is accounted under the liabilities as a Monetary Policy Operations-Interbank Money Market Operations (December 31, 2021: TL 6,012,486). Accrued interest expense of this liability; TL 6,417 (December 31, 2021: TL 2,086) is also accounted in the same account.

(4) Domestic Correspondents

Under domestic correspondents' caption, the CBRT-side foreign exchange deposit transactions, the FX deposit transactions encountered, the foreign exchange deposit transactions against TL deposits and the conversion to Turkish lira deposit and participation accounts are shown, and the balance of these transactions as of December 31, 2022 is TL 3,802,186. (December 31, 2021: TL 599,767).

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

5) Loans

(a) Information on domestic loans:

As of December 31, 2022, loans to domestic banks comprised of discount loans amounting to TL 234,250,033 (December 31, 2021: TL 195,842,969) and other loans amounting to TL 29,002,438 (December 31, 2021: TL 2,319,949).

(b) Information on loans and advances given to shareholders and employees

None (December 31, 2021: None).

(c) Information on Foreign Loans:

As of December 31, 2022, foreign loans, amounting to TL 169,433 (2021: TL 117,595), in accordance with bilateral agreements with central banks of other countries compromised for tracking the commercial transactions into opened bank account.

(d) Information on loans under legal follow-up (net):

The total balance consists of receivables related with the trading transactions with Iraq and became uncollectible due to the Gulf Crisis. The balance is classified as loans under legal follow-up and it is fully provisioned.

Movements in the allowance for loans and receivables under legal follow-up:

	December 31, 2022		December 31, 2021	
	Thousand TL	Thousand US Dollar	Thousand TL	Thousand US Dollar
Opening balance	20,514,868	1,580,803	11,544,249	1,572,679
- Increases during the Period (+) (*)	136,695	8,169	73,999	8,124
- Transfers from Other Follow-up Accounts (+)	-	-	-	-
- Transfers to Other Follow-up Accounts (-)	-	-	-	-
- Collections during the Period (-)	-	-	-	-
- Write-offs (-)	-	-	-	-
- Foreign Exchange Differences	9,059,500	-	8,896,620	-
Closing balance	29,711,063	1,588,972	20,514,868	1,580,803
- Allowance (-)	(29,711,063)	(1,588,972)	(20,514,868)	(1,580,803)
Net balance after allowance	-	-	-	-

(*) As of December 31, 2022, TL 136,695 of increase during the period (December 31, 2021: TL 73,999) represents accrued interest on the loans and receivables under follow-up.

According to the article 61 of the CBRT Law, foreign currency denominated loans under follow-up are revalued at period ends and unrealized gains and losses arising from the revaluation are classified into the "Valuation Differences" which is a transitory account. Allowances for the related receivables including foreign currency valuation differences are recognized in the statement of profit or loss in accordance with Tax law numbered 213 and article 59 of the Central Bank of the Republic of Türkiye Law.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

6) Equity Participations

As of December 31, 2022 and 2021, the Bank's equity participations are as follows:

Title	Share rate (%)	December 31, 2022 Acquisition Cost	December 31, 2021 Acquisition Cost	December 31, 2022 Carrying Value	December 31, 2021 Carrying Value
Bank for International Settlements (BIS) (*) (**)	1.41	(*)10,000,000	(*)10,000,000	5,611,274	4,145,291
International Islamic Liquidity Management Corporation (IILM)	13.33	10,000,000	10,000,000	186,983	129,775
S.W.I.F.T.	0.007	58,200	48,440	1,160	711
Bankalararası Kart Merkezi (BKM)	51.01	90,543	90,543	90,543	90,543
Total Equity Participations				5,889,960	4,366,320

(*) In BIS, against 8,000 shares of Bank, paid is SDR 10,000,000, unpaid is SDR 30,000,000.

(**) Its fair value is calculated as 70% of Bank's right on net worths.

The Bank carries the investments in BIS and SWIFT, at their fair value in the financial statements. The Bank recognizes revaluated cost of IILM as its fair value. In current year, increase in valuation is TL 1,523,640 which is TL 125,708 the foreign currency valuation difference; was accounted for in the "Valuation Account"; and the remaining TL 1,397,932 after deducting deferred tax effect of TL 69,898 and amounting to TL 1,328,034 was accounted for as "Fair value increase/(decrease) in equity participations" under "Other Liabilities". (Refer to Note II. 16)

Movement of equity participations	2022	2021
Opening balance (1 January)	4,366,320	2,587,397
Change in fair value for the year	1,397,932	1,646,711
The effect of foreign currency valuation for the year	125,708	132,212
Ending Balance (31 December)	5,889,960	4,366,320

Dividends were received from equity participations amounting TL 46,538 in 2022 (2021: 48,635).

(7) Fixed Assets

As of December 31, 2022, the cost of property and related accumulated depreciation amounts to TL 959,925 (December 31, 2021: TL 925,622) and TL 202,101 (December 31, 2021: TL 193,411) respectively, whereas the cost of furniture and fixture and related accumulated depreciation amounts to TL 912,986 (December 31, 2021: TL 611,421) and TL 521,834 (December 31, 2021: TL 418,039) respectively.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE**NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)**7) Fixed Assets(Continued)**

The movements of fixed assets as of December 31, 2022 and 2021 are as below:

	Immovables	Fixture	Software	Total
Net balance sheet value as of January 1, 2022	732,212	178,106	15,275	925,593
Purchases	34,302	299,959	4,460	338,721
Disposals (net) (*)	-	(560)	-	(560)
Current year charge	(8,690)	(105,845)	(243)	(114,778)
Net balance sheet value as of December 31, 2022	757,824	371,660	19,492	1,148,976

	Immovables	Fixture	Software	Total
Net balance sheet value as of January 1, 2021	732,617	192,643	17,263	942,523
Purchases	8,992	41,695	15,569	66,256
Disposals (net) (*)	-	(461)	-	(461)
Current year charge	(9,397)	(55,771)	(17,557)	(82,725)
Net balance sheet value as of December 31, 2021	732,212	178,106	15,275	925,593

(*) Disposals are presented at net amounts.

(8) Other Assets

The breakdown of other assets-other account is presented below:

	December 31, 2022	December 31, 2021
Currency exchange guarantee	16,708,400	24,766,425
Temporary tax to be deducted from corporate tax	15,676,635	1,570,275
Differences in fair value of swap transaction	6,131,891	52,897,005
Receivables from forward currency transactions	5,515,438	17,572,934
Construction in progress expenses	4,187,702	1,666,451
Taxes to be deducted from income tax withholding	2,633,247	3,963,536
Letter of credit expenses of banknote printing office	233,960	128,153
Banknote printing inventory	148,677	151,827
Medallion depot	7,764	7,579
Consumables and other stores	961	1,040
Other	26,659,980	1,437,269
Total	77,904,655	104,162,494

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(8) Other Assets (Continued)

The breakdown of other assets accrued income account is presented as follows:

	December 31, 2022	December 31, 2021
EFT commission income accrual	115,949	71,342
Commissions and expenses to be collected from Treasury (*)	109,502	63,720
Other	633,724	9,186
Total Interest and Income Accruals	859,175	144,248

(*) With the decision of the Board of the Bank numbered 9525/19124 dated October 4, 2011, Regulation on Tariffs has been amended. According to the amendment, starting from October 12, 2011, commissions and fees are charged to the Treasury due to the transactions with the public administrations within the scope of overall budget.

(9) Currency in circulation

According to the article 1 of CBRT Law, the Bank has the exclusive privilege of issuing banknotes in Türkiye. As of December 31, 2022, the banknotes in circulation amount to TL 341,798,643 (December 31, 2021: TL 235,377,440).

Movement of banknotes in circulation	2022	2021
1 January Balance	235,377,440	188,369,447
Banknotes issued into circulation	147,428,372	102,731,430
Banknotes withdrawn from circulation and destroyed	(41,007,169)	(55,723,437)
31 December Balance	341,798,643	235,377,440

(10) Reserve Tranche Position

As of 18 February 2016, under the scope of the membership to the International Monetary Fund ("IMF"), the country quota of Türkiye was increased by SDR 3,202,800,000, reaching SDR 4,658,600,000.

As of December 31, 2021, Reserve Tranche Position represents the prepayment of SDR 112,775,000 for the total IMF quota of SDR 4,658,600,000 and is recorded in the "Foreign Currency Reserves - Reserve Tranche Position" under the assets and in the "Reserve Tranche Position" under liabilities. As of December 31, 2021, the balance of the account amounts to TL 2,816,499 (December 31, 2021: TL 2,049,054).

SDR 112,307,000 (December 31, 2020: SDR 112,307,000) allocated to Türkiye in accordance with the protocol signed with the IMF has been used by the Treasury and is classified as "Treasury Liabilities due to SDR Allocation" under assets and as "SDR Allocation" under liabilities. Additionally, as of August 28, 2009 and September 9, 2009, the amounts of SDR 883,122,365 and SDR 75,900,364 have been allocated as General SDR allocation and Special SDR allocation respectively. As SDR allocation in 2021, SDR 4,465,058,581 on August 23, 2021, to the Treasury by IMF where the Bank act as an intermediary institution and are accounted for as explained. As of December 31, 2022, the balance is TL 138,268,530 (December 31, 2021: TL100,592,854).

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(11) Deposits

The deposits balance is composed of deposits from the Treasury, public institutions, the banking sector, citizens abroad, international institutions and funds.

Public Sector and Banking Sector Deposits

According to article 41 of the CBRT Law, deposits of the public institutions are non-interest bearing except for the deposits of the Treasury. With the amendment in article 41 of CBRT Law numbered 1211 as of February 13, 2011, principles and procedures about charging interest on deposits of Treasury in custody of the Bank are decided to be determined jointly by the Bank and the Treasury. Within this scope, protocol between the Bank and the Treasury which is entitled as “Principles and Procedures about Charging Interest on Deposits of the Republic of Türkiye Ministry of Finance and Treasury in Custody of the Central Bank of Republic of Türkiye” is signed as of October 12, 2011 and the interest is started to be charged on the deposits of Treasury in custody of the Bank. Public sector deposits other than the deposits of the Treasury are demand deposits.

The deposits of the banking sector consist of noticed foreign currency deposits, TL demand deposits and reserve deposits. Interest has been paid for the required reserves since November 3, 2014. Also, interest has been started to be paid for the foreign currency required reserves since May 5, 2015. However, since September 19, 2019, interest payments to foreign currency required reserve is abolished.

In between the dates of January 24, 2020 - November 27, 2020, commission on foreign currency mandatory reserves were received. The application for receiving commissions has started again as of the period of required reserves dated December 24, 2021

Deposits by citizens abroad

As of December 31, 2022, deposits by citizens abroad amounting to TL 3,912,905 (December 31, 2021: TL 3,506,187) consist of deposits by Turkish citizens living abroad.

The maturity of Deposits by Citizens Abroad account is 3 years. There is no newly opened account due to liquidation process of worker remittances. The maturity date of expired accounts is not renewed as of January 1, 2015. These accounts are monitored on a non-interest-bearing account with accrued interest.

Distribution of deposits by citizens abroad accounts according to type of currency is presented as follows:

Foreign Currency	December 31, 2022		December 31, 2021	
	Foreign Currency Balance (000)	Thousand TL Equivalent	Foreign Currency Balance (000)	Thousand TL Equivalent
Euro	184,867	3,685,307	225,935	3,317,242
US Dollar	8,116	151,762	9,858	127,935
CHF	3,555	71,819	4,044	57,101
Other	184	4,017	229	3,909
Total		3,912,905		3,506,187

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(11) Deposits (Continued)

Deposits by International Institutions

Deposits by the international institutions represents the TL thousand equivalent of the balance transferred to the Bank by the IMF as "special drawing rights" ("SDR"). The Bank is designated as "the depositor" to regulate the relations of the Treasury and the IMF. As of December 31, 2022, TL 231,607 (December 31, 2021: TL136,849) which represents the minimum quota amount denominated in SDR is recorded as the deposit balance of IMF. In addition to this, the balance of the amount of TL 83 is used for tracking revenues such as IMF's sales revenues of publication and administrative expenses which took place within the limits of a member country and used only in the currency of the member country (December 31, 2021: TL 61). In addition, as of December 31, 2021, there is TL 77,836 of deposit belonging to African Development Bank (AfDB) within the Bank's deposits by international institutions account (December 31, 2021: TL 55,172).

Deposits of Funds

Deposits of funds consist of the demand accounts of various funds controlled by the Presidency of the Republic of Türkiye.

(12) Share Capital and Legal Reserves

According to the article 5 of the CBRT Law, the nominal capital of the Bank is TL 25,000 (full TL basis) and it is divided into 250,000 shares, with a par value of Kr 10 each. The capital may be increased with the approval of the Government. The shares are divided into (A), (B), (C) and (D) classes. The (A) group shares belong solely to the Treasury and cannot be lower than 51% of the capital. The representation of Bank's capital between December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Nominal capital	25	25
Inflation adjustment to share capital	46,209	46,209
Total capital	46,234	46,234

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(12) Share Capital and Legal Reserves (continued)

The list of Bank's shareholders is presented below:

	December 31, 2022		December 31, 2021	
	Share Amount	Share Rate	Share Amount	Share Rate
	TL (*)	%	TL (*)	%
Treasury	13,780	55	13,780	55
T.C. Ziraat Bankası A.Ş.	4,806	19	4,806	19
Mervak İç ve Dış Ticaret A.Ş.	1,280	5	1,280	5
Türkiye Garanti Bankası A.Ş.	621	2	621	2
Türkiye İş Bankası A.Ş.	582	2	582	2
T.C. Sosyal Güvenlik Kurumu	422	2	422	2
Türkiye Kızılay Derneği	301	1	301	1
Türkiye Halk Bankası A.Ş.	277	1	277	1
Other	2,931	12	2,931	12
Total nominal capital	25,000	100	25,000	100

(*) Share amounts are stated in full TL basis.

6% of the Bank's annual net profit is transferred to the shareholders as the first shareholder share, 5% of the remaining amount is transferred to the employees on condition that it does not exceed the two-month salary amount, and 10% to the reserve fund. With the decision of the General Assembly over the nominal amount of the shares, the remaining amount is transferred to the Treasury after the second dividend of maximum 6% is distributed.

According to decision taken in the Ordinary General Assembly Meeting of Central Bank of the Republic of Türkiye held on March 29, 2022, dividend amounting to TL 50 billion and the entire reserve fund amounting to TL 4,3 billion which was allocated from the profit of 2020 have been distributed to shareholders with respect to the related legislation.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(13) Provisions

Retirement Bonus and Severance Payments

As of December 31, 2022, the Bank calculated retirement pay provision amounting to TL 474,687 (December 31, 2021: TL 231,643) and recorded the full provision under the provision account.

Movement of employment termination is presented below:	<u>2022</u>	<u>2021</u>
1 January balance	231,643	186,463
Interest and service cost	255,259	47,054
<u>Paid during the year</u>	<u>(12,215)</u>	<u>(1,874)</u>
31 December balance	474,687	231,643

Insurance Provision for Money in Transit

As of December 31, 2022, the Bank, calculated provision for the transfer insurance of banknotes, cash and securities amounting to TL 243,056 (December 31, 2021: TL 243,056) and recorded the provision amount under the provision account.

(14) Tax Liability

Corporate Tax

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Corporate tax	21,345,116	16,718,403
Other taxes (*)	750,878	271,083
Tax obligation – net	22,095,994	16,989,486

(*) It consists of income tax, bank insurance transactions tax, stamp duty and value added tax.

The Bank is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Bank's results for the current year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As of December 31, 2022, the legal tax rate is 25%.(2021:25%).

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(14) Tax Liability (Continued)

In Türkiye, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2022 is 25%. (2021: 25%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Tax expense for the years 2022 and 2021 is as follows:

	<u>January 1 – December 31, 2022</u>	<u>January 1 – December 31, 2021</u>
- Corporate tax (expense)	(21,345,116)	(16,718,403)
- Deferred tax income/(expense)	72,491	8,544
Tax expense	(21,272,625)	(16,709,859)

Deferred Tax

As of December 31, 2022, the deferred tax rate applied is 25% (2021: 20%).

As of December 31, 2022, and December 31, 2021, the details of temporary differences and calculated deferred tax assets/ (liabilities) are presented below:

	<u>Total temporary differences December 31, 2022</u>	<u>Deferred tax assets/(liabilities) December 31, 2021</u>
Employee benefit obligation	474,687	118,672
Fixed asset depreciation adjustment	6,973	1,743
Fair value increase of equity participations	(5,361,529)	(335,096)
Net Liability	(4,879,869)	(214,681)

	<u>Total temporary differences December 31, 2022</u>	<u>Deferred tax assets/(liabilities) December 31, 2021</u>
Employee benefit obligation	231,643	46,329
Fixed asset depreciation adjustment	8,031	1,606
Fair value increase/(decrease) of equity participations	(3,963,597)	(198,180)
Net Assets	(3,723,923)	(150,245)

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(14) Tax Liability (continued)

As of December 31, 2022, and 2021, movement of deferred tax assets is presented below:

	2022	2021
1 January balance	(150,245)	(76,452)
Deferred tax associated with the income statement, net	72,491	8,544
Deferred tax associated with other liabilities (*)	(136,927)	(82,337)
31 December Balance	(214,681)	(150,245)

(*) Associated with the fair value increase/ (decrease) in equity participations and actuarial gain.

Reconciliation of tax expense is presented below:

	%	2022	%	2021
Profit before tax		93,301,693		74,193,018
Provision calculated over the corporate tax rate	25	23,325,423	25	18,548,255
Tax free income	(2.6)	(2,414,756)	(2.5)	(1,858,582)
Un-deductible expenses	-	434,717	-	31,862
Other	-	(72,759)	-	(11,676)
Tax expense/(income)	22.8	21,272,625	22.5	16,709,859

(15) Valuation Account

As explained in the article 2-ii-a, Section "A. Notes and Explanations related to the Current Year" of the section - I "Notes and Explanations related to the Bank and its Financial Structure", the "Valuation Account" in the balance sheet represents the unrealized foreign exchange gains and losses and price changes of gold as at the balance sheet date. Foreign exchange gains and losses and price changes of gold realized during the period are recognized in the statement of profit or loss.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

II. NOTES AND EXPLANATIONS TO THE BALANCE SHEET AND OFF-BALANCE SHEET ACCOUNTS (Continued)

(16) Other Liabilities

Breakdown of other liabilities – other is presented below:

	December 31, 2022	December 31, 2021
Liabilities from forward currency transactions	5,515,999	16,350,940
Increase in equity participants	5,026,706	3,765,530
Fair value differences of swap transactions	4,701,289	38,699,394
Account transactions with subsequent dates	1,828,665	703,639
Money to be liquidated to the following period	101,901	7,192
Interests waiting because of its being under the limit	63,345	46,967
Prior year's gains / (losses)	37,301	26,319
Debts from bonds waiting for court decisions	19,672	16,549
Amounts waiting for the application of beneficiaries	6,767	23,711
Payments to heirs as a result of death	5,338	5,476
Retirement pay provision actuarial gain	2,490	2,490
Seized and prudent money	168	199
Increases/decreases in TL-settled forward foreign exchange transactions	-	54,709
Other	15,613,254	2,233,025
Total	32,922,895	61,936,140

Breakdown of other liabilities accrual expenses is presented below:

	December 31, 2022	December 31, 2021
IMF payments	634,736	9,202
Accrual of VIOP transactions in BIST	-	465,809
Other	25,699	26,894
Total Accrual Expenses	660,435	501,905

(17) Foreign Banks

As of December 31, 2022, and December 31, 2021, foreign bank balances are presented below:

	2022		2021	
	TL	Thousand US Dollar	TL	Thousand US Dollar
Foreign banks	165,822,662	8,868,328	62,913,857	4,847,918

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

III. NOTES AND EXPLANATIONS TO THE STATEMENT OF PROFIT OR LOSS

(1) Interest Income

	January 1 – December 31, 2022	January 1 – December 31, 2021
Interest received from banks	80,978,447	64,977,890
Interests received from transactions of purchases under agreements to resell	33,160,228	36,526,179
Interests received from TL and FC securities	31,372,141	10,201,824
Interest received from interbank monetary policy operations	11,684,350	18,872,822
Interest received from loans	9,423,941	1,052,380
Total	166,619,107	131,631,095

(2) Interest Expense

	January 1 – December 31, 2022	January 1 – December 31, 2021
Interest paid to Treasury accounts	15,186,327	14,222,710
Interest paid to banks	9,434,498	11,036,835
Interest paid to IMF general use of resources	1,513,494	20,863
Interest paid to interbank monetary policy operations	757,897	665,761
Total	26,892,216	25,946,169

(3) Non-Interest Income

	January 1 – December 31, 2022	January 1 – December 31, 2021
Foreign exchange gains (*)	21,897,020	26,433,165
Other non-interest income	39,866,605	8,669,492
Dividend	46,538	48,635
Total	61,810,163	35,151,292

(*) Foreign Exchange Gains account consists of realized gains on foreign currency trading transactions during the year.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.)

III. NOTES AND EXPLANATIONS TO THE STATEMENT OF PROFIT OR LOSS (Continued)

(4) Non-Interest Expenses

	January 1 - December 31, 2022	January 1 - December 31, 2021
Foreign exchange transaction losses (*)	16,163,240	46,805,974
Provision for non-performing loans	9,196,194	8,970,619
Losses on purchase and sale of securities and fair value decreases	8,380,965	1,920,996
Wages and salaries	2,220,457	1,289,768
General administrative and banknote expenses	1,248,628	462,211
Social Security Expenses	382,878	148,202
TL-Settled Foreign Exchange Futures Transactions	200,815	-
Depreciation expense	114,778	83,325
Other non-interest expenses	88,780,835	8,621,582
Total	126,688,790	68,302,677

(*) Foreign Exchange Losses account consists of realized losses on foreign currency trading transactions during the year.

Provisions for non-performing loans consists of the provisions provided for the accrued interest income on non-performing loans amounting to TL 136,695 (2021: TL 73,999) and provision provided for the foreign exchange difference on non-performing loans amounting to TL 9,059,500 occurred due to fluctuations in foreign exchange rates during the year (2021: TL 8,896,620).

IV. NOTES AND EXPLANATIONS TO CASH FLOW STATEMENT

(1) Cash and cash equivalents at the beginning of the period:

	January 1, 2022	January 1, 2021
Foreign Currency Banknotes	51,758,697	21,578,916
Coins	85,130	60,850
Foreign Correspondents / Deposit (*)	119,980,194	56,345,440
Foreign Correspondents / Other (**)	661,570,576	222,479,106
Receivables from Money Market Operations (***)	569,019,522	289,587,000
Domestic Bank	599,767	-
Cash and Cash Equivalents	1,403,013,886	590,051,312

(2) Cash and cash equivalents at the end of the period:

	December 31, 2022	December 31, 2021
Foreign Currency Banknotes	179,560,204	51,758,697
Coins	23,599	85,130
Foreign Correspondents / Deposit (*)	164,583,878	119,980,194
Foreign Correspondents / Other (**)	1,085,521,207	661,570,576
Receivables from Money Market Operations (***)	190,182,656	569,019,522
Domestic Bank	3,202,419	599,767
Cash and Cash Equivalents	1,623,073,963	1,403,013,886

(*) Deposit accounts rediscount of TL 120,610 (December 31, 2021: TL 2,539) is not included in the Foreign Banks/Deposit in balance sheet.

(**) Other accounts rediscount TL 758,841 (December 31, 2021: TL 146,058) is not included in the foreign correspondents/Other

(***) Receivables from money market operations interest accrual of TL 100,591 (December 31, 2021: TL 450,373) and interbank money market interest rediscount of TL 25,156 (December 31, 2021: TL 141,103) are not included in receivables from money market operations in balance sheet.

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

V. SUPPLEMENTARY FINANCIAL STATEMENTS

Presentation of assets and liabilities according to their remaining maturities

CURRENT PERIOD (December 31, 2022)	No Maturity	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	5 years and over	Undistributed	Total
ASSET								
Gold Reserves	685,686,215	171,562,813	-	-	-	-	-	857,249,028
Foreign Currency Banknotes	179,560,204	-	-	-	-	-	-	179,560,204
Foreign Correspondents	1,086,280,047	158,249,466	12,089,920	24,410,771	90,048,141	55,900	-	1,371,134,245
Reserve Tranche Position	2,816,499	-	-	-	-	-	-	2,816,499
Securities Portfolio	-	4,138,698	2,385,803	33,631,262	96,219,346	14,676,748	-	151,051,857
Receivables from Money Market Operations	-	190,308,403	-	-	-	-	-	190,308,403
Domestic Correspondents	-	3,802,186	-	-	-	-	-	3,802,186
Loans	169,433	6,146,151	37,840,827	186,858,989	6,659,153	25,747,352	-	263,421,905
Equity Participations	5,889,960	-	-	-	-	-	-	5,889,960
Treasury Liability due to SDR Allocation	138,268,530	-	-	-	-	-	-	138,268,530
Fixed Assets (Net)	-	-	-	-	-	-	1,148,976	1,148,976
Loans Under Legal Follow-up (net)	-	-	-	-	-	-	-	-
Valuation Account	-	-	-	-	-	-	328,537,596	328,537,596
Other Assets	81,241,769	-	631,535	-	-	-	-	81,873,304
Total Assets	2,179,912,657	534,207,717	52,948,085	244,901,022	192,926,640	40,480,000	329,686,572	3,575,062,693
LIABILITY								
Currency in Circulation	341,798,643	-	-	-	-	-	-	341,798,643
Payables due to Money Market Operations	-	15,809,982	-	-	-	-	-	15,809,982
Deposits	935,928,270	1,832,015,792	6,074,041	-	-	-	-	2,774,018,103
Foreign Correspondents	-	30,935,028	54,399,547	80,488,087	-	-	-	165,822,662
Reserve Tranche Position	2,816,499	-	-	-	-	-	-	2,816,499
SDR Allocation	138,268,530	-	-	-	-	-	-	138,268,530
Tax Liability	-	-	22,310,675	-	-	-	-	22,310,675
Provisions	-	-	-	-	-	-	717,744	717,744
Share Capital and Legal Reserves	-	-	-	-	-	-	7,799,460	7,799,460
Profit for the Year	-	-	-	-	-	-	72,029,068	72,029,068
Other Liabilities	25,982,055	7,596,209	-	-	-	-	93,063	33,671,327
Total Liabilities	1,444,793,997	1,886,357,011	82,784,263	80,488,087	-	-	80,639,335	3,575,062,693
Net Liquidity Position	735,118,660	(1,352,149,294)	(29,836,178)	164,412,935	192,926,640	40,480,000	249,047,237	-

THE CENTRAL BANK OF THE REPUBLIC OF TÜRKİYE

NOTES AND EXPLANATIONS TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TL”), unless otherwise indicated.)

V. SUPPLEMENTARY FINANCIAL STATEMENTS (Continued)

Presentation of Assets and Liabilities according to their remaining maturities

CURRENT PERIOD (December 31, 2021)	No Maturity	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 years	5 years and over	Undistributed	Total
ASSET								
Gold Reserves	389,585,033	109,899,977	-	-	-	-	-	499,485,010
Foreign Currency Banknotes	51,758,697	-	-	-	-	-	-	51,758,697
Foreign Correspondents	661,424,518	123,194,472	12,281,679	18,589,027	71,777,696	628,417	-	887,895,809
Reserve Tranche Position	2,049,054	-	-	-	-	-	-	2,049,054
Securities Portfolio	-	1,892,612	1,547,300	21,400,827	44,021,751	5,246,618	-	74,109,108
Receivables from Money Market Operations	-	569,610,998	-	-	-	-	-	569,610,998
Domestic Correspondents	-	599,767	-	-	-	-	-	599,767
Loans	117,594	18,269,340	42,023,229	135,550,401	-	2,319,949	-	198,280,513
Equity Participations	-	-	-	-	-	-	4,366,320	4,366,320
Treasury Liability due to SDR Allocation	100,592,854	-	-	-	-	-	-	100,592,854
Fixed Assets (Net)	-	-	-	-	-	-	925,593	925,593
Loans Under Legal Follow-up (net)	-	-	-	-	-	-	-	-
Deferred Tax Asset	-	-	-	-	-	-	-	-
Other Assets	106,373,172	-	9,156	-	-	-	160,445	106,542,773
Total Assets	1,311,900,922	823,467,166	55,861,364	175,540,255	115,799,447	8,194,984	5,452,358	2,496,216,496
LIABILITY								
Currency in Circulation	235,377,440	-	-	-	-	-	-	235,377,440
Payables due to Money Market Operations	-	6,012,486	-	-	-	-	-	6,012,486
Deposits	285,611,531	1,607,636,139	-	-	-	-	-	1,893,247,670
Foreign Correspondents	152,696	-	-	62,761,161	-	-	-	62,913,857
Reserve Tranche Position	2,049,054	-	-	-	-	-	-	2,049,054
SDR Allocation	100,592,854	-	-	-	-	-	-	100,592,854
Tax Liability	-	-	-	-	-	-	17,139,731	17,139,731
Provisions	-	-	-	-	-	-	474,700	474,700
Share Capital and Legal Reserves	-	-	-	-	-	-	4,684,659	4,684,659
Valuation Account	-	-	-	-	-	-	53,610,920	53,610,920
Profit for the Year	-	-	-	-	-	-	57,483,159	57,483,159
Other Liabilities	58,643,705	-	-	-	-	-	3,986,261	62,629,966
Total Liabilities	682,427,280	1,613,648,625	-	62,761,161	-	-	137,379,430	2,496,216,496
Net Liquidity Position	629,473,642	(790,181,459)	55,861,364	112,779,094	115,799,447	8,194,984	(131,927,072)	-