

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT JUNE 30, 2020
TOGETHER WITH AUDITOR'S REVIEW REPORT**

**(Convenience Translation of Publicly Announced
Consolidated Interim Financial Statements and Auditor's Review
Report Originally Issued in Turkish,
See in Note I. of Section Three)**



AUDITOR'S REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

To the General Assembly of Türkiye Vakıflar Bankası T.A.O.

Introduction

We have reviewed the consolidated balance sheet of Türkiye Vakıflar Bankası T.A.O. ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Group management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim consolidated financial information based on our review.

Scope of Review

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

Basis for the Qualified Conclusion

As explained in Section Five Part II-7 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 30 June 2020 include a free provision amounting to TL 852,000 thousand provided in prior years by the Group management which does not meet the requirements of BRSA Accounting and Financial Reporting Legislation.



Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Türkiye Vakıflar Bankası T.A.O. and its consolidated subsidiaries at 30 June 2020 and the consolidated results of its operations and its consolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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.

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

Halûk Yalçın, SMMM
Partner

Istanbul, 10 August 2020

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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The consolidated financial report as at and for the six-month period ended June 30, 2020 prepared in accordance with the "Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP
- DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES
- INDEPENDENT AUDITORS' REVIEW REPORT
- INTERIM ACTIVITY REPORT

The subsidiaries and associates included in the consolidated financial report are as follows:

SUBSIDIARIES	ASSOCIATES	JOINT-VENTURES
Vakıf Faktoring AŞ	Kıbrıs Vakıflar Bankası Ltd.	-
Vakıf Finansal Kiralama AŞ	Türkiye Sınai Kalkınma Bankası AŞ	-
Vakıf Yatırım Menkul Değerler AŞ	-	-
VakıfBank International AG	-	-
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	-	-
Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	-	-

The accompanying consolidated financial statements for the six-month period period, related disclosures and footnotes which have been independently reviewed, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, the related statements and guidance and in compliance with the financial records of our Bank and unless otherwise stated, presented in thousands of Turkish Lira.

August 10, 2020

Abdülkadir AKSU
Chairman of The Board

Serdar TUNÇBİLEK
Board and Audit
Committee Member

DİLEK YÜKSEL
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

SECTION ONE

GENERAL INFORMATION

I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“The Bank” or “The Parent Bank”) was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called “the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry (“The General Directorate of the Foundations”). The Bank’s statute has not been changed since its establishment.

II. THE PARENT BANK’S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK’S RISK GROUP

The shareholder having control over the shares of The Parent Bank is the Republic of Turkey Ministry of Treasury and Finance.

As at June 30, 2020, the Parent Bank’s paid-in capital is TL 3,905,622 TL (December 31, 2019: TL 2,500,000) divided into 390,562,248,996 shares with each has a nominal value of Kr 1.(December 31, 2019: TL 250,000,000,000)

The Parent Bank’s shareholders structure as at June 30, 2020 and December 31, 2019 is stated below:

Shareholders June 30, 2020	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Turkey Wealth Fund (D Grubu)	1,405,622,490	1,405,622	35.99
Republic of Turkey Ministry of Treasury and Finance(Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
Republic of Turkey Ministry of Treasury and Finance (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	3,905,622,490	3,905,622	100.00

Shareholders December 31, 2019	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Republic of Turkey Ministry of Treasury and Finance(Group A)	1,075,058,640	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10
Republic of Turkey Ministry of Treasury and Finance (Group B)	387,673,328	387,673	15.51
Other appendant foundations (Group B)	2,652,715	2,653	0.11
Other real persons and legal entities (Group C)	1,527,393	1,528	0.06
Publicly traded (Group D)	630,535,258	630,535	25.22
Total	2,500,000,000	2,500,000	100.00

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

GENERAL INFORMATION (Continued)

II. THE PARENT BANK'S SHAREHOLDERS STRUCTURE, MANAGEMENT AND INTERNAL AUDIT, DIRECT AND INDIRECT SHAREHOLDERS, CHANGE IN SHAREHOLDER STRUCTURE DURING THE PERIOD AND INFORMATION ON BANK'S RISK GROUP(Continued)

With the Decree Law No. 696 published in the Official Gazette dated 24 December 2017, the "Türkiye Vakıflar Bankası Turkish Joint-Stock Company Law" No. 6219 was amended.

With the Presidential Decree dated December 3, 2019, published in line with the relevant provisions of Law No. 6219, 58.51% of the total of 43.00% (A) Group and 15.51% (B) Group, managed and represented by the General Directorate of Foundations' per share value of share is determined.

In accordance with the relevant provisions of the Law No. 6219, the provisions of the Capital Market Law, including the obligation to propose shares regarding the transfer transactions regarding the shares specified in the Presidential Decree of 3 December 2019, will not be applied. There will be no changes regarding the 25.22% shares of the (D) Group traded at the stock exchange.

The process regarding the transfer of bank shares has been completed as of 11 December 2019 and 58.51% of the Parent Bank's share has been transferred to the Treasury and has been recorded in the Parent Bank's share book on behalf of the Ministry of Treasury and Finance of the Republic of Turkey.

With the decision of the Parent Bank's Board of Directors dated May 11, 2020, it has been decided to increase the issued capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board , the Banking Regulation and Supervision Agency and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering and by dedicated sales method.

The disclosure published by the Parent Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as TL 4.98 for a share with a nominal value of 1 TL, and that the issued capital will be increased from TL 2,500,000 to TL 3,905,622 as a result of the capital increase.

The disclosure published by the Parent Bank on May 20, 2020, it has been announced that the shares with a nominal value of TL 1,405,622 issued by the Parent Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

GENERAL INFORMATION (Continued)

III. INFORMATION ON THE PARENT BANK'S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
Board of Directors				
Abdülkadir AKSU	Chairman	May 27, 2019	Bachelor's	1 years
Dr.Cemil Ragıp ERTEM	Member – General Manager	June 12, 2020	PhD	22 years
Abdi Serdar ÜSTÜNSALİH	Member	May 27, 2019	Master's	29 years
Dr.Adnan ERTEM	Member	October 28, 2010	PhD	32 years
Dilek YÜKSEL	Member	March 29, 2016	Bachelor's	10 years
Şahin UĞUR	Member	June 9 2017	Bachelor's	34 years
Serdar TUNÇBİLEK	Member	June 9 2017	Bachelor's	34 years
Hamza YERLİKAYA	Member	June 12, 2020	Master's	-
Sadık YAKUT	Member – General Manager	May 27, 2019	Bachelor's	1 years
Audit Committee				
Serdar TUNÇBİLEK	Member	June 15, 2017	Bachelor's	34 years
Dilek YÜKSEL	Member	June 12, 2020	Bachelor's	10 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor's	36 years
Mehmet Emin BAYSA	Auditor	March 19, 2010	Master's	1 years
Assistant General Managers				
Metin Recep ZAFER	R&D and Business Intelligence Application Development, Basic Banking Application Development, Channel Management and Payment Systems App. Development, System Management, IT System and Application Support, IT Planning and Coordination, Treasury Operations, Foreign Operations, Banking Operations, Credit, Customer and Account Operations	June 13, 2006	PhD	25 years
Muhammet Lütfü ÇELEBİ	Retail Banking Marketing, Retail Banking Marketing Services	October 23, 2013	Bachelor's	25 years
H.Uğur BİLGİN	Human Resources, Corporate Development and Academy	August 1, 2017	Master's	33 years
Şuayyip İLBİLGİ	Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor's	24 years
Mikail HIDİR	Credit Risk Planning and Monitoring Evaluation and Rating, Credit Risk Liquidation, Legal Affairs	December 26, 2018	Bachelor's	17 years
Hazım AKYOL	Corporate Banking Marketing, Commercial Banking Marketing, Corporate Branches Cash Management Product Development and Foreign Trade Marketing	May 31, 2019	Bachelor's	26 years
Alaattin ŞİMŞEK	Corporate Loans Allocation and Management SME and Retail Loans Allocation, Commercial Loans Allocation, Application of Credit Policies and Processes 1-2, Specific Loans Management	May 31, 2019	Bachelor's	25 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication	May 31, 2019	Master's	23 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor's	19 years
Arif ÇOKÇETİN	Corporate Loans Allocation Management Retail and SME Loans Allocation Management Commercial Loans Allocation Management 1-2 Featured Loans Management	July 8, 2020	Bachelor's	25 years

The persons listed in the table above do not have any interest in the non-public part of the Bank.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

GENERAL INFORMATION (Continued)

III. INFORMATION ON THE PARENT BANK'S CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS, AND THEIR SHARES IN THE BANK (Continued)

Board of Directors Operations Chairmanship Departments and Support Services are working dependent to the General Manager. Board of Directors membership election of the Parent Bank is renewed every year in the General Meeting.

The decisions taken at the 66th Ordinary General Assembly Meeting of the Parent Bank held on June 12, 2020 regarding the renewal of the Members of the Board of Directors are as follows; It was resolved by majority of votes to appoint Mr. Hamza Yerlikaya as Independent Board Member to replace Mr. Şahap Kavcıoğlu representing Group (A) to serve for 3 years and to appoint Mr. Mehmet Emin Baysa to replace Mr. Yunus Arıncı as members of the Supervisory Board for 3 years.

At the Board of Directors Meeting held on 12 June 2020, in accordance with the Related Articles of our Bank's Articles of Association:

- Mr. Abdulkadir Aksu was elected as the Chairman of the Board,
- Mr. Cemil Ragıp Ertem was elected as the Deputy Chairman of the Board of Directors,
- Mr. Abdi Serdar Üstünsalih was elected as the General Manager

by unanimous vote.

With the decision of the Parent Bank's Board of Directors dated July 8, 2020, Arif ÇOKÇETİN was appointed as the Assistant General Manager.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

GENERAL INFORMATION (Continued)

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Current Period- June 30, 2020

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Turkey Wealth Fund (D Grubu)	1,405,622	35.99	1,405,622	-
Republic of Turkey Ministry of Treasury and Finance (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
Republic of Turkey Ministry of Treasury and Finance (Group B)	387,673	9.93	387,673	-

Prior Period- December 31, 2019

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Republic of Turkey Ministry of Treasury and Finance (Group A)	1,075,058	43.00	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	16.10	402,553	-
Registered Foundations Represented by the General Directorate of the Foundations (Group B)	387,673	15.51	387,673	-

As of June 30, 2020, shareholder holding control over the Bank is the Republic of Turkey Ministry of Treasury and Finance having 37.45% of the Parent Bank’s outstanding shares. Other organizations that are qualified shareholders are Turkey Wealth Fund, with 35.99% share and Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, with 10.31% share.

As of 31 December 2019, shareholder holding control over the Parent Bank is the Republic of Turkey Ministry of Treasury and Finance having 58.51% of the Parent Bank’s outstanding shares. Another organization holding qualified share in the Parent Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Parent Bank.

With the Decree Law No. 696 published in the Official Gazette dated December 24, 2017 and the Presidential Decree dated December 3, 2019, the changes in the capital structure of the Parent Bank are explained in detail under the title II in the General Information Section I. of the report.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

GENERAL INFORMATION (Continued)

V. INFORMATION ABOUT THE SERVICES AND NATURE OF ACTIVITIES OF THE PARENT BANK

The Parent Bank was established under the authorization of special law numbered 6219, called “The Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Parent Bank as stated at its Articles of Association are as follows:

The Parent Bank's objective is to carry out all kinds of banking activities that deposit banks can perform, provided that the obligations specified in the Banking Law and other relevant legislation are fulfilled.

The Parent Bank shall exercise all the powers recognized by the provisions of the Banking Law and other relevant legislation in order to achieve its objectives.

In this framework, the Bank shall engage in activities such as to issue all kinds of cash and non-cash loans, either in Turkish Lira or foreign currency, to act as an intermediary in the export, purchase and sale of financial instruments, to carry out investment banking transactions, to buy, sell or transfer loans as wholesale or retail, to complete transactions in domestic and foreign futures markets, to provide funds from domestic and foreign interbank money market, to perform capital market transactions, to act as intermediary for import and export transactions, to act as agent for insurance and other financial institutions, and to participate in any partnership to which they may become a partner, without prejudice to the provisions of the capital market legislation, or to establish new partnerships for this purpose or to quit established partnerships.

The Parent Bank is also authorized to carry out the banking services of the registered and appendant foundations as well as the cash registers under the agreements to be made by the General Directorate of Foundations.

Without prejudice to the provisions of the relevant legislation, The Parent Bank may acquire, grant, issue, sell, transfer, pledge or mortgage to others, take pledges and mortgages on securities and real estate in its may lease or lease similar rights, annotate the lease and sale promise contracts to the title deed in his favor, and remove annotations for all kinds of movable properties, real estates and their rights, particularly industrial, intellectual and similar rights, right of incorporation and loyalty, rights of usufruct, easement and superior rights. The Parent Bank can establish, either individually or collectively in an equal manner, pledge or mortgage.

The Parent Bank may acquire securities and real estates in order to carry out banking activities or collect its receivables within the legal limits and may dispose of them by sale, exchange and other forms when necessary.

The Parent Bank may obtain all kinds of collateral, guarantee in kind and personal guarantees, for the collection and provision of its rights and receivables. In this regard, the deed, tax offices and other public and private institutions before registration, cancellation, assignment and all other operations can do.

The Parent Bank and its consolidated subsidiaries are called as “The Group” in the report.

As at June 30, 2020, The Parent Bank has 936 domestic, 3 foreign, in total 939 branches (December 31, 2019: 940 domestic, 3 foreign, in total 943 branches). As at June 30, 2020, The Parent Bank has 16,710 employees (December 31, 2019: 16,835 employees).

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

GENERAL INFORMATION (Continued)

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE INSTITUTIONS SUBJECT TO LINE-BY-LINE METHOD OR PROPORTIONAL CONSOLIDATION AND INSTITUTIONS WHICH ARE DEDUCTED FROM EQUITY OR NOT INCLUDED IN THESE THREE METHODS

As at and for the six-month period ended June 30, 2020, the financial statements of T. Vakıflar Bankası T.A.O., Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the full consolidated financial statements of the Group.

As at and for the six-month period ended June 30, 2020, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

İstanbul Takas ve Saklama Bankası AŞ and Kredi Garanti Fonu AŞ are excluded from the scope of consolidation according to the Communiqué on Preparation of Consolidated Financial Statements. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ, İzmir Enternasyonal AŞ, Platform Ortak Kartlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası A.Ş., Bileşim Alternatif Dağıtım Kanalları AŞ, Birleşik İpotek Finansmanı AŞ and JCR Avrasya Derecelendirme AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TFRS-9 in the consolidated financial statements.

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ and Vakıf Gayrimenkul Değerleme AŞ have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values in accordance with TFRS 9.

VII. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR
THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT JUNE 30, 2020

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

ASSETS	Notes	Current Period June 30, 2020			Prior Period December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		42,407,192	56,263,294	98,670,486	23,839,465	51,504,253	75,343,718
1.1 Cash and cash equivalents	V-I-1	7,315,469	30,603,816	37,919,285	2,399,213	40,329,046	42,728,259
1.1.1 Cash and balances at Central Bank	V-I-1	7,278,699	25,532,184	32,810,883	2,387,874	34,116,718	36,504,592
1.1.2 Banks	V-I-3	28,932	5,071,673	5,100,605	6,120	6,212,378	6,218,498
1.1.3 Receivables from Money Markets		12,162	-	12,162	14,535	-	14,535
1.1.4 Allowance for expected credit losses (-)	V-I-16	4,324	41	4,365	9,316	50	9,366
1.2 Financial assets at fair value through profit or loss	V-I-2	320,143	7,793,915	8,114,058	178,298	2,129,634	2,307,932
1.2.1 Public debt securities		109,908	7,662,775	7,772,683	198	2,017,593	2,017,791
1.2.2 Equity instruments		205,733	131,140	336,873	173,286	112,041	285,327
1.2.3 Other financial assets		4,502	-	4,502	4,814	-	4,814
1.3 Financial assets at fair value through other comprehensive income	V-I-4	29,096,719	16,232,529	45,329,248	17,673,354	8,126,945	25,800,299
1.3.1 Public debt securities		28,483,685	14,659,143	43,142,828	17,089,209	7,011,397	24,100,606
1.3.2 Equity instruments		14,130	4,521	18,651	14,131	3,924	18,055
1.3.3 Other financial assets		598,904	1,568,865	2,167,769	570,014	1,111,624	1,681,638
1.4 Derivative financial assets	V-I-2	5,674,861	1,633,034	7,307,895	3,588,600	918,628	4,507,228
1.4.1 Derivative financial assets at fair value through profit or loss		5,674,861	1,633,034	7,307,895	3,588,600	918,628	4,507,228
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		303,796,777	121,912,030	425,708,807	224,392,334	106,479,466	330,871,800
2.1 Loans	V-I-5	281,550,085	106,908,974	388,459,059	202,068,252	92,213,963	294,282,215
2.2 Receivables from leasing transactions	V-I-10	811,546	2,220,824	3,032,370	696,678	2,077,438	2,774,116
2.3 Factoring receivables		2,881,842	244,316	3,126,158	2,504,062	369,208	2,873,270
2.4 Financial assets measured at amortised cost	V-I-6	37,202,048	12,770,704	49,972,752	35,004,414	12,010,219	47,014,633
2.4.1 Public debt securities		37,143,188	12,558,027	49,701,215	34,945,546	11,700,580	46,646,126
2.4.2 Other financial assets		58,860	212,677	271,537	58,868	309,639	368,507
2.5 Allowance for expected credit losses (-)		18,648,744	232,788	18,881,532	15,881,072	191,362	16,072,434
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-14	2,091,947	-	2,091,947	7,240,607	456,388	7,696,995
3.1 Held for sale purpose		2,091,947	-	2,091,947	7,240,607	456,388	7,696,995
3.2 Related to discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		1,561,469	3	1,561,472	1,481,250	3	1,481,253
4.1 Investments in associates (Net)	V-I-7	1,216,213	3	1,216,216	1,138,780	3	1,138,783
4.1.1 Associates accounted by using equity method		478,078	-	478,078	447,762	-	447,762
4.1.2 Unconsolidated associates		738,135	3	738,138	691,018	3	691,021
4.2 Investments in subsidiaries (Net)	V-I-8	345,256	-	345,256	342,470	-	342,470
4.2.1 Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		345,256	-	345,256	342,470	-	342,470
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		4,221,723	12,908	4,234,631	3,029,550	11,417	3,040,967
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		249,816	319	250,135	237,755	304	238,059
6.1 Goodwill		14,631	-	14,631	14,631	-	14,631
6.2 Other		235,185	319	235,504	223,124	304	223,428
VII. INVESTMENT PROPERTIES (Net)	V-I-12	634,588	-	634,588	608,990	-	608,990
VIII. CURRENT TAX ASSETS	V-I-13	20	-	20	-	-	-
IX. DEFERRED TAX ASSETS	V-I-13	1,401,290	-	1,401,290	801,616	-	801,616
X. OTHER ASSETS	V-I-15	7,018,358	9,311,248	16,329,606	5,328,857	7,628,874	12,957,731
TOTAL ASSETS		363,383,180	187,499,802	550,882,982	266,960,424	166,080,705	433,041,129

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT JUNE 30, 2020

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

LIABILITIES	Notes	Current Period June 30, 2020			Prior Period December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	191,218,962	148,275,168	339,494,130	142,276,343	111,854,405	254,130,748
II. BORROWINGS	V-II-3	2,548,151	44,550,696	47,098,847	2,286,766	42,776,918	45,063,684
III. MONEY MARKET FUNDS		26,908,664	10,839,593	37,748,257	19,825,274	5,598,794	25,424,068
IV. MARKETABLE SECURITIES ISSUED (Net)	V-II-3	13,313,098	24,976,270	38,289,368	11,792,577	17,455,479	29,248,056
4.1 Bills		7,925,898	-	7,925,898	6,494,825	-	6,494,825
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		5,387,200	24,976,270	30,363,470	5,297,752	17,455,479	22,753,231
V. FUNDS		3,053	-	3,053	3,053	-	3,053
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,053	-	3,053	3,053	-	3,053
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	2,750,442	2,337,194	5,087,636	2,226,099	1,085,898	3,311,997
7.1 Derivative financial liabilities at fair value through profit or loss		2,750,442	2,337,194	5,087,636	2,226,099	1,085,898	3,311,997
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		859	226	1,085	1,823	549	2,372
IX. LEASE PAYABLES (Net)	V-II-5	1,066,114	52	1,066,166	935,839	99	935,938
X. PROVISIONS	V-II-7	2,348,251	44,838	2,393,089	2,219,860	39,067	2,258,927
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		1,181,512	4,656	1,186,168	1,153,968	3,997	1,157,965
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		1,166,739	40,182	1,206,921	1,065,892	35,070	1,100,962
XI. CURRENT TAX LIABILITIES	V-II-8	2,172,569	1,897	2,174,466	1,138,988	3,003	1,141,991
XII. DEFERRED TAX LIABILITIES	V-II-8	179	20,566	20,745	1,232	30,758	31,990
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	5,018,668	353,532	5,372,200
13.1 Held for sale		-	-	-	5,018,668	353,532	5,372,200
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	6,393,675	11,362,567	17,756,242	6,394,877	12,850,576	19,245,453
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		6,393,675	11,362,567	17,756,242	6,394,877	12,850,576	19,245,453
XV. OTHER LIABILITIES	V-II-4	11,737,900	3,011,597	14,749,497	9,705,538	3,612,824	13,318,362
XVI. SHAREHOLDERS' EQUITY	V-II-11	44,028,170	972,231	45,000,401	32,573,508	978,782	33,552,290
16.1 Paid-in capital	V-II-11	3,905,622	-	3,905,622	2,500,000	-	2,500,000
16.2 Capital reserves		6,286,570	-	6,286,570	839,941	-	839,941
16.2.1 Equity share premiums		6,303,323	-	6,303,323	723,962	-	723,962
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(16,753)	-	(16,753)	115,979	-	115,979
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		1,729,775	-	1,729,775	1,659,676	-	1,659,676
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		1,108,095	650,317	1,758,412	561,289	682,614	1,243,903
16.5 Profit reserves		25,931,726	234,636	26,166,362	23,057,072	200,064	23,257,136
16.5.1 Legal reserves		2,779,640	17,882	2,797,522	2,538,782	10,669	2,549,451
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		21,789,900	213,139	22,003,039	20,061,308	185,780	20,247,088
16.5.4 Other profit reserves		1,355,849	3,615	1,359,464	450,645	3,615	454,260
16.6 Profit or loss		4,374,268	82,608	4,456,876	3,134,638	45,862	3,180,500
16.6.1 Prior years' profits or losses		253,238	11,374	264,612	(148,390)	(40,469)	(188,859)
16.6.2 Current period net profit or loss		4,121,030	71,234	4,192,264	3,283,028	86,331	3,369,359
16.7 Minority interests		692,114	4,670	696,784	820,892	50,242	871,134
TOTAL LIABILITIES AND EQUITY		304,490,087	246,392,895	550,882,982	236,400,445	196,640,684	433,041,129

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

	Notes	Current Period June 30, 2020			Prior Period December 31, 2019		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		159,910,893	241,160,050	401,070,943	130,858,298	206,289,254	337,147,552
I. GUARANTEES AND WARRANTIES	V-III-2	37,432,190	48,607,034	86,039,224	38,069,926	40,210,391	78,280,317
1.1. Letters of guarantee	V-III-1	36,861,950	27,886,109	64,748,059	37,379,041	21,625,025	59,004,066
1.1.1. Guarantees subject to state tender law		2,459,740	8,502,857	10,962,597	2,904,236	7,080,944	9,985,180
1.1.2. Guarantees given for foreign trade operations		1,681,275	-	1,681,275	1,322,033	-	1,322,033
1.1.3. Other letters of guarantee		32,720,935	19,383,252	52,104,187	33,152,772	14,544,081	47,696,853
1.2. Bank acceptances		6,957	5,501,912	5,508,869	7,842	4,574,992	4,582,834
1.2.1. Import letter of acceptance		-	236,514	236,514	-	220,683	220,683
1.2.2. Other bank acceptances		6,957	5,265,398	5,272,355	7,842	4,354,309	4,362,151
1.3. Letters of credit		182,491	14,604,563	14,787,054	141,830	13,590,815	13,732,645
1.3.1. Documentary letters of credit		182,491	14,604,563	14,787,054	141,830	13,590,815	13,732,645
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Pre-financings given as guarantee		-	5,456	5,456	-	4,736	4,736
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for securities issued		-	-	-	-	-	-
1.7. Factoring guarantees		267,004	388,878	655,882	324,144	142,897	467,041
1.8. Other guarantees		27,890	85,703	113,593	51,444	49,964	101,408
1.9. Other warranties		85,898	134,413	220,311	165,625	221,962	387,587
II. COMMITMENTS		61,023,361	31,987,354	93,010,715	50,408,925	32,589,509	82,998,434
2.1. Irrevocable commitments	V-III-1	53,160,688	2,770,007	55,930,695	43,325,448	5,794,937	49,120,385
2.1.1. Asset purchase and sales commitments		911,526	2,458,532	3,370,058	2,407,191	5,561,794	7,968,985
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		3,150	-	3,150	7,500	-	7,500
2.1.4. Loan granting commitments		23,632,737	2,493	23,635,230	18,076,739	2,340	18,079,079
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments	V-III-1	4,900,652	-	4,900,652	3,528,150	-	3,528,150
2.1.8. Tax and fund liabilities on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	20,727,949	-	20,727,949	17,293,741	-	17,293,741
2.1.10. Commitments for credit card and banking services promotions		613,052	-	613,052	484,519	-	484,519
2.1.11. Receivables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.12. Payables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		2,371,622	308,982	2,680,604	1,527,608	230,803	1,758,411
2.2. Revocable commitments		7,862,673	29,217,347	37,080,020	7,083,477	26,794,572	33,878,049
2.2.1. Revocable loan granting commitments		7,862,673	29,217,347	37,080,020	7,083,477	26,794,572	33,878,049
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		61,455,342	160,565,662	222,021,004	42,379,447	133,489,354	175,868,801
3.1. Derivative financial instruments held for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedging for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		61,455,342	160,565,662	222,021,004	42,379,447	133,489,354	175,868,801
3.2.1. Forward foreign currency purchase and sale transactions		2,060,349	3,098,360	5,158,709	2,320,043	2,217,584	4,537,627
3.2.1.1. Forward foreign currency purchase transactions		1,032,315	1,549,291	2,581,606	1,163,458	1,109,150	2,272,608
3.2.2.2. Forward foreign currency sales		1,028,034	1,549,069	2,577,103	1,156,585	1,108,434	2,265,019
3.2.2. Currency and interest rate swaps		50,975,090	138,097,068	189,072,158	30,978,513	115,422,998	146,401,511
3.2.2.1. Currency swap purchase transactions		1,642,788	55,045,416	56,688,204	1,781,342	38,137,242	39,918,584
3.2.2.2. Currency swap sale transactions		46,062,302	10,726,414	56,788,716	25,527,171	14,629,740	40,156,911
3.2.2.3. Interest rate swap purchase transactions		1,635,000	36,162,619	37,797,619	1,835,000	31,328,008	33,163,008
3.2.2.4. Interest rate swaps sale transactions		1,635,000	36,162,619	37,797,619	1,835,000	31,328,008	33,163,008
3.2.3. Currency, interest rate and security options		9,499	418,812	428,311	576,987	759,416	1,336,403
3.2.3.1. Currency purchase option		8,869	202,762	211,631	367,787	294,076	661,863
3.2.3.2. Currency sale option		630	216,050	216,680	209,200	465,340	674,540
3.2.3.3. Interest rate purchase options		-	-	-	-	-	-
3.2.3.4. Interest rate sale options		-	-	-	-	-	-
3.2.3.5. Security purchase options		-	-	-	-	-	-
3.2.3.6. Security sale options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency purchase futures		-	-	-	-	-	-
3.2.4.2. Currency sales futures		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate purchases futures		-	-	-	-	-	-
3.2.5.2. Interest rate sales futures		-	-	-	-	-	-
3.2.6. Other		8,410,404	18,951,422	27,361,826	8,503,904	15,089,356	23,593,260
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		2,991,963,347	2,474,092,485	5,466,055,832	2,297,605,505	1,578,274,516	3,875,880,021
IV. ITEMS HELD IN CUSTODY		93,283,097	21,755,558	115,038,655	76,566,563	15,168,557	91,735,120
4.1. Customer fund and portfolio balances		4,110,331	-	4,110,331	2,113,691	-	2,113,691
4.2. Securities held in custody		71,381,966	7,260,700	78,642,666	57,617,522	5,230,911	62,848,433
4.3. Checks received for collection		8,764,917	1,480,081	10,244,998	8,743,308	1,190,464	9,933,772
4.4. Commercial notes received for collection		7,267,017	1,271,320	8,538,337	6,704,176	1,084,425	7,788,601
4.5. Other assets received for collection		2,152	274	2,426	2,152	238	2,390
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		419,190	7,513,762	7,932,952	204,705	4,909,862	5,114,567
4.8. Custodians		1,337,524	4,229,421	5,566,945	1,181,009	2,752,657	3,933,666
V. PLEDGED ITEMS		859,681,950	295,449,774	1,155,131,724	775,988,471	242,582,316	1,018,570,787
5.1. Marketable securities		698,478	132,504	830,982	299,466	44,434	343,900
5.2. Guarantee notes		934,460	2,374,895	3,309,355	837,716	1,783,494	2,621,210
5.3. Commodity		107,811,471	3,161,350	110,972,821	106,248,275	2,762,344	109,010,619
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		585,871,096	243,194,852	829,065,948	552,289,678	193,747,833	746,037,511
5.6. Other pledged items		163,785,566	46,484,299	210,269,865	115,697,559	44,107,197	159,804,756
5.7. Depositories receiving pledged items		580,879	101,874	682,753	615,777	137,014	752,791
VI. ACCEPTED GUARANTEES AND WARRANTIES		2,038,998,300	2,156,887,153	4,195,885,453	1,445,050,471	1,320,523,643	2,765,574,114
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3,151,874,240	2,715,252,535	5,867,126,775	2,428,463,803	1,784,563,770	4,213,027,573

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

	Notes	Current Period January 1, 2020- June 30, 2020	Current Period April 1, 2019- June 30, 2019	Prior Period January 1, 2019- June 30, 2019	Prior Period April 1, 2019- June 30, 2019	
I.	INTEREST INCOME	V-IV-1	21,523,890	11,069,144	21,028,965	11,087,988
1.1	Interest on loans	V-IV-1	17,244,675	8,863,470	17,074,308	8,968,489
1.2	Interest received from reserve deposits		34,251	16,995	204,433	105,323
1.3	Interest received from banks	V-IV-1	65,793	14,882	178,359	85,454
1.4	Interest received from money market transactions		750	271	1,962	1,241
1.5	Interest received from marketable securities portfolio	V-IV-1	4,042,983	2,115,509	3,429,257	1,865,812
1.5.1	Financial assets at fair value through profit or loss		55,012	20,669	41,577	30,193
1.5.2	Financial assets at fair value through other comprehensive income		1,702,839	953,657	990,855	577,162
1.5.3	Financial assets measured at amortised cost		2,285,132	1,141,183	2,396,825	1,258,457
1.6	Finance lease interest income		123,424	61,655	115,883	59,542
1.7	Other interest income		12,014	(3,638)	24,763	2,127
II.	INTEREST EXPENSES	V-IV-2	10,900,196	5,526,588	15,536,474	8,123,718
2.1	Interest on deposits	V-IV-2	6,104,374	3,121,734	9,175,258	4,764,636
2.2	Interest on funds borrowed	V-IV-2	799,995	381,045	934,836	475,569
2.3	Interest on money market transactions		1,574,239	857,999	3,358,946	1,764,774
2.4	Interest on securities issued	V-IV-2	2,219,868	1,080,207	1,957,610	1,071,108
2.5	Leasing interest income		76,818	37,460	76,475	40,193
2.6	Other interest expenses		124,902	48,143	33,349	7,438
III.	NET INTEREST INCOME/EXPENSE (I - II)		10,623,694	5,542,556	5,492,491	2,964,270
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		1,604,913	804,518	1,825,074	851,956
4.1	Fees and commissions received		2,008,991	983,265	2,367,528	1,165,547
4.1.1	Non-cash loans		362,436	182,110	348,869	183,026
4.1.2	Other		1,646,555	801,155	2,018,659	982,521
4.2	Fees and commissions paid (-)		404,078	178,747	542,454	313,591
4.2.1	Non-cash loans		4,317	2,771	2,746	1,076
4.2.2	Other		399,761	175,976	539,708	312,515
V.	DIVIDEND INCOME		17,287	16,898	8,432	7,095
VI.	TRADING PROFIT/LOSS (Net)	V-IV-3	(766,656)	(186,821)	(1,063,874)	(1,234,803)
6.1	Profit/losses from capital market transactions	V-IV-3	733,698	580,993	121,141	69,004
6.2	Profit/losses from derivative financial transactions	V-IV-3	(1,035,944)	(774,960)	(1,492,899)	(1,501,823)
6.3	Foreign exchange profit/losses	V-IV-3	(464,410)	7,146	307,884	198,016
VII.	OTHER OPERATING INCOME	V-IV-4	5,295,242	1,891,339	3,479,032	1,553,811
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III-IV+V+VI+VII)		16,774,480	8,068,490	9,741,155	4,142,329
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-5	6,368,294	3,218,864	3,970,574	1,423,023
X.	OTHER PROVISION EXPENSES (-)	V-IV-5	78,167	3,232	54,243	20,315
XI.	PERSONNEL EXPENSES (-)		1,749,805	887,346	1,483,825	731,678
XII.	OTHER OPERATING EXPENSES (-)	V-IV-6	3,342,620	973,996	2,675,446	1,355,722
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		5,235,594	2,985,052	1,557,067	611,591
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		27,957	14,571	32,422	18,118
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	V-IV-7	5,263,551	2,999,623	1,589,489	629,709
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-10	(1,040,084)	(579,592)	(258,487)	(94,822)
18.1	Current tax provision	V-IV-10	(1,773,065)	(1,624,293)	(448,717)	(396,714)
18.2	Expense effect of deferred tax (+)	V-IV-10	(626,768)	(172,217)	(720,419)	(81,678)
18.3	Income effect of deferred tax (-)	V-IV-10	1,359,749	1,216,918	910,649	383,570
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-9	4,223,467	2,420,031	1,331,002	534,887
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1	Income from assets held for sale		-	-	-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-	-	-
20.3	Other income from discontinued operations		-	-	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1	Expenses on assets held for sale		-	-	-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-	-	-
21.3	Other expenses from discontinued operations		-	-	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current tax provision		-	-	-	-
23.2	Expense effect of deferred tax (+)		-	-	-	-
23.3	Income effect of deferred tax (-)		-	-	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	V-IV-11	4,223,467	2,420,031	1,331,002	534,887
25.1	Group's profit/(loss)		4,192,264	2,425,909	1,266,185	485,730
25.2	Minority shares (-)		31,203	(5,878)	64,817	49,157
	Profit/Loss per 100 shares (full TL)	I-XXIV	1.3575	0.6361	0.5065	0.1943

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

	Current Period January 1, 2020- June 30, 2020	Prior Period January 1, 2019- June 30, 2019
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I.	PROFIT (LOSS)	4,223,467
II.	OTHER COMPREHENSIVE INCOME	1,331,002
2.1.	Other comprehensive income that will not be reclassified to profit or loss	583,588
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	266,113
2.1.2.	Gains (losses) on revaluation of Intangible Assets	7,717
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	69,079
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	81,836
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	14,187
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(1,450)
2.2.1.	Exchange Differences on Translation	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(719)
2.2.3.	Income (Loss) Related with Cash Flow Hedges	(1,450)
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	(3,475)
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	(3,067)
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(7,832)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	514,509
		258,396
		61,279
		611,869
		-
		-
		120,104
		-
		-
		67,188
		-
		-
		(23,668)
		(127,590)
		4,807,055
		1,597,115

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	STATEMENT OF CHANGES IN SHAREHOLDERS				Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity	
	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5							6
Current Period June 30, 2020																	
I. Prior Period End Balance		2,500,000	723,962	-	115,979	1,068,152	(105,972)	697,496	407,474	879,787	(43,358)	23,257,136	3,180,500	-	32,681,156	871,134	33,552,290
II. Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Beginning Balance (I+II)		2,500,000	723,962	-	115,979	1,068,152	(105,972)	697,496	407,474	879,787	(43,358)	23,257,136	3,180,500	-	32,681,156	871,134	33,552,290
IV. Total Comprehensive Income		-	-	-	-	71,926	(738)	(1,089)	61,279	484,279	(31,049)	-	-	4,192,264	4,776,872	30,183	4,807,055
V. Capital Increase by Cash		1,405,622	5,579,361	-	-	-	-	-	-	-	-	-	-	-	6,984,983	-	6,984,983
VI. Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	(132,732)	-	-	-	-	-	(17,430)	10,768	-	(139,394)	(204,533)	(343,927)	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	2,926,656	(2,926,656)	-	-	-	-
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	2,926,656	(2,926,656)	-	-	-	-
Ending Balance (I+II+...X+XI)		3,905,622	6,303,323	-	(16,753)	1,140,078	(106,710)	696,407	468,753	1,364,066	(74,407)	26,166,362	264,612	4,192,264	44,303,617	696,784	45,000,401

1. Property & Equipment Revaluation Increase/Decrease
2. Defined Benefit Pension Plan Remeasurement Gain/Loss
3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)
4. Translation Differences from Foreign Currency Transactions
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income
6. Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method).

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity	
						1	2	3	4	5	6							
Prior Period June 30, 2019																		
I. Prior Period End Balance		2,500,000	724,276	-	91,433	1,218,132	(41,357)	441,729	307,342	(117,769)	(102,292)	18,245,881	5,096,704	-	28,364,079	741,674	29,105,753	
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1. Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2. Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted Beginning Balance (I+II)		2,500,000	724,276	-	91,433	1,218,132	(41,357)	441,729	307,342	(117,769)	(102,292)	18,245,881	5,096,704	-	28,364,079	741,674	29,105,753	
IV. Total Comprehensive Income		-	-	-	-	10,662	(599)	(13,092)	94,772	160,268	67,188	-	-	1,266,185	1,585,384	11,731	1,597,115	
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes		-	1	-	(70,731)	-	-	-	-	-	-	(2,297)	(47,999)	-	(121,026)	7,928	(113,098)	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	5,238,455	(5,238,455)	-	-	-	-	
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	5,238,455	(5,238,455)	-	-	-	-	
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance		2,500,000	724,277	-	20,702	1,228,794	(41,956)	428,637	402,114	42,499	(35,104)	23,482,039	(189,750)	1,266,185	29,828,437	761,333	30,589,770	

1. Property & Equipment Revaluation Increase/Decrease
2. Defined Benefit Pension Plan Remeasurement Gain/Loss
3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)
4. Translation Differences from Foreign Currency Transactions
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income
6. Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method).

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

	Notes	Current Period June 30, 2020	Prior Period June 30, 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		5,470,111	450,716
1.1.1 Interest received (+)		17,163,089	18,742,402
1.1.2 Interest paid (-)		(11,081,200)	(15,188,258)
1.1.3 Dividends received (+)		17,287	7,810
1.1.4 Fees and commissions received (+)		2,527,842	2,367,528
1.1.5 Other income (+)		341,928	674,093
1.1.6 Collections from previously written off loans and other receivables (+)		2,210,432	1,108,399
1.1.7 Cash payments to personnel and service suppliers (-)		(1,806,330)	(1,699,808)
1.1.8 Taxes paid (-)		(802,190)	(1,305,108)
1.1.9 Other (+/-)		(3,100,747)	(4,256,342)
1.2 Changes in operating assets and liabilities subject to banking operations		497,563	7,048,650
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(5,783,989)	(293,200)
1.2.2 Net decrease (increase) in due from banks (+/-)		(236,264)	(132,900)
1.2.3 Net decrease (increase) in loans		(90,711,477)	(27,085,502)
1.2.4 Net decrease (increase) in other assets (+/-)		(767,330)	(1,539,940)
1.2.5 Net increase (decrease) in bank deposits (+/-)		963,697	3,301,544
1.2.6 Net increase (decrease) in other deposits (+/-)		83,251,876	31,824,813
1.2.7 Net increase (decrease) in financial liabilities at fair value through profit or loss (+/-)		-	-
1.2.8 Net increase (decrease) in funds borrowed (+/-)		2,374,052	(2,056,048)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)		11,406,998	3,029,883
I. Net cash provided from banking operations(+/-)		5,967,674	7,499,366
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities(+/-)		(18,806,678)	(13,733,266)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(254,380)	-
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures		700	-
2.3 Cash paid for the purchase of tangible and intangible asset (-)		(1,260,342)	(1,090,718)
2.4 Cash obtained from the sale of tangible and intangible asset (+)		63,626	230,612
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		(29,521,793)	(9,642,064)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		12,839,699	2,548,376
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		(7,230,533)	(6,001,964)
2.8 Cash obtained from sale of financial assets at amortised cost (+)		6,578,646	447,853
2.9 Other (+/-)		(22,301)	(225,361)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities (+/-)		14,405,375	9,165,102
3.1 Cash obtained from funds borrowed and securities issued (+)		20,001,435	18,680,754
3.2 Cash outflow from funds borrowed and securities issued (-)		(12,399,725)	(9,344,414)
3.3 Equity instruments issued (+)		7,000,000	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance lease liabilities (-)		(196,335)	(171,238)
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		974	76,080
V. Net increase/decrease in cash and cash equivalents (I+II+III+IV)		1,567,345	3,007,282
VI. Cash and cash equivalents at beginning of the period (+)		29,986,852	21,379,500
VII. Cash and cash equivalents at end of the period (V+VI)		31,554,197	24,386,782

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

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**SECTION THREE
ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, Turkey Accounting Standard 34 ("TAS 34") and Interim Financial Reporting Standard and Turkish Financial Reporting Standards ("TFRS") enforced by Public Oversight, Accounting and Auditing Standards Authority ("POA") and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué on Disclosures about Risk Management to be Announced to Public by Banks" and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The accounting policies and valuation principles applied in the preparation of the consolidated financial statements have been determined and applied by BRSA in accordance with the regulations, communiques, explanations and circulars published in accordance with the accounting and financial reporting principles and if no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

The preparation of financial statements according to TFRS requires the use of certain critical estimates on assets and liabilities reported as of balance sheet date and amount of contingent assets and liabilities explained and amount of income and expenses occurred in related period. Although these estimates rely on the management's best judgment, actual results can vary from these estimates. Judgments and estimates are explained in related notes.

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Group has explained the effects of Covid-19, which it reflects in the financial statements dated March 31, 2020, in the following sections. In addition, while preparing the interim financial statements dated June 30, 2020, the fair value measurements were reviewed within the scope of TFRS 13 Fair Value Measurement standard.

Additional paragraph for convenience translation to English

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

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ACCOUNTING POLICIES (Continued)

**II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN
CURRENCY TRANSACTIONS**

Strategy for the use of financial instruments

The Parent Bank's core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking in accordance with the requirements of its economic development while utilizing foundation resources. As a result of the nature of its operations, the Parent Bank intensively utilizes financial instruments. The Parent Bank accepts deposits consisting various maturities as the main source of funding with deposits being in high return as well as carefully utilizing them in high quality financial activities.

The most important fund sources of the Parent Bank other than the deposits are its equity and medium and long-term borrowings obtained from foreign financial institutions. The Parent Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Parent Bank attaches great significance to long-term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity risk, exchange rate risk and credit risk within reasonable limits; while enhancing profitability and strengthening the Parent Bank's shareholders' equity.

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Parent Bank's operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management and have lower return. The Parent Bank can take various positions on short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations. The Parent Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities.

Within the legal limitations and the regulations of The Parent Bank's internal control, the foreign currency position is being followed, the foreign currency position is established according to the basket equilibrium that is determined by taking into account current market conditions.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

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ACCOUNTING POLICIES (Continued)

**II. STRATEGY FOR THE USE OF FINANCIAL INSTRUMENTS AND INFORMATION ON FOREIGN
CURRENCY TRANSACTIONS (Continued)**

Information on foreign currency transactions

Foreign currency transactions are recorded in TL which is the functional currency of the Parent Bank. Monetary assets and liabilities denominated in foreign currencies at the balance sheet, are translated into Turkish Lira by using the foreign exchange rates effective at the balance sheet date. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

While foreign exchange differences arising from amortized cost values of financial assets that fair value differences' in foreign currency is reflected in other comprehensive income are recognized in the income statement, the exchange differences calculated on unrealized gains and losses are accounted under the "Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss" item in equity.

In March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Turkey Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 Million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 Million EUR, the fair value hedging strategy has been applied. In this context, as of June 30, 2020, the foreign exchange income presented in the income statement is 74,407 TL. 76.8 Million EUR portion of the securities issued by the Bank on 4 May 2016 with a nominal amount of 500 million Euros and the redemption date of 4 May 2021, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the income statement as long as the hedging transaction is effective. The effectiveness of the transaction is the degree to balance the changes in the fair value of the hedged item that can be associated with the hedged currency risk by the hedging instrument.

As of June 30, 2020, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

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ACCOUNTING POLICIES (Continued)

**III. INFORMATION ON ASSOCIATES THAT ARE CONSOLIDATED AND SUBSIDIARIES THAT ARE
ACCOUNTED ACCORDING TO EQUITY METHOD**

Consolidated subsidiaries

As at and for the six-month period ended June 30, 2020, the financial statements of T. Vakıflar Bankası T.A.O, Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

A share transfer agreement was signed with TVF Finansal Yatırımlar AŞ on April 22, 2020 for Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ and the same share transfers were completed as of the same date. In the previous period, the aforementioned subsidiaries were consolidated over Non-Current Assets or Disposal Groups "Held for Sale" and "From Discontinued Operations" in the Assets and Liabilities section of the balance sheet, and in the income statement they were consolidated with full consolidation method. Subsidiaries were excluded from the scope of consolidation after the transaction. Balances belonging to income and expense items realized until the sale transaction date of the mentioned subsidiaries are accounted in the consolidated income statement.

Vakıfbank International AG, was established in 1999 to operate in the banking sector in foreign countries, in line with the Bank's globalization policy. Its head office is in Vienna.

Vakıf Finansal Kiralama AŞ, was established in 1988 to enter into finance lease operations and related transactions and contracts. Its head office is in Istanbul.

Vakıf Faktoring AŞ was established in 1998 to perform factoring transactions and any kind of financing transactions. Factoring, the main operation of the Company, is a financing method that includes the trade receivables of production, distribution and service companies to be sold to intermediary institutions. Its head office is in Istanbul.

Vakıf Yatırım Menkul Değerler AŞ was established in 1996 to provide service to investors through making capital market transactions, issuance of capital market tools, commitment of repurchase and sales, and purchase (repo) and sales (reverse repo) of marketable securities, operating as a member of stock exchange, investment consultancy, and portfolio management. Its head office is in Istanbul.

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ was established as the first real estate investment partnership in finance sector under the adjudication of Capital Markets Law in 1996. The Company's main operation is in line with the scope in the Capital Markets Board's regulations relating to real estate investment trusts like, real estates, capital market tools based on real estates, real estate projects and investment on capital market tools. Its head office is in Istanbul.

Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ was established in 1991 in Istanbul. The main operation of the Company is to invest on a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired; gold and other precious metals traded in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board. Its head office is in Istanbul.

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at June 30, 2020 and December 31, 2019 but until the liquidation decision date its accumulated previous years' loss has been included in the accompanying consolidated financial statements.

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ACCOUNTING POLICIES (Continued)

**III. INFORMATION ON ASSOCIATES THAT ARE CONSOLIDATED AND SUBSIDIARIES THAT ARE
ACCOUNTED ACCORDING TO EQUITY METHOD (Continued)**

The liquidation process of World Vakıf Off UBB Ltd., an associate of the Parent Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed. Thus, the company's name has been changed as "World Vakıf UBB Ltd. in Liquidation".

As per the resolution of the Board of Directors of the Parent Bank held on September 8, 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at June 30, 2020 and December 31, 2019, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates consolidated per equity method

As at and for the six-month period ended June 30, 2020, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

Kıbrıs Vakıflar Bankası Ltd. was established in 1982 in Turkish Republic of Northern Cyprus, mainly to encourage the credit cards issued by the Bank, and increase foreign exchange inflow, and carry on retail and commercial banking operations. Its head office is in Lefkosa.

Türkiye Sınai Kalkınma Bankası AŞ was established in 1950 to support investments in all economic sectors. Its head office is in Istanbul.

In cases where the accounting policies for the preparation of the financial statements of Financial Subsidiaries are different than those of the Parent Bank, the differences have been adjusted to the accounting policies of the Parent Bank, taking the materiality principle into account. The financial statements of local Financial Subsidiaries, and foreign Financial Subsidiaries preparing their financial statements according to the principles of the countries which they are located in, have been adjusted in accordance with Reporting Standards as at the related reporting dates. Inter-company balances and transactions, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing these consolidated financial statements.

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

The derivative transactions mainly consist of currency and interest rate swaps, precious metals swaps, foreign currency forward contracts and currency options. The Parent Bank has classified its derivative transactions, mentioned above, as "Derivative Financial Assets at Fair Value Through Profit or Loss" in accordance with the "IFRS 9 – Financial Instruments".

Derivatives are initially recorded at their purchase costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Derivative transactions are valued at their fair values subsequent to their acquisition and in accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement.

Embedded derivative products are not separated from the articles of association and are accounted according to the standard on which the articles of association are based. As of June 30, 2020, the Parent Bank does not have any embedded derivative financial instruments.

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ACCOUNTING POLICIES (Continued)

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

Interest income and expenses are recognized using the effective interest method.

Starting from January 1, 2018, the Parent Bank has started accruing interest income on non-performing loans. Net book value of the non-performing loans (Gross Book Value - Expected Credit Loss) are rediscounted through effective interest rate of and recognized through the gross book value of the non performing loan.

Finance leasing activities

The total of minimum rent amounts are recorded at finance lease receivables account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at unearned income account. As the rents are collected, finance lease receivables account is decreased by the rent amount; and the interest component is recorded in the consolidated statement of income as interest income.

Factoring operations

Factoring receivables are initially recorded at their historical costs less transaction costs. They are amortized using the effective interest method, taking their historical costs and future cash flows into account and the amortized amounts are recognized as "other interest income" in the consolidated income statement.

VI. INFORMATION ON FEES AND COMMISSIONS

Banking service income is recorded as income when it is collected. Other fee and commission income is transferred to profit/loss accounts according to time period principle on the basis of accrual using the principle of the effective interest method. Fee and commission expenses are recorded as expense at the time they are paid.

Fees and commissions other than those that are an integral part of the effective interest rate of financial instruments measured at amortized cost are accounted in accordance with the TFRS 15 "Revenue from Contracts with Customers" standard.

VII. INFORMATION ON FINANCIAL ASSETS

Group categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

Group recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by The Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and Measurement of Financial Instruments

According to TFRS 9, the classification and measurement of financial assets is determined according to the business model in which the financial asset is managed and whether it depends on the contractual cash flows that include interest payments only on the principal and principal balances.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Assessments on whether contractual cash flows include only principal balances and interest payments on the principal

Within the scope of this evaluation; principal is defined as the fair value of the financial asset when it is first recognized in the financial statements. For the time value of money, interest takes into account the costs (eg liquidity risk and management costs) for the credit risk and other underlying credit risks and profit margin associated with the principal amount over a period of time.

The Parent Bank takes into consideration the contractual terms of the financial asset in the evaluation of the contractual cash flows that only include principal and interest payments on the principal. This includes assessing whether the financial asset includes a contractual condition that could change the timing or amount of contractual cash flows.

While performing the assessment, The Parent Bank fulfills the on-balance sheet classification and measurement criteria by applying the procedures defined in TFRS 9 Financial Instruments including events that may change the amount and timing of cash flows, leverage structure of the financial product, early payment options, contingent interest rate changes and similar conditions.

At the time of initial recognition, each financial asset is classified as measured at fair value through profit or loss, at amortized cost, or at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Marketable securities classified as financial assets at fair value through profit or loss are recognized at their fair values.

Financial Assets at Fair Value Through Other Comprehensive Income

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Securities representing the share in the capital classified as financial assets at fair value through other comprehensive income are recognized at fair value. Exceptionally, cost may be an appropriate estimation method for determining fair value. This is only possible if there is not enough recent information on the measurement of fair value or if the fair value can be measured with more than one method and the cost reflects the fair value estimation among these methods in the best way.

During initial recognition an entity can choose in an irrevocable was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial Assets Measured at Amortized Cost

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

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

Both "Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year.

Derivative Financial Assets

The Group's derivative transactions mainly consist of foreign currency swaps and interest rate swaps, cross currency swaps, currency options and forward foreign currency purchase / sale contracts.

The derivative financial instruments of the Group are classified as Financial assets at fair value through profit and loss in accordance with "IFRS 9 Financial Instruments" (IFRS 9). Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts.

Derivative transactions are valued at their fair values subsequent to their acquisition and in accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement.

Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method". Loans of The Parent Bank are retained under the "Measured at Amortized Cost" accounts due to holding loans in scope of a business model for the collection of contractual cash flows and contractual terms of loans that leads to cash flows representing solely payments of principal and interest at certain date.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS

As of January 1, 2018, the Parent Bank recognizes provisions for expected loss in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated June 22, 2016 numbered 29750. Expected credit loss model is applied to financial assets measured at amortized cost or financial assets at fair value through other comprehensive income (e.g. placements, loans and leasing receivables), loan commitments and financial guarantee contracts.

The expected credit loss estimates are required to be unbiased, probability-weighted, considering the time value of money and including supportable information about past events, current conditions, and forecasts of future economic conditions.

It is possible to perform the expected credit loss calculations in accordance with TFRS 9, with three main parameters for each loan. Exposure at Default (EAD), Loss Given Default (LGD), Probability of Default (PD).

Expected Credit Loss (ECL) Calculation - Input and Forecasting Methodologies

Exposure at Default (EAD): Represents the amount of risk on the default date of the borrower in case of default. According to TFRS 9 in calculating EAD, the estimation of how customer risk rating changes over time is important. Amount of EAD for cash and non-cash loans are calculated in different ways.

Cash loans are divided into two parts as loans with payment plan and loans without payment plan. For loans with payment plan, EAD is calculated by considering the installments to be paid in the future. For cash loans without payment plan, EAD is calculated by keeping credit balance constant. For non-cash loans and limit commitments EAD is calculated by regarding to credit conversion factor and behavioral maturity periods.

Loss Given Default: The ratio that provides the uncollectable amount of the loans in the process after the default. The LGD ratio is the division of the uncollectable amount of a defaulted loan into the defaulted loan amount. This ratio enables to predetermine the risks in the case of default for the active credit portfolio and allows for provision under TFRS 9. In LGD methodology, all non-performing loans amounts and long term collection process has been taken into account and LGD rate is calculated after deducting net collections amounts from the default amount and discounted with effective interest rates or approximate rate over the net amounts with an approximate value.

For corporate and retail portfolios, different LGD calculations are performed. Since the dragging effect, LGD rates in corporate portfolios are considered on customer basis. For retail portfolios, LGD rates are considered on credit basis. In order to differentiate variable risk characteristics in accordance with TFRS 9, individual and corporate segments are divided into its own LGD ratios according to different risk factors.

Probability of Default (PD): Represents the probability of default of the debtor in a defined time lag in the future.

The models used in PD calculations were developed based on historical data on past and quarterly and non-defaultable loans. PD rates used within the scope of TFRS 9 are calculated separately for each rating model and rating information. In this context, firstly, PD rates are calculated from historical data(through the cycle) from this model and rating values, then lifetime default rate curves are created. These lifetime default rate curves provide the following two basic estimation data in the calculation of expected credit losses as follows:

- 12 Months PD ratio: The probability of default within 12 months from the reporting date estimate
- Lifetime PD ratio: Estimation of the probability of default over the expected life of the financial instrument

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

The models developed under TFRS 9 have detailed segment structures based on corporate and retail portfolios.

While creating the corporate PD rates, the rating values assigned to the customers as of the date of each rating and the customers who default on the corporate side are considered. Retail portfolios are divided into sub-segments according to product groups and lifetime default rate curves vary according to product groups. By taking into account the periodic PD rates, a PD rate scale is generated on the basis of rating and model code through the cycle.

The relation of all risk parameters with macroeconomic conditions has been tested and it has been determined that macroeconomic conditions have an effect on the probability of default. In this context, macroeconomic forecasts are taken into account in changing the probability of default.

Different macroeconomic models have been created for the retail portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. Scenario weights used in calculation of the expected loan loss allowance were reconsidered and the bad scenario weight was increased in order to reflect the effects of Covid-19. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

The models and methodologies used for TFRS 9 are evaluated at least once a year by the teams responsible for the model and methodology for their accuracy and suitability.

Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect changes in economic conjuncture and are updated if needed. During the reporting period, arrangements were made in macroeconomic forecasts to reflect the negative effects of Covid-19.

The maximum period to determine the expected credit losses except for demand and revolving loans is up to the contractual life of the financial asset.

Staging

Financial assets are divided into the following three categories based on the increase in the credit risks observed since the initial acquisition:

Stage 1:

Financial assets that do not have a significant increase in the credit risk at the first time they are received in the financial statements or after the first time they are taken to the financial statements. For these assets, credit risk impairment provision is accounted for 12 months expected credit losses. The Parent Bank applies the expected 12-month default probabilities to the estimated default amount and multiplies with the loss given default and downgrades to the present day with the original effective interest rate of the loan. For these assets, an expected 12-month credit loss is recognized and interest income is calculated over the gross carrying amount. 12-month expected credit loss is the loss arising from possible risks in the first 12 months following the reporting date.

Stage 2:

A financial asset is transferred to stage 2 in the event that there is a significant increase in the credit risk after the first time the financial asset is taken in the financial statements. The Parent Bank determines the credit risk impairment provision of the financial asset according to lifetime expected credit loss. Lifetime expected credit losses are credit losses arising from all events that may occur during the expected life of the financial asset. The probability of default, and loss given default are estimated over the life of the loan including the use of multiple scenarios. Expected cash flows are discounted using the original effective interest rate.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Stage 3:

Stage 3 includes financial assets with objective evidence of impairment as of the reporting date. Lifetime expected credit loss is recorded for these assets. The Parent Bank's methodology for loans at this stage is similar to loans classified in Stage 2, but the probability of default is considered 100%. Loss given default is calculated considering the period the loan waits in the non-performing loans and an aging curve formed from the historical data.

Significant Increase in Credit Risk

The Standart requires the assessment of whether there is a significant increase in the credit risk of financial assets by the date of initial recognition based on the information available without excessive effort and cost as of the reporting date. The factors that show a significant increase in credit risk under TFRS 9 are as follows:

Past Due Date; significant increase in the credit risk since the granting date in the case of loans overdue more than 30 days.

Restruction: Classification of financial assets under the stage2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

Qualitative Criteria: Implementation of set of qualitative criteria set by The Parent Bank in accordance with the information obtained.

Quantitative Criteria: As of the reporting date, the default risk for the borrower and the default risk as of the date of the initial allowance are compared with the change in the grade / score information as a result of the application of statistically determined threshold values.

The Parent Bank has accounted for the effect of applying the new provisions at the date of January 1, 2018 by recording a reversal in the opening records of previous years' profit and loss accounts. The primary impact is due to changes in the allowance for credit losses in accordance with the new impairment provisions and the tax effects of the corresponding provisions.

March 27, 2020, according to the fourth article of the "Regulation on Classification of Loans and Procedures and Principles for Provisions to Be Allocated for them", effective as of 17 March 2020, the 30-day delay period for the reclassification of loans from Stage 1 to Stage 2 started to be applied as 90 days until 31 December 2020. The Parent Bank continues to calculate the expected allowance for credit losses according to its own risk models.

Default Definition

The Parent Bank takes into account the requirements of TFRS 9 and the relevant BRSA in order to determine the default situation in accordance with the definition of default and its indicators included in the Communiqué on the Calculation of Provisions Regulation and the Amount Based on the Internal Risk Based Approach of the Credit Risk.

In terms of the default definition, the bank has set the following criterias;

- Over 90 days delayed collection of principal and / or interest amount,
- The customer has been bankrupt or has been found to apply for bankruptcy,
- The customer's creditworthiness is impaired,
- It is decided that the principal and / or interest payments of the borrower will be delayed by more than 90 days since the collaterals and / or borrower's own funds are insufficient to cover the payment of the receivables at maturity,
- It is decided that the principal and / or interest payments of the customer will be delayed by more than 90 days due to macroeconomic, sector specific or customer specific reasons.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Due to COVID-19, effective as of 17 March 2020, the "more than 90 days past due" condition used in the definition of default for the classification of loans has started to be applied as "more than 180 days past due" in accordance with the 4th and 5th articles of "Regulation on Classification of Loans and Procedures and Principles for Provisions to Be Allocated for them" announcement of BRSA. This application will be valid until December 31, 2020. In accordance with the related amendment, the Parent Bank has made provision in accordance with its risk policies.

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. The Parent Bank performs objective and subjective assessments whether there is reasonable expectation. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. There is TL 890,789 write-off for the current period.

Asset Sales Policy

Banks that are directly or indirectly owned by the public or banks that are controlled by the public and financial institutions qualified as subsidiaries to these Banks can sell non-performing loans to asset management companies. As of June 30, 2020, the Parent Bank has no assets on sale.

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are reported in the balance sheet as net amount in the cases of the Parent Bank's right and right to sanction to finalize and have the intention to receive/pay related financial asset or liability over the recognized amount or have the right to finalize the related asset and liability simultaneously.

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements ("repo") are classified under "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" and/or "Financial Assets Measured at Amortised cost" portfolios according to their holding purposes in The Parent Bank's portfolio, and they are valued based on the revaluation principles of the related portfolios. Funds received through repurchase agreements are classified in balance sheet under "Money Market Funds" and the related interest expenses are accounted on an accrual basis of balance sheet date.

Securities purchased under resale agreements ("reverse repo") are classified in balance sheet under "Receivables from Money Markets". The income accrual is calculated for the securities purchased under resale agreements via the difference between buying and selling prices on the balance sheet date.

XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

As per TFRS 5 - "Non-current Assets Held for Sale and Discontinued Operations", a fixed asset classified as an asset kept for sales purposes (or a group of fixed assets to be disposed of) is measured with either its book value or fair value less costs to sell (with the lower one).

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has no discontinued operations.

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ACCOUNTING POLICIES (Continued)

**XI. INFORMATION ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND
RELATED LIABILITIES (Continued)**

As per the Board of Directors decision in December 13th, 2019, the Parent Bank has started the process of transfer of shares held in subsidiaries Güneş Sigorta and Vakıf Emeklilik ve Hayat A.Ş. respectively, including publicly held shares, to a new company to be established by Türkiye Varlık Fonu Yönetimi A.Ş. These two companies have been removed from the subsidiaries account and started to be classified under the Assets for Sale and Discontinued Operations account. The method of consolidation of the related companies is specified in the third section, Accounting Policies IV.

On April 22, 2020, a share transfer agreement was signed between TVF Financial Investments as the buyer and the Parent Bank as the seller, in order to transfer the Parent Banks shares which represent 51.1% of Güneş Sigorta AŞ's capital and 53.9% of Vakıf Emeklilik ve Hayat AŞ's capital to TVF Financial Investments AŞ ("TVF Financial Investments"). The share transfer has been completed as of the same date.

As of April 22, 2020, all of the shares owned by the Parent Bank in Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ were transferred to TVF Finansal Yatırımlar AŞ, and the Parent Bank have not had any shares left in the relevant companies.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The difference between the values of net assets in the financial statements prepared as of the date of the change of shares in the real estate project in which Vakıfbank Gayrimenkul Yatırım Ortaklığı AŞ, which is a subsidiary of the Parent Bank, participates and fair value of the project partnership are classified under Intangible Assets - Goodwill Arising from Purchasing Accounting. As of June 30, 2020, the goodwill amount is TL 14,631 (December 31, 2019: TL 14,631)

The Group's intangible assets consist of software. Intangible assets are initially recorded at their costs in compliance with the TAS 38 - *Intangible Assets*.

The cost of intangible assets is subject to inflation adjustment for the assets that entered into effect before December 31, 2004 from the date when they entered into force, taking into account the period until December 31, 2004, the date when the high inflation period ended, and the entries in the subsequent dates are reflected in the financial statements by taking into consideration the first purchase price. The Parent Bank allocates amortization of intangible assets based on inflation adjusted values using the straight-line method based on the useful lives of the related assets.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 - *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

Estimated useful lives of the Group's intangible assets are 3-15 years, and amortization rates are between 6.67% and 33.33%.

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

The costs of the tangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of December 31, 2004 are considered as their historical costs. Tangible assets purchased after January 1, 2005 were recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any. The Group decided to pursue the properties for use according to their fair values in terms of separating the land and buildings within the context of TAS 16 "Turkish Accounting Standard on Property, Plant and Equipment" after the change in the accounting policy as of September 30, 2015.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and is recognized in the income statement of the period.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. Depreciation rates of tangible assets and estimated useful lives are:

Tangible assets	Estimated useful life (years)	Depreciation rate (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

At each reporting date, the Group evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 - Impairment of Assets and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES

The difference between operating leases and financial leases has been eliminated with the "IFRS 16 Leases" effective as of January 1, 2019, and on the transition date, the Group has applied the simplified transition approach and elected not to restate comparative figures. The group operates as a lessee and lessor.

The Parent Bank started to apply the "IFRS 16 Leases" standard which went into effect on January 1, 2019 to leases of service buildings and car rentals. However ATMs which are determined as low value by the Parent Bank and short term lease contracts with a duration of 12 months or less, have been evaluated within the scope of the exemption granted by the standard. The payments for these contracts are recorded as expense in the period they occurred.

In accordance with "IFRS 16 Leases" standard, the Group calculates the "right to use" amount on the basis of the present value of the lease payments of the fixed asset leased at the beginning of the lease and includes them in "tangible fixed assets". The securities/properties having a right to use were capitalised by showing them under property, plant and equipment. In calculating assets having a right to use, outstanding rent amounts were discounted by a specific rate, considering the remaining term of the lease contract signed with the property owner, to determine net present value.

Instead of recognising leases in the scope of the "IFRS 16 Leases" standard as expenses or prepaid expenses, the Group recognised the total lease liabilities to be paid by the end of the lease contract as "Lease Payables" under liabilities on the balance sheet. Changes that may impact the lease liability are remeasured and included in the balance sheet accounts.

Monthly interest and depreciation are calculated on the net present value based on the period of the lease contract, and are recognised on the income statement.

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

Provisions and contingent liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets".

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Parent Bank to settle the liability, the related liability is considered as "contingent" and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of unplanned or unexpected one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Parent Bank discloses the contingent asset.

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at June 30, 2020 is TL 6,730 (full TL) (December 31, 2019: TL 6,380 (full TL)).

The Group uses actuarial method to calculate severance indemnity provision in accordance with TAS 19 - Employee Benefits.

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ACCOUNTING POLICIES (Continued)

**XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS
(Continued)**

Other benefits to employees

The Group has provided provision for undiscounted other employee benefits earned during the financial period (unused vacations, premium and dividend) as per services rendered in compliance with TAS 19 in the accompanying consolidated financial statements.

In accordance with TAS 19, the Parent Bank recognizes actuarial gains and losses generated in related reporting periods in equity.

Pension fund

The employees of the Parent Bank are the members of "Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı" ("the Fund") established on May 15, 1957 as per the temporary article no. 20 of the Social Security Law no. 506.

As part of Social Security Law's 506 numbered, temporary article no.20, monthly income or salary is eligible for whose disabled with fund's associates, senility and death insurance is subjected according to the first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the November 1, 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court's March 22, 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on December 15, 2007 in the Official Gazette no. 26731. The reason for the cancellation decision by Constitutional Court was stated as possible future losses on acquired rights of Fund members.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5754 ("the Law") has been approved on April 17, 2008. The Law is enacted by the approval of the President of Turkey and issued on the May 8, 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no. 20 of the Article no. 73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

- a) The technical interest rate to be used for the actuarial calculation is 9.80%.
- b) Income and expenditures in respect to fund's insurance division are considered in the calculation of discounted liability.

Law requires the transfer to be completed in three years beginning from January 1, 2008. The three year period has expired on May 8, 2011; however, it has been extended to May 8, 2013 with the decision of Council of Ministers published in Official Gazette dated April 9, 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated May 3, 2013, the period for transferring banks, insurance and reinsurance firms, board of trade, exchanges or participants, monthly salary paid individuals and beneficiaries of the funds that are constructed for their personnel to Social Security Institution in the scope of the temporary article no. 20 of the Social Security Law no. 506 published in Official Gazette dated April 30, 2014 extended for one year. The Council of Ministers has been lastly authorized to determine the transfer date in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 numbered 29335. "Council of Ministers" expression in "Council of Ministers is authorized to determine the date of transfer to the Social Security Institution" stated in provisional article 20 of Social Insurance and Universal Health Insurance Law No. 5510 is replaced with the "President" pursuant to the paragraph (I) of Article 203 of Statutory Decree No. 703 promulgated in repeated Official Gazette No. 30473, dated 09 July 2018.

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ACCOUNTING POLICIES (Continued)

**XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS
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The employer of pension fund participants (the Banks) will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report regarding December 31, 2019 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at June 30, 2020.

XVII. INFORMATION ON TAXATION

Corporate tax

Corporate tax rate is 20% in Turkey according to Article 32 of the Corporate Taxes Law No. 5520. However, the mentioned ratio will be applied as 22% for a period of three years between 2018-2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated December 5, 2017. This rate is applied to total income of the Bank adjusted for certain disallowable expenses, exempt income and any other allowances.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. No further tax is paid if the profit is not distributed.

75% of the profit from sales of associate shares that held at least 2 years and 50% of the profit from sales of real estates are exceptional from corporate taxes if there is a capital increase according to Corporate Tax Law or it is hold for 5 years on a special fund account. The Parent Bank follows these profits in "Other accumulated comprehensive income that will not be reclassified in profit or loss" under the equity.

50% revenue of the sales from the firms that follows up for their debts and their guarantors' and mortgagor' properties, associate shares, founder shares, redeemed shares and privileges are exceptional from the corporate taxes.

Advance tax that is calculated with the current rate through profit from quarterly period has to be declared on the 17th day and paid until the 17th night of the second following month after the period end. Advance taxes paid during the year are set off on corporate tax which is calculated in yearly corporate tax return for that year. In the case of excess amount of advance tax, the amount can be reimbursed in cash or be set off to other financial debts.

According to tax legislation, financial losses which are not exceed over 5 years can be deducted from profit of the company. Losses cannot be set off from retained earnings.

There is no procedure in Turkey that provides the opportunity to come to a mutual agreement with the tax authorities about tax due. Corporate tax return declared until the evening of the last day of the fourth month following the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records within five years and change the tax amount if there is a wrong transaction.

Corporation tax legislation for the foreign branches

Bahrain (Manama)

The Parent Bank's branch that is operating in Bahrain is nontaxable because there is no corporate tax practice in that country. Bahrain Branch's income is added to headquarters income and it is taxed in Turkey according to Law No. 5520 on Corporate Tax Laws published in the Official Gazette dated June 5, 2012, numbered B.07.1.GİB.4.99.16.02-KVK-5/1-b-128.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

North Iraq (Erbil)

The Parent Bank's branch that is operating in Erbil is taxable according to the country's law legislation. Declaration of financial records and their tax payments are differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

USA (New York)

The Parent Bank's branch that is operating in New York is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Turkey.

Banking and Insurance Transaction Tax

Banking and insurance transaction tax is arranged by the Law No. 6802 on Expenditure Taxes Law. Excluding the banks' and insurance companies' transactions according to Law No. 3226 on Leasing Law Legislation which is dated 10.6.1985, the collecting money in cash or by approximation is subject to banking and insurance transaction tax. Those amounts are up to 5% banking and insurance transaction tax according to Law No. 6802 on Expenditure Taxes Law's 33. Notice and Article No. 98/11591.

Deferred taxes

According to the TAS 12 - Income Taxes; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. The delayed tax debt or assets is determined by calculating the "taxable temporary differences" between the assets' and debts' book values versus the values on the legal tax base accounts. According to tax legislation, differences that do not affect the financial or commercial profit of the assets or liabilities at the acquisition date are excluded from these calculations.

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions are not calculated.

Deferred taxes' book value is revised in every balance sheet date. If there is a condition met, where no possible taxable profit could be generated in case of a full or partial deferred tax asset benefit could be enabled by the Parent Bank, the book value of the deferred tax asset will be decreased.

The deferred tax assets and liabilities are reported as net in the financial statements only if the Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

In case valuation differences resulting from the subsequent measurement of the items are recognized in the statement of income, then the related current and or deferred tax effects are also recognized in the statement of income. On the other hand, if valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 2007 sets details about implementation.

Pursuant to the relevant Communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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ACCOUNTING POLICIES (Continued)

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of the Republic of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XIX. ADDITIONAL INFORMATION ON BORROWINGS

The Parent Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Parent Bank has started to obtain funds through domestic and international bonds and bills since August 2011.

These transactions are initially recognized at acquisition costs at the transaction date and are subsequently measured at amortized cost using effective interest method.

The Parent Bank is not hedging about debt instruments.

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

The shares of the Parent Bank having nominal value of TL 322,000, representing the 25.18% of the Parent Bank's outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as "Share Premiums" in shareholders' equity. TL 448,429 of this amount has been utilized in capital increase on December 19, 2006.

With the decision of the Parent Bank's Board of Directors dated May 11, 2020, it has been decided to increase the issued capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA") and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering and by dedicated sales method.

In the special circumstances disclosure published by the Parent Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as 4.98 TL for a share with a nominal value of 1 TL, and the issued capital due to capital increase will be increased from TL 2,500,000 to TL 3,905,622.

In 20 May 2020 the shares with a nominal value of TL 1.405,622 issued by the Parent Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed and the amount of 5,579,360 TL was recorded as share premium.

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at June 30, 2020, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 175,736 (December 31, 2019: TL 197,513).

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ACCOUNTING POLICIES (Continued)

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

Segment reporting was selected as a fundamental section reporting method considering Bank's risk and return structure and key sources which is disclosed in Section 4 Note VII.

XXIV. OTHER MATTERS

Earnings per shares

Earnings per share has been calculated by dividing the net profit for the period to weighted average of outstanding shares. In Turkey, the companies may perform capital increase ("Bonus Shares") from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the six-month period ended June 30, 2020, earnings per 100 shares are full TL 1.3575 (June 30, 2019: full TL 0.5065).

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - Related Party Disclosures Standard. Transactions made with related parties are disclosed in Section 5 Note VII.

Insurance operations

Written Premiums: Written premiums represent premiums on policies written during the year net of taxes and premiums of the cancelled policies produced in previous years. Written premiums, after deduction of premiums ceded to reinsurance companies are recorded under other operating income in the accompanying consolidated statement of income.

Reserve for unearned premiums: Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense. Reserve for unearned premiums is calculated for all contracts except for the insurance contracts for which the Group provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long-term insurance contracts.

Reserve for outstanding claims: Accounts for outstanding claim reserve for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the calculations related to the claim reserves, claim recoveries, salvage and similar gains are not deducted. The difference between the outstanding claim reserve that is accrued and determined on account and the amount that is calculated by using the actuarial chain ladder method, of which the content and implementation fundamentals are determined on the Legislation for Technical Provision and the "Circular on Outstanding Claim Reserve" numbered. 2014/16 and dated December 5, 2014 and is effective from January 1, 2015, is accounted as incurred but not reported claims reserve. The calculation of incurred but not reported outstanding claim reserve considering best estimations of the Company's actuary has been calculated in the line with the related regulation.

Mathematical provisions: Mathematical provisions are the provisions recorded against the liabilities of the Group to the beneficiaries of long-term life and individual accident policies based on actuarial assumptions. Mathematical provisions consist of actuarial mathematical provisions and profit sharing reserves.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Actuarial mathematical provisions are calculated as the difference between the net present values of premiums written in return of the risk covered by the Group and the liabilities to policyholders for long-term insurance contracts based on the basis of actuarial mortality assumptions (prospective method). Mathematical provision also includes the saving portion of the provisions for saving life product.

For the contracts that the Group has committed to pay dividends, from the income of the assets on which the provisions set aside for their liabilities to policyholders and beneficiaries, limited to the technical interest income calculated according to the dividend distribution system specified in the approved dividend technical principles, the amount including the guaranteed portion, consists of accumulated dividend provisions from previous years.

Deferred acquisition cost and deferred commission income: Commissions given to the intermediaries and other acquisition costs that vary with and are related to securing new contracts and renewing existing insurance contracts are capitalized as deferred acquisition cost. Deferred acquisition costs are amortized on a straight-line basis over the life of the contracts. Commission income obtained from the premiums ceded to reinsurance firms are also deferred and amortized on a straight-line basis over the life of the contracts.

Liability adequacy test: At each reporting date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition costs. In performing this test, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision in the accompanying consolidated financial statements.

If the result of the test is that a loss is required to be recognized, the first step is to reduce any intangible item arising from business combinations related to insurance. If there is still a loss remaining, then the deferred acquisition cost is reduced to the extent that expense loadings are considered not recoverable. Finally, if there is a still remaining amount of loss, this should be booked as an addition to the reserve for premium deficiency.

Individual pension business

Individual pension system receivables presented under 'other assets' in the accompanying consolidated financial statements consists of 'receivables from the clearing house on receivables from the clearing houses'. Pension funds are the mutual funds that the individual pension companies invest in, by the contributions of the participants. Shares of the participants are kept at the clearing house on behalf of the participants.

'Receivables from the clearing house on behalf of the participants' is the receivable from the clearing house on pension fund basis against the contributions of the participants. The same amount is also recorded as payables to participants for the funds acquired against their contributions under the 'individual pension system payables'.

In addition to the 'payables to participants' account, mentioned in the previous paragraph, individual pension system payables also includes participants' temporary accounts, and payables to individual pension agencies. The temporary account of participants includes the contributions of participants that have not yet been invested.

Fees received from individual pension business consist of investment management fees, fees levied on contributions and entrance fees.

Classifications

None.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Explanations on TFRS 16 Standard

TFRS 16 Leases Standard was published in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and to provide them with appropriate information. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements.

The Parent Bank has applied the simplified transition approach and elected not to restate comparative figures. The Parent Bank has not reassessed whether a contract is a lease or not a lease at the date of initial application for leases previously classified as operating leases in accordance with TAS 17 by preferring simplified transition approach. For the leases previously classified as operational leases in accordance with TAS 17, the lease liability calculated on the present value of the remaining lease payments, discounted using the alternative borrowing interest rate of the lessee at the initial application date is reflected to the financial statements. A right of use is also reflected in the financial statements at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately prior to the initial application date, adjusted for the amount of all prepayment or accrued lease payments.

The amounts recognized under IFRS 16 as of June 30, 2020 and December 31, 2019 are presented below.

June 30, 2020	Service Buildings	Vehicles	Total
Lease payables	1,497,221	35,773	1,532,994
Deferred rental expenses	462,388	4,440	466,828
Lease payables (Net)	1,034,833	31,333	1,066,166
Right of use assets	981,019	28,726	1,009,745

December 31, 2019	Service Buildings	Vehicles	Total
Lease payables	1,413,536	20,589	1,434,125
Deferred rental expenses	495,782	2,405	498,187
Lease payables (Net)	917,754	18,184	935,938
Right of use assets	876,242	16,979	893,221

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Parent Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, 37,680 TL of lease payments were made in the related period.(June 30, 2019 : 49,342 TL)

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SECTION FOUR

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

Total Capital amount and Capital Adequacy Standard Ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

Additionally, the recent revision changes considered are as follows:

In accordance with the BRSA regulation dated March 23, 2020 and numbered 3397, in the calculation of capital adequacy ratio, equity amount was used for the ones acquired before this date, excluding the negative valuation differences of securities in the "Fair Value of Financial Assets Through Other Comprehensive Income" portfolio.

In accordance with the BRSA regulation dated March 23, 2020 and numbered 3397, in the calculation of TL equivalents of credit risks, which are subject to foreign currency and acquired before this date, the foreign exchange buying rate is taken into consideration, which was the basis in the preparation of the financial statements dated December 31, 2019.

In accordance with the BRSA regulation dated April 16, 2020, and numbered 3984, 0% risk weight was used in the calculation of the amount subject to credit risk for the receivables of the banks from the CBRT and in FX.

As of June 30, 2020 Group's equity amount TL 62,121,275 (December 31, 2019: TL 52,330,948) and capital adequacy ratio is 17.41 % (December 31, 2019: 16.22 %).

Information about the consolidated shareholder equity items

Current Period - June 30, 2020	Amount	Amount as per the regulation before 1/1/2014(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	-
Share Premium	6,303,323	-
Reserves	26,166,362	-
Income recognized under equity in accordance with TAS	3,893,927	-
Profit	4,456,876	-
Current Period's Profit	4,192,264	-
Prior Period's Profit	264,612	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(16,753)	-
Minority shares	695,687	-
Common Equity Tier 1 Capital Before Deductions	45,405,044	-
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	317,697	-
Leasehold Improvements on Operational Leases	186,739	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	246,937	250,135
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	751,373	-
Common Equity Tier 1 capital (CET1)	44,653,671	-
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	10,379,690	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital -	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	10,379,690	-
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK
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I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Current Period- June 30, 2020	Amount	Amount as per the regulation before 1/1/2014(*)
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (ATI)	10,379,690	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	55,033,361	-
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	3,137,133	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	325,763	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	1,097	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3,952,888	-
Tier 2 Capital Before Deductions	7,091,118	-
Deductions From Tier 2 Capital		
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	7,091,118	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	62,124,479	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	3,204	-
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	62,121,275	-
Total Risk Weighted Amounts	356,832,739	-
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	12.51	-
Consolidated Tier 1 Capital Adequacy Ratio (%)	15.42	-
Consolidated Capital Adequacy Ratio (%)	17.41	-
BUFFERS		
Total buffer requirement (a+b+c)	3.507	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.007	-
c) Systemically important banks buffer requirement (%)	1.0000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	8.01	-
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	6,693,880	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,952,888	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(*) Represents the amounts taken into consideration according to transition clauses.

(**) According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.

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I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Prior Period - December 31, 2019	Amount	Amount as per the regulation before 1/1/2014(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	2,500,000	-
Share Premium	723,962	-
Reserves	23,257,136	-
Income recognized under equity in accordance with TAS	3,144,156	-
Profit	3,180,500	-
Current Period's Profit	3,369,359	-
Prior Period's Profit	(188,859)	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	115,979	-
Minority shares	859,371	-
Common Equity Tier 1 Capital Before Deductions	33,781,104	-
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	240,577	-
Leasehold Improvements on Operational Leases	194,483	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	234,853	238,059
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	669,913	-
Common Equity Tier 1 capital (CET1)	33,111,191	-
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	9,670,380	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital -	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	9,670,380	-
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL
REPORT FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2020

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK
MANAGEMENT (Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Amount	Amount as per the regulation before 1/1/2014(*)
Prior Period- December 31, 2019		
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 Capital	9,670,380	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	42,781,571	-
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	5,873,555	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	488,644	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	11,763	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3,669,673	-
Tier 2 Capital Before Deductions	9,554,991	-
Deductions From Tier 2 Capital		
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	9,554,991	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	52,336,562	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	5,614	-
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	52,330,948	-
Total Risk Weighted Amounts	322,729,325	-
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	10.26	-
Consolidated Tier 1 Capital Adequacy Ratio (%)	13.26	-
Consolidated Capital Adequacy Ratio (%)	16.22	-
BUFFERS		
Total buffer requirement (a+b+c)	3,520	-
a) Capital conservation buffer requirement (%)	2,500	-
b) Bank specific counter-cyclical buffer requirement (%)	0,020	-
c) Systemically important banks buffer requirement (%)**	1,000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5.76	-
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3,736,281	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,669,673	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(*) Represents the amounts taken into consideration according to transition clauses.

(**) According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTHS PERIOD ENDED JUNE 30,
2020**

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period - June 30, 2020						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital Currency in million, as of most recent reporting date)	326	1,561	525	4,994	5,386	725
Par value of instrument (in million)	4,276	1,561	525	4,994	5,386	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTHS PERIOD ENDED JUNE 30,
2020**

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Coupons / dividends						
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	8% fixed interest rate	5 years maturity “Indicator Government Debt Security” +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. BRSA regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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2020**

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Prior Period - December 31, 2019							
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XSI175854923/ US90015WAC73	XSI1551747733/ US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XSI1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment							
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	488	2,780	1,355	525	4,994	4,677	725
Par value of instrument (in million)	4,119	2,788	1,355	525	4,994	4,677	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 2, 2015	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: February 3, 2025	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 2, 2015	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at February 3, 2020 is available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
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2020**

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

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Coupons / dividends							
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	6.875% fixed interest rate	8% fixed interest rate	5 years maturity “Indicator Government Debt Security” +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible							
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature							
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. BRSA regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period– June30, 2020	Prior Period - December 31, 2019
Shareholders’ equity	45,000,401	33,552,290
Valuation differences of the marketable securities	88,043	-
Leasehold improvements on operational leases	(186,739)	(194,483)
Goodwill and intangible assets and related deferred tax liabilities	(246,937)	(234,853)
General provision (1.25% of the amount that subject to credit risk)	3,952,888	3,669,673
Subordinated debt	13,516,823	15,543,935
Deductions from shareholders’ equity	(3,204)	(5,614)
Capital	62,121,275	52,330,948

(*)In accordance with the BRSA regulation dated March 23, 2020, and numbered 3397, in calculating the capital adequacy ratio, the equity amount calculated without taking into consideration the negative valuation differences of the securities in the “Fair Value of Financial Assets Through Other Comprehensive Income” portfolio, which was obtained before this date, was used.

(**)In accordance with the BRSA regulation dated March 23, 2020 and numbered 3397, in the calculation of TL equivalents of credit risks, which are subject to foreign currency and acquired before this date, the foreign exchange buying rate is taken into consideration, which was the basis in the preparation of the financial statements dated 31 December 2019

(***)In accordance with the BRSA regulation dated April 16, 2020, and numbered 3984, 0% risk weight was used in the calculation of the amount subject to credit risk for the receivables of the banks from the CBRT and in FX.

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(Continued)

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

Foreign exchange risk that the Parent Bank is exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Parent Bank for the positions monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of The Parent Bank.

The Parent Bank's and all consolidated financial subsidiaries' foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the consolidated currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As at June 30, 2020 and December 31, 2019, the Group does not have derivative financial instruments held for hedging purpose.

Foreign exchange risk management policy

The Parent Bank oversees the Turkish currency or foreign currency risks that may occur in domestic and international markets and follows up the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balance with other financial risks. However, as of the end of June, the Parent Bank's foreign currency net general position / equity standard ratio calculated within the scope of the "Regulation on Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio by Banks on a Consolidated and Unconsolidated Basis" started to exceed slightly 20% and this rate has continued to increase in subsequent period. The Parent Bank works on the necessary actions to manage the excess. The Parent Bank made a statement explaining the reasons for the excess to the BRSA within the period of sending the notification schedule to the BRSA. Considering the Parent Bank's asset-liability structure, capital development and sustainable profitability, the relevant excess is at a level that the Parent Bank can overcome.

Sensitivity analysis regarding the currency risk that the Parent Bank is exposed to is explained in the related sectionII.

The effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

	US Dollar	Euro
The Bank's foreign currency purchase rate at the balance sheet date	6.8600	7.69445
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	6.8540	7.7076
Day 2	6.8540	7.6860
Day 3	6.8540	7.6950
Day 4	6.8540	7.7280
Day 5	6.8540	7.7735
	US Dollar	Euro
Last 30-days arithmetical average rate	6.8254	7.6326

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(Continued)

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- June 30, 2020	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Turkey	12,881,607	11,011,767	1,638,810	25,532,184
Banks	644,735	3,927,561	499,377	5,071,673
Financial assets at fair value through profit or loss	-	131,141	7,662,774	7,793,915
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	11,099,099	5,133,430	-	16,232,529
Loans ^{(1) (2)}	56,077,762	54,132,555	77,885	110,288,202
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	5,965,751	6,804,953	-	12,770,704
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,161	11,747	-	12,908
Intangible assets	319	-	-	319
Other assets ⁽³⁾	3,799,301	6,574,451	4,566	10,378,318
Total assets	90,469,738	87,727,605	9,883,412	188,080,755
<i>Liabilities:</i>				
Bank deposits	3,496,771	2,404,869	1,708,008	7,609,648
Foreign currency deposits	53,906,403	74,646,276	12,112,841	140,665,520
Interbank money market takings	3,208,111	7,631,482	-	10,839,593
Other funding	18,727,509	25,814,761	8,426	44,550,696
Securities issued ⁽⁴⁾	9,292,631	26,876,830	169,376	36,338,837
Miscellaneous payables	954,675	253,363	184	1,208,222
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ⁽³⁾	528,894	3,431,658	5,372	3,965,924
Total liabilities	90,114,994	141,059,239	14,004,207	245,178,440
Net 'on balance sheet' position	354,744	(53,331,634)	(4,120,795)	(57,097,685)
Net 'off-balance sheet' position	1,240,584	39,691,155	4,154,308	45,086,047
Derivative assets ⁽⁵⁾	9,481,360	44,552,695	5,189,471	59,223,526
Derivative liabilities ⁽⁵⁾	8,240,776	4,861,540	1,035,163	14,137,479
Non-cash loans ⁽⁶⁾	23,745,933	24,280,582	580,519	48,607,034
Prior Period - December 31, 2019	Euro	US Dollar	Other FC	Total
Total assets	81,179,147	81,204,896	4,773,065	167,157,108
Total liabilities	78,138,900	110,524,081	6,692,965	195,355,946
Net 'on balance sheet' position	3,040,247	(29,319,185)	(1,919,900)	(28,198,838)
Net 'off-balance sheet' position	(1,473,866)	23,197,295	1,937,708	23,661,137
Derivative assets ⁽⁵⁾	8,297,016	32,111,731	2,728,069	43,136,816
Derivative liabilities ⁽⁵⁾	9,770,882	8,914,436	790,361	19,475,679
Non-cash loans ⁽⁶⁾	18,482,281	21,259,341	468,769	40,210,391

⁽¹⁾ Foreign currency indexed loans amounting to TL 634,940 (December 31, 2019: TL 1,041,327) which are presented in TL column in the balance sheet are included in the table above.

⁽²⁾ Foreign currency indexed factoring receivables amounted to TL 279,148 (December 31, 2019: TL 244,250) presented in TL column in the accompanying consolidated balance sheet are included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 208,533 (December 2019: TL 128,610), Prepaid Expenses TL 167,453 (31 December 2019 : TL 129,290), 1st and 2nd stage expected loss provisions (42,851 TL) (31 December 2019: (TL 48,726)), and derivative financial instruments currency expense accruals of TL 29,288 (31 December 2019: TL 63,526), deferred tax liabilities TL 20,566 (31 December 2019: TL 30,758), unearned income TL 192,370 (31 December 2019: TL 211,672) and shareholders' equity TL 972,231 (31 December 2019: TL 978,782) are not taken into consideration in the currency risk calculation.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 805,942 (December 31, 2019: TL 2,203,998) and asset sales commitments amounting to TL 1,652,590 (December 31, 2019: TL 3,357,796) are included.

⁽⁶⁾ Non-cash loans are not taken into consideration in the foreign currency position account.

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(Continued)

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% depreciation of the TL against the following currencies as at and for the six-month period ended June 30, 2020 and December 31, 2019 would have effect on consolidated equity and the consolidated statement of income (without tax effects) by the amounts shown in the table below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	Current Period- June 30, 2020		Prior Period- June 30, 2019	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(1,365,223)	(1,365,223)	13,110	13,110
Euro	159,385	278,327	158,117	243,613
Other currencies	3,351	3,351	826	826
Total, net ^(**)	(1,202,487)	(1,083,545)	172,053	257,549

^(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

^(**) Associates, subsidiaries and jointly controlled partnerships are included in the impact calculation for the income statement, but are not included in the impact calculation for the equity. Tangible and intangible assets are not included in the calculation of equity and income statement.

10% appreciation of the TL against the following currencies as at and for the six-month period ended June 30, 2020 and December 31, 2019 would have effect on consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	Current Period- June 30, 2020		Prior Period- June 30, 2019	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	1,365,223	1,365,223	(13,110)	(13,110)
Euro	(159,385)	(278,327)	(158,117)	(243,613)
Other currencies	(3,351)	(3,351)	(826)	(826)
Total, net ^(**)	1,202,487	1,083,545	(172,053)	(257,549)

^(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

^(**) Associates, subsidiaries and jointly controlled partnerships are included in the impact calculation for the income statement, but are not included in the impact calculation for the equity. Tangible and intangible assets are not included in the calculation of equity and income statement.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
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III. CONSOLIDATED INTEREST RATE RISK

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

The Parent Bank’s interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing dates)

Current Period- June 30, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	4,978,244	-	-	-	-	27,832,639	32,810,883
Banks	625,290	776,618	-	-	-	3,698,697	5,100,605
Financial assets at fair value through profit/loss	1,009	1,131	5,854,710	1,918,225	-	338,983	8,114,058
Interbank money market placements	12,162	-	-	-	-	-	12,162
Financial assets at fair value through other comprehensive income	15,107,104	3,101,992	8,117,022	10,778,283	8,206,196	18,651	45,329,248
Loans (*)	92,805,854	37,586,712	136,568,888	72,158,166	38,454,214	17,043,753	394,617,587
Financial assets measured at amortized cost	25,084,859	882,331	3,927,739	15,101,417	4,976,406	-	49,972,752
Other assets (**)	859,656	2,187,320	3,004,631	356,143	1,734,302	6,783,635	14,925,687
Total assets	139,474,178	44,536,104	157,472,990	100,312,234	53,371,118	55,716,358	550,882,982
<i>Liabilities:</i>							
Bank deposits	6,778,159	3,493,938	166,242	-	-	1,038,116	11,476,455
Other deposits	202,055,540	42,956,483	10,594,080	1,247,963	59,640	71,103,969	328,017,675
Interbank money market takings	20,283,612	11,904,912	3,024,861	2,155,215	379,657	-	37,748,257
Miscellaneous payables	-	-	-	-	-	8,520,915	8,520,915
Securities issued (***)	2,196,168	4,704,514	8,392,524	35,579,138	5,173,266	-	56,045,610
Funds borrowed	4,066,722	26,650,375	9,256,182	5,314,841	387,012	1,423,715	47,098,847
Other liabilities (****)	569,509	3,545,745	2,513,606	235,374	2,104,174	53,006,815	61,975,223
Total liabilities	235,949,710	93,255,967	33,947,495	44,532,531	8,103,749	135,093,530	550,882,982
On balance sheet long position	-	-	123,525,495	55,779,703	45,267,369	-	224,572,567
On balance sheet short position	(96,475,532)	(48,719,863)	-	-	-	(79,377,172)	(224,572,567)
Off-balance sheet long position	2,916,200	7,855,240	-	-	-	-	10,771,440
Off-balance sheet short position	-	-	(239,114)	(2,050,168)	(2,345,664)	-	(4,634,946)
Net position	(93,559,332)	(40,864,623)	123,286,381	53,729,535	42,921,705	(79,377,172)	6,136,494

(*) Non-performing loans are shown in the “Non-Interest Bearing” column.

(**) Subsidiaries, associates and tangible and intangible assets, deferred tax and expected credit losses are included in “non-interest bearing” column.

(***) Subordinated debts are shown under securities issued.

(****) Equity is included in “non-interest” bearing column in other liabilities line.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
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III. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	339,913	-	-	-	-	36,164,679	36,504,592
Banks	3,303,790	603,035	329,183	-	-	1,982,490	6,218,498
Financial assets at fair value through profit/loss	199	-	2,019,711	-	-	288,022	2,307,932
Interbank money market placements	14,535	-	-	-	-	-	14,535
Available-for-sale financial assets	2,262,635	1,985,624	7,692,370	8,212,306	5,629,310	18,054	25,800,299
Loans ^(*)	78,288,213	38,401,850	85,452,931	52,678,243	27,290,137	17,818,227	299,929,601
Held-to-maturity investments	9,120,723	4,987,724	12,906,825	13,666,366	6,332,995	-	47,014,633
Other assets ^(**)	629,914	721,430	266,623	2,253,453	746,922	10,632,697	15,251,039
Total assets	93,959,922	46,699,663	108,667,643	76,810,368	39,999,364	66,904,169	433,041,129
<i>Liabilities:</i>							
Bank deposits	6,416,799	3,135,429	311,986	-	-	651,040	10,515,254
Other deposits	139,688,798	35,484,320	16,962,445	1,484,184	41,826	49,953,921	243,615,494
Interbank money market takings	21,550,539	2,749,500	383,796	740,233	-	-	25,424,068
Miscellaneous payables	-	-	-	-	-	8,531,664	8,531,664
Securities issued ^(***)	2,355,658	4,353,007	2,989,974	31,860,385	6,934,485	-	48,493,509
Funds borrowed	2,255,577	28,558,228	8,462,570	3,407,580	1,360,533	1,019,196	45,063,684
Other liabilities ^(****)	569,198	764,191	81,040	2,033,618	1,066,200	46,883,209	51,397,456
Total liabilities	172,836,569	75,044,675	29,191,811	39,526,000	9,403,044	107,039,030	433,041,129
On balance sheet long position	-	-	79,475,832	37,284,368	30,596,320	-	147,356,520
On balance sheet short position	(78,876,647)	(28,345,012)	-	-	-	(40,134,861)	(147,356,520)
Off-balance sheet long position	2,535,875	4,804,841	-	-	-	-	7,340,716
Off-balance sheet short position	-	-	(207,784)	(341,823)	(1,938,734)	-	(2,488,341)
Net position	(76,340,772)	(23,540,171)	79,268,048	36,942,545	28,657,586	(40,134,861)	4,852,375

(*) Non-performing loans are shown in the “Non-Interest Bearing” column.

(**) Subsidiaries, associates and tangible and intangible assets, deferred tax and expected credit losses are included in “non-interest bearing” column.

(***) Subordinated debts are shown under securities issued.

(****) Equity is included in “non-interest” bearing column in other liabilities line.

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III. CONSOLIDATED INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments ^(*):

Current Period- June 30, 2020	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	8.00
Banks	0.01	0.13	-	9.01
Financial assets at fair value through profit/loss	-	-	-	2.64
Interbank money market placements	-	-	-	8.03
Financial assets at fair value through other comprehensive income	3.47	5.90	-	11.17
Loans	5.00	6.52	-	12.06
Financial assets measured at amortized cost	4.60	6.25	-	8.21
<i>Liabilities:</i>				
Bank deposits	0.49	1.34	-	8.36
Other deposits	0.66	1.46	-	7.64
Interbank money market takings	0.58	2.20	-	7.45
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	4.04	6.04	-	10.85
Funds borrowed	1.86	2.90	-	6.32
Prior Period - December 31, 2019				
	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	10.00
Banks	0.01	1.67	-	11.00
Financial assets at fair value through profit/loss	-	-	-	0.83
Interbank money market placements	-	-	-	11.57
Financial assets at fair value through other comprehensive income	3.29	6.90	-	15.79
Loans	5.46	7.57	-	16.41
Financial assets measured at amortized cost	4.62	6.73	-	12.82
<i>Liabilities:</i>				
Bank deposits	0.50	2.65	-	11.09
Other deposits	0.51	2.16	-	10.41
Interbank money market takings	0.85	2.86	-	11.21
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	4.04	6.13	-	12.59
Funds borrowed	2.00	4.16	-	8.01

^(*) The rates above are calculated over financial instruments with interest rates.

^(**) Subordinated debts are shown under securities issued.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

IV. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

Information on separations of risks according to objectives including their relation with gains presented in equity and strategically reasons, accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

The accounting applications regarding to share investment that qualifications in associate and subsidiary of are disclosed in Section 3 Note III and Note VII.

If carrying value is substantially different from fair value and for publicly traded shares if market value is substantially different from fair value, the comparison with the market prices are shown in the table below:

Current Period- June 30, 2020	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	499,508	499,508	499,508
1.Stocks Investments Group A	465,489	465,489	465,489
2.Stock Investments Group B	34,019	34,019	34,019
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	1,417,488	1,315,072	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies as at December 31, 2019.

Prior Period - December 31, 2019	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	437,619	437,619	437,619
1.Stocks Investments Group A	436,003	436,003	436,003
2.Stock Investments Group B	1,616	1,616	1,616
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	1,347,016	1,283,227	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

Total unearned gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio-Current Period - June 30, 2020	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	778,584	778,584	-	-
4. Total	-	778,584	778,584	-	-

^(*) Amounts are presented including the effect of deferred tax.

Portfolio-Current Period - December 31, 2019	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	763,262	763,262	-	-
4. Total	-	763,262	763,262	-	-

^(*) Amounts are presented including the effect of deferred tax.

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IV. CONSOLIDATED STOCK POSITION RISK (Continued)

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - June 30, 2020	Carrying Value	Total RWA^(*)	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	499,508	463,285	37,063
3.Other Stocks	1,417,488	1,402,524	112,202
4. Total	1,916,996	1,865,809	149,265

^(*) In accordance with the BRSA regulation dated March 23, 2020 and numbered 3397, in the calculation of TL equivalents of credit risks, which are subject to foreign currency, the foreign exchange buying rate is taken into consideration, which was the basis in the preparation of the financial statements dated December 31, 2019.

Portfolio-Prior Period- December 31, 2019	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	437,619	437,619	35,010
3.Other Stocks	1,347,016	1,347,016	107,761
4. Total	1,784,635	1,784,635	142,771

V. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the Parent Bank. The framework of liquidity risk of the Group is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Group is managing liquidity risk according to risk capacity and the Group’s risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Group monitors the net liquidity position and liquidity requirements continuously and facing the future. The Group takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Group (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

In addition to the structure described concerning the Group’s liquidity risk management, various systems and processes are also available subsidiaries and associates. These systems and processes are designed in a way compatible with the generally accepted approach concerning liquidation risk management and legal regulations that each subsidiary and associate is subject to be. Besides the established structures and arrangements are able to execute liquidation risk management of subsidiaries and associates effectively within the organization, it is expected that these established structures and arrangements are also contributed to the integrated liquidity risk management structure with the Parent Bank’s all associates.

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V. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity management in the Parent Bank is carried out under Treasury Department in regard to the Parent Bank’s strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, the Parent Bank’s balance sheet and income goals and strategies defined to meet these goals. Daily, weekly, and monthly cash flow statements are prepared in accordance with principles of profitability and prudence in the Bank’s liquidity management. Cash flow statements are evaluated and the Parent Bank’s liquidity is managed in line with Treasury Department policies, daily TL and FC liquidity position Bank balance sheet and income goals.

Scenarios about where to make replacement funding in case of high amount outflows in daily liquidity management are made regularly, effects of probable outflows on liquidity level and legal ratios are evaluated and liquidity management is carried out by taking necessary actions.

The Parent Bank makes use of liquidity gap analysis and stress tests in internal measurement of liquidity risk. In the liquidity gap analysis and liquidity stress scenarios, the Bank’s compensation level of net cash outflows which are more likely to happen in short term are presented. Measurements regarding liquidity risk are performed by Risk Management Department and measurement results are reported regularly to performer units responsible of management of the related risk and top management and the Board of Directors.

It is taken as a basis that the Parent Bank consistently monitors TL and FC liquidity positions and funding strategies. Necessary precautions are taken in line with liquidity needs by following stress circumstances. “Liquidity Emergency Action Plan” which is an important part of liquidity risk management of the Parent Bank, consists of early warning indicators which play an important role in monitoring increases in liquidity risk and the prevention of a possible crisis, action plans to prevent a possible crisis and to be applied during a crisis. Furthermore, to fulfill the banks reserve deposits liability that it has to allocate in the presence of CBRT, alternative fund sources to provide liquidity that is needed in various stress circumstances and under which circumstances to apply these sources, precautions to minimize time maturity mismatch and provide necessary funds on time, how the mechanism is going to operate in cases of crisis and stress is included in the plan.

In line with the Covid-19 outbreak, which caused a serious slowdown in global and regional economic activities, liquidity adequacy is constantly monitored through stress tests and scenario analyzes.

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V. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the Parent Bank's Liquidity Coverage Ratio calculated weekly for the last three months and the weeks when these values were observed are given in the table below. In accordance with the related regulation, consolidated and non-consolidated total and foreign currency minimum liquidity coverage ratios are determined as one hundred percent and eighty percent, respectively. Pursuant to the BRSA's regulation numbered 3520 dated March 26, 2020, it has been decided that deposit and participation banks will be exempted from Article 32 of the LCR regulation until December 31, 2020.

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	April 2020	82.37	April 2020	250.22
The highest value	June 2020	107.83	May 2020	300.85

Liquidity Coverage Ratio

Current Period- June 30, 2020		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			69,445,565	40,283,081
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	148,315,246	66,036,242	12,889,695	6,603,624
3	Stable deposits	38,836,588	-	1,941,829	-
4	Less stable deposits	109,478,658	66,036,242	10,947,866	6,603,624
5	Unsecured wholesale funding, of which:	151,270,135	61,145,479	63,135,718	26,316,992
6	Operational deposits	90,136,978	32,704,896	22,534,245	8,176,224
7	Non-operational deposits	45,184,332	21,363,559	24,709,213	11,115,012
8	Unsecured debt	15,948,825	7,077,024	15,892,260	7,025,756
9	Secured wholesale funding			-	-
10	Additional requirements of which:	23,231,800	7,655,672	23,231,799	7,655,673
11	Outflows related to derivative exposures and other collateral requirements	23,231,800	7,655,672	23,231,799	7,655,673
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	33,587,098	29,556,531	1,679,355	1,477,827
15	Other contingent funding obligations	95,816,481	21,500,966	8,524,927	1,744,140
16	TOTAL CASH OUTFLOWS			109,461,494	43,798,256
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	18,070,834	7,687,305	12,499,784	6,172,936
19	Other cash inflows	22,552,991	22,291,624	22,552,991	22,291,624
20	TOTAL CASH INFLOWS	40,623,825	29,978,929	35,052,775	28,464,560
				Upper Limit Applied Values	
21	TOTAL HQLA			69,445,565	40,283,081
22	TOTAL NET CASH OUTFLOWS			74,408,719	15,333,696
23	LIQUIDITY COVERAGE RATIO (%)			93.27	271.91

(*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking monthly simple arithmetic average.

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V. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	November 2019	127.69	October 2019	479.15
The highest value	October 2019	133.38	December 2019	516.03

Liquidity Coverage Ratio

Prior Period- December 31, 2019	Total unweighted value *		Total weighted value*		
	TL+FC	FC	TL+FC	FC	
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)		70,761,044	42,276,476	
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	120,133,133	55,056,240	10,368,304	5,505,624
3	Stable deposits	32,900,169	-	1,645,008	-
4	Less stable deposits	87,232,964	55,056,240	8,723,296	5,505,624
5	Unsecured wholesale funding, of which:	111,643,307	41,770,686	51,055,424	19,294,434
6	Operational deposits	62,001,636	20,843,126	15,500,409	5,210,781
7	Non-operational deposits	35,381,148	15,468,907	21,381,252	8,706,534
8	Unsecured debt	14,260,523	5,458,653	14,173,763	5,377,119
9	Secured wholesale funding			-	-
10	Additional requirements of which:	27,337,778	5,872,004	27,337,777	5,872,005
11	Outflows related to derivative exposures and other collateral requirements	27,337,778	5,872,004	27,337,777	5,872,005
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	29,597,948	27,734,170	1,479,897	1,386,709
15	Other contingent funding obligations	85,350,244	19,573,523	7,969,226	1,797,957
16	TOTAL CASH OUTFLOWS			98,210,628	33,856,729
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	23,373,741	9,993,255	16,974,158	8,338,194
19	Other cash inflows	26,660,187	26,498,613	26,660,187	26,498,613
20	TOTAL CASH INFLOWS	50,033,928	36,491,868	43,634,345	34,836,807
Upper Limit Applied Values					
21	TOTAL HQLA			70,761,044	42,276,476
22	TOTAL NET CASH OUTFLOWS			54,576,283	8,464,182
23	LIQUIDITY COVERAGE RATIO (%)			129.87	502.33

(*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking monthly simple arithmetic average.

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V. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

With the “Liquidity Coverage Rate” which is prepared under the framework of “Regulations Regarding Banks’ Calculations of Liquidity Coverage Rate” published by BRSA, the balance between banks’ net cash outflows and high quality liquid asset stock.

The Group’s high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Republic of Turkey Undersecretariat of Treasury.

Whereas the Group’s important fund sources are deposits, funds obtained from other financial institutions, securities issued and funds obtained from repo transactions.

Derivatives transactions with 30 or less days to maturity are included into liquidity coverage calculation with cash outflows created by the transactions as of the calculated liquidity coverage rate. In case of a liability resulting from derivatives transactions and security fulfillment liability resulting from other liabilities, actions are taken accordingly to the related regulation.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period – June 30, 2020	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets:								
Cash and balance with CBRT	32,810,883	-	-	-	-	-	-	32,810,883
Banks	3,698,697	625,290	776,618	-	-	-	-	5,100,605
Financial assets at fair value through profit/loss	38,359	1,009	1,131	5,854,710	1,918,225	-	300,624	8,114,058
Interbank money market placements	-	12,162	-	-	-	-	-	12,162
Financial assets at fair value through other comprehensive	-	17,478	405,594	6,235,160	23,433,038	15,219,327	18,651	45,329,248
Loans	212,305	24,022,853	6,494,322	48,808,808	206,192,390	91,843,156	17,043,753	394,617,587
Financial assets measured at amortized cost	-	576,105	556,138	3,624,765	26,719,154	18,496,590	-	49,972,752
Other assets (**)	274,541	2,464,267	1,187,319	2,905,960	1,734,729	2,654,485	3,704,386	14,925,687
Total assets	37,034,785	27,719,164	9,421,122	67,429,403	259,997,536	128,213,558	21,067,414	550,882,982
Liabilities:								
Bank deposits	1,038,116	6,778,159	3,493,938	166,242	-	-	-	11,476,455
Other deposits	71,995,015	201,306,354	42,956,483	10,451,605	1,248,578	59,640	-	328,017,675
Funds borrowed	-	2,496,879	2,306,673	18,569,794	15,389,320	8,336,181	-	47,098,847
Interbank money market takings	-	20,154,845	10,810,869	2,772,917	3,629,969	379,657	-	37,748,257
Securities issued (***)	-	2,042,204	3,940,806	5,967,846	34,553,307	9,541,447	-	56,045,610
Miscellaneous payables	-	5,780,194	-	-	-	-	2,740,721	8,520,915
Other liabilities	110,479	1,127,189	3,568,062	2,479,195	282,190	2,409,029	51,999,079	61,975,223
Total liabilities	73,143,610	239,685,824	67,076,831	40,407,599	55,103,364	20,725,954	54,739,800	550,882,982
Liquidity gap	(36,108,825)	(211,966,660)	(57,655,709)	27,021,804	204,894,172	107,487,604	(33,672,386)	-
Net Off Balance Sheet Position	-	(54,738)	(59,473)	(80,678)	2,342,308	1,576,339	-	3,723,758
Receivables from Derivative Financial Instruments	-	15,716,997	19,422,352	23,426,170	15,714,018	38,592,844	-	112,872,381
Payables from Derivative Financial Instruments	-	15,771,735	19,481,825	23,506,848	13,371,710	37,016,505	-	109,148,623
Non-cash Loans	42,651,823	2,992,696	6,676,104	19,921,805	11,695,297	1,918,953	182,546	86,039,224
Prior Period – December 31, 2019								
	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Total assets	38,853,147	30,919,666	12,234,824	51,282,369	171,017,596	103,182,355	25,551,172	433,041,129
Total liabilities	51,461,245	178,196,721	51,706,390	36,620,832	42,802,188	23,735,323	48,518,430	433,041,129
Liquidity gap	(12,608,098)	(147,277,055)	(39,471,566)	14,661,537	128,215,408	79,447,032	(22,967,258)	-
Net Off Balance Sheet Position	-	27,305	(191,471)	151,653	2,228,450	1,454,064	-	3,670,001
Receivables from Derivative Financial Instruments	-	16,853,653	7,934,791	6,988,990	24,983,777	33,008,190	-	89,769,401
Payables from Derivative Financial Instruments	-	16,826,348	8,126,262	6,837,337	22,755,327	31,554,126	-	86,099,400
Non-cash Loans	41,170,276	2,903,572	6,295,723	15,338,280	10,264,800	1,960,156	347,510	78,280,317

(*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationery, pre-paid expenses and non-performing loans are shown in this column.

(**) Subordinated debts are shown under securities issued.

(***) Subsidiaries, associates and tangible and intangible assets, expected losses and deferred tax asset are stated in undistributed column.

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VI. CONSOLIDATED LEVERAGE RATIO

Information on Issues that Cause Differences between Current Period and Previous Period Leverage Ratios

The Group’s consolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as %7.75. Increase in balance sheet assets and off-balance sheet transactions resulted in change on leverage rate compared to previous period (December 31, 2019: %7.91). The Regulation adjudicated minimum leverage rate as 3%.

Summary comparison table of the total risk amount and the total asset amount in the consolidated financial statements prepared as per TAS

	Current Period- June 30, 2020	Prior Period- December 31, 2019
Total asset amount in the consolidated financial statements prepared as per TAS (1)	433,241,076	393,975,792
The difference between the total asset amount in the consolidated financial statements prepared as per TAS and the asset amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks (1)	199,947	67,110
The difference between the derivative financial instruments and the loan derivatives amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	(5,621,334)	(6,824,151)
The difference between the financial transactions with securities or goods warranty amounts in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	23,962,005	25,973,911
The difference between the off-balance sheet transactions amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	55,359,211	50,501,837
Other differences between the amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	(180,157,520)	(174,715,489)
Total risk amount	530,082,011	502,688,588

(1) The balances at the end of December 31, 2019 and June 30, 2019 prepared in accordance with Article 5, paragraph 6, of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks are included.

(2) The balances in the table represent the average of three months.

Leverage ratio common disclosure template

	Current Period - June 30, 2020 ^(*)	Prior Period- December 31, 2019 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	538,787,860	422,674,445
2. Assets deducted in determining Basel III Tier 1 capital	(428,418)	(471,945)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	538,359,442	422,202,500
Derivative exposures		
4. Replacement cost	7,627,250	4,111,062
5. Add-on amount	1,575,939	1,510,272
6. Total derivative exposures	9,203,189	5,621,334
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	4,296,974	3,092,305
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	4,296,974	3,092,305
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	178,279,542	154,462,559
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(65,313,756)	(55,296,687)
12. Total off-balance sheet exposures	112,965,786	99,165,872
Capital and total exposures		
13. Tier 1 capital	51,499,579	41,900,813
14. Total exposures	664,825,391	530,082,011
Leverage ratio		
15. Leverage ratio	7.75	7.91

(*) Calculated by using three month average of balances in Leverage Rate Notification table.

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VII. CONSOLIDATED SEGMENT REPORTING

The Group operates in corporate, commercial, small business, retail, treasury and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, overdraft facilities, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Group provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers’ needs effectively and efficiently.

Additionally, the Group provides “small business” banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Parent Bank. Individual customers’ needs are met by diversified consumer banking products through branches and alternative delivery channels.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

VII. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period- June 30, 2020	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	4,448,680	10,422,800	6,640,396	12,014	21,523,890
Interest Expense	2,760,539	3,323,556	4,802,176	13,925	10,900,196
Net Interest Income/Losses(Net)	1,688,141	7,099,244	1,838,220	(1,911)	10,623,694
Net Fees and Commissions Income	338,426	1,108,291	158,196	-	1,604,913
Trading Income/ Losses (Net)	-	-	17,287	-	17,287
Dividend Income	-	-	(766,656)	-	(766,656)
Other Income	-	-	-	5,295,242	5,295,242
Allowance for Expected Credit Losses	972,111	4,978,973	460,752	34,625	6,446,461
Other Expenses	-	-	-	5,092,425	5,092,425
Based on Equity Method	-	-	27,957	-	27,957
Profit Before Taxes	1,054,456	3,228,562	814,252	166,281	5,263,551
Provision for taxes	-	-	-	-	(1,040,084)
Net Profit/ Loss					4,223,467
Segment Assets	89,932,195	231,984,269	208,223,589	19,181,457	549,321,510
Subsidiaries and Associates (Net)	-	-	1,561,472	-	1,561,472
TOTAL ASSETS	89,932,195	231,984,269	209,785,061	19,181,457	550,882,982
Segment Liabilities	138,754,826	192,764,389	155,025,569	19,337,797	505,882,581
Equity	-	-	-	45,000,401	45,000,401
TOTAL LIABILITIES	138,754,826	192,764,389	155,025,569	64,338,198	550,882,982
Prior Period- June 30, 2019					
OPERATING INCOME/ EXPENSES					
Interest Income	4,141,269	11,111,883	5,751,050	24,763	21,028,965
Interest Expense	5,098,775	4,026,777	6,387,871	23,051	15,536,474
Net Interest Income/Losses(Net)	(957,506)	7,085,106	(636,821)	1,712	5,492,491
Net Fees and Commissions Income	453,215	1,185,368	186,491	-	1,825,074
Dividend Income	-	-	8,432	-	8,432
Trading Income/ Losses (Net)	-	-	(1,063,874)	-	(1,063,874)
Other Income	-	-	-	3,479,032	3,479,032
Allowance for Expected Credit Losses and Other Provision Expenses	759,063	3,110,735	82,777	17,999	3,970,574
Other Provision Expenses(-)	-	-	54,243	-	54,243
Other Expenses	-	-	-	4,159,271	4,159,271
Based on Equity Method	-	-	32,422	-	32,422
Profit Before Taxes	(1,263,354)	5,159,739	(1,610,370)	(696,526)	1,589,489
Provision for taxes	-	-	-	-	(258,487)
Net Profit/ Loss					1,331,002
Segment Assets	68,112,914	174,348,959	168,620,369	20,477,634	431,559,876
Subsidiaries and Associates (Net)	-	-	1,481,253	-	1,481,253
TOTAL ASSETS	68,112,914	174,348,959	170,101,622	20,477,634	433,041,129
Segment Liabilities	112,872,965	133,752,512	130,739,892	22,123,470	399,488,839
Equity	-	-	-	33,552,290	33,552,290
TOTAL LIABILITIES	112,872,965	133,752,512	130,739,892	55,675,760	433,041,129

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(Continued)

VIII. INFORMATION ON RISK MANAGEMENT

The footnotes and related explanations published in the Official Gazette No. 29511 dated October 23, 2015 and prepared in accordance with the “Explanations Communique on Explanations to the Public Regarding Banks Risk Management” entered into force as of March 31, 2016 are given in this section. Since the Group uses a standardized approach to capital adequacy calculations, there is no disclosure within the scope of the internal rating-based approach.

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The stress conditions that emerged with the Covid-19 outbreak were included in the evaluations in this period, and the possible effects on the Parent Bank’s equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

The development of the risk culture by the Parent Bank in parallel with the changes in economic conjuncture and risk perception is considered as an important factor, and it aims to provide risk awareness and sensitivity in the actions to be taken. In this direction, the training given to the personnel, risk measurements and reporting, risk reporting to the Board of Directors, Senior Management and committees, the risk appetite framework created by the Parent Bank and the internal capital adequacy assessment process make a significant contribution to the dissemination of the risk culture.

Risk weighted amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- June 30, 2020	Prior Period - December 31, 2019	Current Period- June 30, 2020
1 Credit Risk (excluding counterparty credit risk) ^(*)	308,865,337	287,730,822	24,709,227
2 Standardised approach	308,865,337	287,730,822	24,709,227
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	7,365,728	5,843,023	589,258
5 Standardised approach for counterparty credit risk	7,365,728	5,843,023	589,258
6 Internal model method	-	-	-
7 Equity position in banking book under basic risk weighting or internal rating based	-	-	-
8 Equity investments in funds - look-through approach	-	-	-
9 Equity investments in funds - mandate-based approach	-	-	-
10 Equity investments in funds - 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	15,091,560	7,395,606	1,207,325
17 Standardised approach	15,091,560	7,395,606	1,207,325
18 Internal model approaches	-	-	-
19 Operational Risk	25,510,114	21,759,874	2,040,809
20 Basic Indicator Approach	25,510,114	21,759,874	2,040,809
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	356,832,739	322,729,325	28,546,619

^(*) Except for the amount of the discount threshold under the equity

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VIII. INFORMATION ON RISK MANAGEMENT

Credit Quality of Assets

Current Period- June 30, 2020	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	17,043,753	377,573,834	18,875,897	375,741,690
2 Debt Securities	-	92,853,941	136,739	95,163,446
3 Off-balance sheet exposure	472,070	141,497,849	45,685	139,477,990
4 Total	17,515,823	611,925,624	19,058,321	610,383,126

Prior Period -December 31, 2019	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	17,712,516	282,217,085	16,067,380	283,862,221
2 Debt Securities	-	73,092,800	13,542	73,079,258
3 Off-balance sheet exposure	689,503	125,174,474	57,760	125,806,217
4 Total	18,402,019	480,484,359	16,138,682	482,747,696

Changes in Stock of Defaulted Loans and Debt Securities^(*)

	Current Period- June 30, 2020	Prior Period- December 31, 2019
1 Defaulted Loans and debt securities at end of the previous reporting period	17,712,516	11,129,308
2 Loans and debt securities that have defaulted since the last reporting period	2,411,052	9,216,769
3 Returned to non-defaulted status	808,791	14,992
4 Amounts written-off	890,789	-
5 Other Changes	(1,380,235)	(2,618,569)
6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)	17,043,753	17,712,516

^(*) Indemnified non-cash loans of the firms which are followed under “Non-performing Loans” accounts are not included in the table.

a) Credit Risk Mitigation

Credit Risk Mitigation Techniques

Current Period - June 30, 2020	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	274,638,560	101,103,130	68,379,422	80,970,316	66,009,314	-	-
2 Debt Securities	92,717,202	-	-	-	-	-	-
3 Total	367,355,762	101,103,130	68,379,422	80,970,316	66,009,314	-	-
4 Of which Defaulted	17,043,753	-	-	-	-	-	-

Prior Period - December 31, 2020	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	195,627,585	88,234,636	59,449,229	29,251,607	24,769,379	-	-
2 Debt Securities	73,079,258	-	-	-	-	-	-
3 Total	268,706,843	88,234,636	59,449,229	29,251,607	24,769,379	-	-
4 Of which Defaulted	17,712,516	-	-	-	-	-	-

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period - June 30, 2020		Exposures before Credit Conversion Factors and CRM		Exposures post Credit Conversion Factors and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
	Asset classes						
1	Exposures to central governments or central banks	171,365,856	880,976	181,489,911	457,136	686,696	0.4%
2	Exposures to regional governments or local authorities	10,453,435	539,986	10,453,435	262,946	5,354,311	50.0%
3	Exposures to public sector entities	333,833	245,284	333,833	103,255	424,699	97%
4	Exposures to multilateral development banks	23,873	10,943	23,873	9,101	27,558	84%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to institutions	14,862,119	3,273,647	14,862,119	1,937,113	6,486,147	39%
7	Exposures to corporates	150,237,193	108,508,645	140,113,138	44,138,832	179,904,021	98%
8	Retail exposures	82,387,595	45,979,952	82,387,595	4,728,169	64,491,298	74%
9	Exposures secured by residential property	31,695,034	1,363,662	31,695,034	535,060	11,280,533	35%
10	Exposures secured by commercial real estate	33,516,566	4,400,085	33,516,566	2,899,252	23,031,081	63%
11	Past-due loans	4,411,268	-	4,411,268	-	2,364,019	54%
12	Higher-risk categories by the Agency Board	118,568	6,689	118,568	3,984	183,827	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0%
16	Other assets	16,457,163	-	16,457,163	-	12,765,338	78%
17	Investment in equities	1,865,809	-	1,865,809	-	1,865,809	100%
18	Total	517,728,312	165,209,869	517,728,312	55,074,848	308,865,337	54%

Prior Period-December 31, 2019		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
	Asset classes						
1	Exposures to central governments or central banks	124,886,775	961,301	134,245,383	520,484	14,907,918	11.10%
2	Exposures to regional governments or local authorities	10,466,717	644,167	10,466,717	315,989	5,390,069	50.00%
3	Exposures to public sector entities	339,538	278,023	339,538	129,094	462,372	99%
4	Exposures to multilateral development banks	27,767	11,952	27,767	11,952	27,767	70%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to institutions	14,123,885	5,629,053	14,123,886	3,674,586	7,503,529	42%
7	Exposures to corporates	131,355,928	102,026,766	121,997,320	39,912,962	159,052,084	98%
8	Retail exposures	66,413,612	38,019,282	66,413,612	4,359,210	52,617,348	74%
9	Exposures secured by residential property	28,414,657	1,186,556	28,414,657	486,084	10,115,259	35%
10	Exposures secured by commercial real estate	29,333,342	4,389,453	29,333,342	3,055,565	20,134,270	62%
11	Past-due loans	5,234,621	-	5,234,621	-	3,050,715	58%
12	Higher-risk categories by the Agency Board	151,421	54,967	151,421	46,383	296,706	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0%
16	Other assets	15,508,763	-	15,508,763	-	12,391,926	80%
17	Investment in equities	1,780,859	-	1,780,859	-	1,780,859	100%
18	Total	428,037,885	153,201,520	428,037,886	52,512,309	287,730,822	60%

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures by asset classes and risk weights

Current Period - June 30, 2020	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	180,895,628	-	22	-	790,824	-	199,160	61,413	-	-	-	181,947,047
2	Exposures to regional governments or local authorities	7,653	-	175	-	10,708,553	-	-	-	-	-	-	10,716,381
3	Exposures to public sector entities	12,010	-	475	-	-	-	424,603	-	-	-	-	437,088
4	Exposures to multilateral development banks	5,416	-	-	-	-	-	27,558	-	-	-	-	32,974
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	671,314	-	5,732,195	-	10,112,029	-	283,694	-	-	-	-	16,799,232
7	Exposures to corporates	849,137	-	2,451,620	-	3,141,483	-	177,743,279	66,451	-	-	-	184,251,970
8	Retail exposures	849,720	-	378,609	-	-	85,887,435	-	-	-	-	-	87,115,764
9	Exposures secured by residential property	-	-	-	32,230,094	-	-	-	-	-	-	-	32,230,094
10	Exposures secured by commercial real estate	-	-	-	-	26,769,475	-	9,646,343	-	-	-	-	36,415,818
11	Past-due loans	-	-	-	-	4,106,987	-	291,792	-	-	-	-	4,411,268
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	122,552	-	-	-	122,552
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Other assets	-	-	-	-	-	-	1,865,809	-	-	-	-	1,865,809
17	Investments in equities	3,009,190	-	853,294	-	-	-	12,594,679	-	-	-	-	16,457,163
18	Total	186,300,068	-	9,416,390	32,230,094	55,629,351	85,887,435	203,076,917	262,905	-	-	-	572,803,160

Prior Period - December 31, 2019	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	105,276,897	-	-	-	29,223,517	-	204,040	61,413	-	-	-	134,765,867
2	Exposures to regional governments or local authorities	2,464	-	175	-	10,780,067	-	-	-	-	-	-	10,782,706
3	Exposures to public sector entities	5,716	-	680	-	-	-	462,236	-	-	-	-	468,632
4	Exposures to multilateral development banks	11,952	-	-	-	-	-	27,767	-	-	-	-	39,719
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	630,633	-	4,526,456	-	12,086,289	-	555,094	-	-	-	-	17,798,472
7	Exposures to corporates	889,336	-	468,577	-	3,188,002	-	157,364,367	-	-	-	-	161,910,282
8	Retail exposures	387,446	-	312,151	-	-	70,073,225	-	-	-	-	-	70,772,822
9	Exposures secured by residential property	-	-	-	28,900,741	-	-	-	-	-	-	-	28,900,741
10	Exposures secured by commercial real estate	-	-	-	-	24,509,275	-	7,879,632	-	-	-	-	32,388,907
11	Past-due loans	-	-	-	-	4,398,306	-	805,821	30,494	-	-	-	5,234,621
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	197,804	-	-	-	197,804
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Other assets	-	-	-	-	-	-	1,780,859	-	-	-	-	1,780,859
17	Investments in equities	2,613,385	-	629,315	-	-	-	12,266,063	-	-	-	-	15,508,763
18	Total	109,817,829	-	5,937,354	28,900,741	84,185,456	70,073,225	181,345,879	289,711	-	-	-	480,550,195

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations

Counterparty credit risk (CCR) approach analysis

Current Period- June 30, 2020	Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1 Fair value method - KKR (for derivatives)	5,144,407	1,192,811			6,337,218	3,665,926
2 Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3 Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için)					-	-
4 Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					31,282,444	1,593,569
5 A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					9,500	6
6 Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7 Total						5,259,501

Prior Period- December 31, 2019	Yenileme maliyeti	Potansiyel kredi risk tutarı	EBPRT	Yasal risk tutarının hesaplanması için kullanılan alfa	Kredi riski azaltımı sonrası risk tutarı	Risk ağırlıklı tutarlar
1 Fair value method - KKR (for derivatives)	4,141,762	1,392,045			5,533,807	2,981,840
2 Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3 Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için)					-	-
4 Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					25,331,365	1,343,104
5 A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					14,500	135
6 Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7 Total						4,325,079

Capital requirement for credit valuation adjustment (CVA)

Current Period - June 30, 2020	EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3×multiplier)		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-
3 All portfolios subject to the Standardised CVA capital obligation	6,337,218	2,100,499
4 Total subject to the CVA capital obligation	6,337,218	2,100,499

Prior Period- December 31, 2019	EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation	-	-
1 (i) VaR component (including the 3×multiplier)		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-
3 All portfolios subject to the Standardised CVA capital obligation	5,533,807	1,492,063
4 Total subject to the CVA capital obligation	5,533,807	1,492,063

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations (Continued)

Standard Approach - Counterparty Credit Risk (CCR) Exposures by Risk Classes and Risk Weights

Current Period – June 30, 2020

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures ^(*)
Claims from central governments and central banks	19,128,629	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	2,619	28	-	-	-	-	-	-	268
Claims from administration and non commercial entity	-	1,982	-	-	-	-	6	-	-	204
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	6,138,702	-	4,208,209	-	4,862,708	-	377,008	-	177,765	3,653,559
Corporates	264,557	985,592	-	-	-	-	1,489,606	-	36,421	1,588,894
Retail portfolios	41,509	113,524	-	-	-	14,482	-	-	4,478	22,304
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	25,573,397	1,103,717	4,208,237	-	4,862,708	14,482	1,866,620	-	218,664	5,265,229

^(*) Total credit exposure: The amount relevant for the capital requirements calculation, having applied CRM techniques.

^(**) Other assets: The amounts excludes exposures to Central Counterparty, which are reported in Counterparty Credit Risk.

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Prior Period - December 31, 2019

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures ^(*)
Claims from central governments and central banks	3,864,219	-	-	-	122,047	-	-	-	-	61,024
Claims from regional and local governments	-	3,385	14	-	-	-	-	-	-	341
Claims from administration and non commercial entity	-	1,124	-	-	-	-	22	-	-	134
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	11,286,007	-	2,670,470	-	4,150,722	-	215,468	-	716,688	2,839,257
Corporates	2,251,432	4,956,078	-	-	-	-	898,689	-	462,646	1,403,550
Retail portfolios	165,869	268,519	-	-	-	25,607	-	-	29,842	46,654
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	17,567,527	5,229,106	2,670,484	-	4,272,769	25,607	1,114,179	-	1,209,176	4,350,960

(*) Total credit exposure: The amount relevant for the capital requirements calculation, having applied CRM techniques.

(**) Other assets: The amounts excludes exposures to Central Counterparty, which are reported in Counterparty Credit Risk.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Collaterals for counterparty credit risk

Current Period - June 30, 2020	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	19,584,159	-
Cash-foreign currency	-	-	-	-	13,094,197	-
Domestic sovereign debts	-	-	-	-	-	9,502
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	32,678,356	9,502

Prior Period - December 31, 2019	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	19,976,812	-
Cash-foreign currency	-	-	-	-	6,181,384	-
Domestic sovereign debts	-	-	-	-	-	14,506
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	26,158,196	14,506

Loan Derivatives

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	Protection bought	Protection sold	Protection bought	Protection sold
Notionals				
Single-name credit default swaps	1,169,754	2,561,257	1,090,254	2,263,507
Index credit default swaps	-	-	-	-
Total return swaps	-	-	-	-
Credit options	-	-	-	-
Other credit derivatives	-	-	-	-
Total Notionals	1,169,754	2,561,257	1,090,254	2,263,507
Fair Values	206,100	931,784	145,639	498,926
Positive fair values (asset)	206,100	-	145,639	-
Negative fair values (liability)	-	931,784	-	498,926

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Central counterparty risks

Current Period - June 30, 2020		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		5,728
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	218,664	4,374
3	(i) OTC Derivatives	171,733	3,435
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	46,931	939
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	650,000	1,354
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Prior Period- December 31, 2019		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		25,881
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,209,176	24,183
3	(i) OTC Derivatives	207,874	4,157
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	1,001,302	20,026
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	650,000	1,698
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

3. Explanations on Market Risk

Market Risk- Standardised approach

		Current Period - June 30, 2020	Prior Period - December 31, 2019
		RWA	RWA
Outright products			
1	Interest rate risk (general and specific)	1,622,375	1,145,162
2	Stock risk (general and specific)	76,718	125,038
3	Foreign exchange risk	13,360,351	6,124,400
4	Commodity risk	-	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	32,116	1,006
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	15,091,560	7,395,606

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1. Information on cash and balances with the Central Bank

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Cash	1,662,216	1,396,440	1,450,320	1,013,138
Central Bank of the Republic of Turkey ^(*)	5,201,196	23,453,800	529,120	32,733,306
Other	415,287	681,944	408,434	370,274
Total	7,278,699	25,532,184	2,387,874	34,116,718

^(*) TL 5,322,318 (December 31, 2019: TL 11,454,725) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

As per Communiqué on Required Reserve of CBRT, required reserve may be kept in TL, USD, EUR and standard gold. CBRT pays interest for required reserve kept in TL.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from %1.0 to %7.0 (December 31, 2019: ranging from %1.0 to %7.0). For foreign currency liabilities, all banks shall provide a reserve rate ranging from %8 to %24 in US Dollar or Euro (December 31, 2019: ranging from %5.0 to %21). According to the principles of communiqué No. 2019/19 dated 9 December 2019, the CBRT pays interest to banks that provide credit growth for Turkish Lira required reserves.

Balances with the Central Bank of the Republic of Turkey

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Unrestricted demand deposits	4,961,332	18,131,482	324,724	21,278,581
Restricted demand deposits	222,868	-	189,108	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Reserve Deposits	16,996	5,322,318	15,288	11,454,725
Total	5,201,196	23,453,800	529,120	32,733,306

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

2. Further information on financial assets at fair value through profit/loss

Financial assets at fair value through profit/loss given as collateral or blocked

None.

Financial assets at fair value through profit/loss subject to repurchase agreements

None.

Positive differences on derivative financial assets held for trading purpose

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Forward transactions	107,408	2,990	64,165	1,418
Swap transactions	5,567,453	1,628,768	3,524,230	914,521
Futures	-	-	-	-
Options	-	1,276	205	2,689
Other	-	-	-	-
Total	5,674,861	1,633,034	3,588,600	918,628

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of 30 June 2020, the fair value of this transaction is TL 169,338, with a nominal amount of 120 million USD and an average maturity of 4.6 years. (As of 31 December 2019, the fair value of this transaction was 45,566 TL, with a nominal amount of 100 million USD, and an average maturity of 4.5 years.)

3. Information on banks

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Banks				
Domestic	28,931	2,329	6,119	427,951
Foreign	1	5,069,344	1	5,784,427
Foreign Head Offices and Branches	-	-	-	-
Total	28,932	5,071,673	6,120	6,212,378

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

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

Financial assets at fair value through other comprehensive income given as collateral or blocked

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	819,681	4,305,645	397,624	2,528,365
Other	-	-	-	-
Total	819,681	4,305,645	397,624	2,528,365

Financial assets at fair value through other comprehensive income subject to repurchase agreements

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Government bonds	3,161,485	-	2,894,007	-
Treasury bills	-	-	-	-
Other debt securities	-	6,690,896	-	1,549,492
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	3,161,485	6,690,896	2,894,007	1,549,492

Information on financial assets at fair value through other comprehensive income

	Current Period- June 30, 2020	Prior Period- December 31, 2019
	Debt securities	45,446,566
Quoted on a Stock Exchange	45,446,566	25,790,926
Unquoted	-	-
Equity securities	18,651	18,055
Quoted on a Stock Exchange	-	-
Unquoted	18,651	18,055
Provisions for impairment losses (-)	135,969	8,682
Total	45,329,248	25,800,299

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

5. Information on loans

Information on all types of loans and advances given to shareholders and employees of the Parent Bank

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	-	-	-
Legal entities	-	-	-	-
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	379,714	41	323,645	36
Total	379,714	41	323,645	36

Information on loans classified in the first and second group loans and second group loans that have been restructured

Current Period - June 30, 2020

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	339,448,663	16,446,874	1,955,302	13,823,909
Loans given to enterprises	135,913,522	9,649,413	1,103,713	12,973,421
Export loans	12,054,854	313,135	171,925	-
Import loans	-	-	-	-
Loans given to financial sector	2,936,857	271	-	72
Consumer loans	77,844,201	422,393	109,769	759,426
Credit cards	10,947,016	163,779	85,889	-
Other	99,752,213	5,897,883	484,006	90,990
Specialized lending	-	-	-	-
Other receivables	2,491,248	3,407,838	-	-
Total	341,939,911	19,854,712	1,955,302	13,823,909

All creditors, including the Parent Bank, have agreed that the loans provided in scope of loan agreements to Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) shall be restructured. All creditors shall be direct or indirect partners to Levent Yapılandırma Yönetimi A.Ş., a special purpose company established in Turkish Republic, and 192,500,000,000 of A group shares, owned by OTAŞ pledged to be the warranty of current loans, which make up the 55% of issued capital of Türk Telekom, were taken over by LYY Telekomünikasyon AŞ as December 21, 2018. The Parent Bank participated in LYY Telekomünikasyon AŞ with a 4.2559% share. At the Ordinary General Assembly Meeting of LYY dated September 23, 2019, it was decided that a portion of the loan would be converted to capital and added to the capital of LYY. In this context, the nominal value of the Parent Bank's shares in LYY increased from TL 2 to TL 169,483. This amount is presented under “Financial assets at fair value through profit or loss” in the financial statements. As of 30 June 2020, the amount is TL 949,591 (31 December 2019: TL 802,278) and the provision is TL 184,267 (31 December 2019: TL 65,100).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Prior Period - December 31, 2019

	Standard loans	Loans and other receivables under close monitoring		
		<i>Agreement conditions modified</i>		
		<i>Loans not Subject to Restructuring</i>	<i>Loans with Revised Contract Terms</i>	<i>Refinance</i>
Cash Loans				
Non-specialized loans	245,127,249	16,790,004	1,152,718	13,756,875
Loans given to enterprises	78,199,656	9,105,909	263,784	11,890,861
Export loans	9,567,565	597,917	106,759	4,283
Import loans	-	-	-	-
Loans given to financial sector	3,813,721	-	-	-
Consumer loans	55,354,636	827,683	22,482	798,449
Credit cards	10,512,442	226,655	85,665	-
Other	87,679,229	6,031,840	674,028	1,063,282
Specialized lending	-	-	-	-
Other receivables	2,175,962	3,214,277	-	-
Total	247,303,211	20,004,281	1,152,718	13,756,875

Current Period - June 30, 2020

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,397,461	-
Significant Increase in Credit Risk	-	3,995,580

Prior Period - December 31, 2019

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	1,624,365	-
Significant Increase in Credit Risk	-	1,964,228

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards

Current Period - June 30, 2020	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,140,434	74,099,513	75,239,947
Housing loans	4,689	29,915,453	29,920,142
Automobile loans	4,695	437,544	442,239
General purpose loans	1,131,050	43,746,516	44,877,566
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	144	4,426	4,570
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	40	40
Other	144	4,386	4,530
Retail credit cards – TL	8,370,857	81,844	8,452,701
With instalment	3,498,983	74,965	3,573,948
Without instalment	4,871,874	6,879	4,878,753
Retail credit cards – FC	9,372	-	9,372
With instalment	-	-	-
Without instalment	9,372	-	9,372
Personnel loans – TL	15,254	269,939	285,193
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	15,254	269,939	285,193
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	94,168	243	94,411
With instalment	34,827	183	35,010
Without instalment	59,341	60	59,401
Personnel credit cards – FC	110	-	110
With instalment	-	-	-
Without instalment	110	-	110
Overdraft Checking Accounts – TL (Real person)	3,605,727	-	3,605,727
Overdraft Checking Accounts – FC (Real person)	352	-	352
Total	13,236,418	74,455,965	87,692,383

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I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards (Continued)

Prior Period - December 31, 2019	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	988,803	52,052,993	53,041,796
Housing loans	10,656	23,605,477	23,616,133
Automobile loans	9,031	406,726	415,757
General purpose loans	969,116	28,040,790	29,009,906
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	4,177	4,177
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,108	2,108
Other	-	2,069	2,069
Retail credit cards – TL	8,274,740	83,237	8,357,977
With instalment	3,547,519	78,731	3,626,250
Without instalment	4,727,221	4,506	4,731,727
Retail credit cards – FC	20,464	-	20,464
With instalment	-	-	-
Without instalment	20,464	-	20,464
Personnel loans – TL	15,222	204,352	219,574
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	15,222	204,352	219,574
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	103,355	245	103,600
With instalment	37,687	195	37,882
Without instalment	65,668	50	65,718
Personnel credit cards – FC	471	-	471
With instalment	-	-	-
Without instalment	471	-	471
Overdraft Checking Accounts – TL (Real person)	3,737,396	-	3,737,396
Overdraft Checking Accounts – FC (Real person)	307	-	307
Total	13,140,758	52,345,004	65,485,762

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - June 30, 2020	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,236,730	115,364,753	117,601,483
Real estate loans	2,235	1,060,803	1,063,038
Automobile loans	52,760	1,896,376	1,949,136
General purpose loans	2,181,735	112,407,574	114,589,309
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	551,839	551,839
Real estate loans	-	-	-
Automobile loans	-	45,010	45,010
General purpose loans	-	506,829	506,829
Other	-	-	-
Instalment-based commercial loans – FC	273,564	21,283,570	21,557,134
Real estate loans	-	-	-
Automobile loans	-	11,967	11,967
General purpose loans	61,259	18,141,884	18,203,143
Other	212,305	3,129,719	3,342,024
Corporate credit cards – TL	2,600,075	38,156	2,638,231
With instalment	899,250	34,014	933,264
Without instalment	1,700,825	4,142	1,704,967
Corporate credit cards – FC	1,859	-	1,859
With instalment	-	-	-
Without instalment	1,859	-	1,859
Overdraft Checking Accounts – TL (Corporate)	773,622	-	773,622
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	5,885,850	137,238,318	143,124,168

Prior Period - December 31, 2019	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,035,959	62,592,816	64,628,775
Real estate loans	2,369	959,353	961,722
Automobile loans	58,230	1,635,806	1,694,036
General purpose loans	1,975,360	59,997,657	61,973,017
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	875,810	875,810
Real estate loans	-	-	-
Automobile loans	-	50,396	50,396
General purpose loans	-	825,414	825,414
Other	-	-	-
Instalment-based commercial loans – FC	454,346	17,712,633	18,166,979
Real estate loans	-	-	-
Automobile loans	-	13,585	13,585
General purpose loans	349,039	14,836,693	15,185,732
Other	105,307	2,862,355	2,967,662
Corporate credit cards – TL	2,326,315	13,189	2,339,504
With instalment	684,418	11,672	696,090
Without instalment	1,641,897	1,517	1,643,414
Corporate credit cards – FC	2,746	-	2,746
With instalment	-	-	-
Without instalment	2,746	-	2,746
Overdraft Checking Accounts – TL (Corporate)	1,335,373	-	1,335,373
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	6,154,739	81,194,448	87,349,187

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Allocation of domestic and overseas loans^(*)

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Domestic loans	374,038,117	278,063,831
Foreign loans	3,535,717	4,153,254
Total	377,573,834	282,217,085

^(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - June 30, 2020	Prior Period- December 31, 2019
Direct loans to associates and subsidiaries	13,332	117
Indirect loans to associates and subsidiaries	-	-
Total	13,332	117

Specific provisions accounted for loans (Stage 3)

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Loans and receivables with limited collectability	526,686	1,601,851
Loans and receivables with doubtful collectability	1,797,278	1,849,517
Uncollectible loans and receivables	10,158,892	9,027,419
Total	12,482,856	12,478,787

Information on non-performing loans (Net)

Information on non-performing loans and other receivables restructured or rescheduled

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current period - June 30, 2020			
Gross Amounts Before The Reserves	11,021	373,635	699,816
Loans Which Are Restructured	11,021	373,635	699,816
Prior period - December 31, 2019			
Gross Amounts Before The Reserves	667,501	466,418	598,108
Loans Which Are Restructured	667,501	466,418	598,108

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - June 30, 2020			
Balance at the beginning of the period	3,203,134	3,492,946	11,016,436
Additions (+)	1,615,879	43,095	752,078
Transfers from other categories of loans under follow-up (+)	-	3,606,087	2,989,692
Transfers to other categories of loans under follow-up (-) ^(*)	3,606,087	2,989,693	-
Collections (-)	255,000	997,440	957,992
Write-offs (-)	-	-	890,789
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	21,407
Balance at the end of the period	957,926	3,154,995	12,930,832
Provision (-)	526,686	1,797,278	10,158,892
Net balance	431,240	1,357,717	2,771,940

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

^(**) As of 30 June 2020, the Parent Bank has written-off loans and provisions for these loans, which were classified in the “Group V Loans” (Loans Classified as Loss) amounting to 890,789 TL, unsecured, do not have reasonable expectations for recovery and with %100 provision, in accordance with the Amendments Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by BRSA. Following the written-off loans, the Parent Bank’s non-performing loan ratio decreased from 4.52% to 4.30%.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2019			
Balance at the beginning of the period	1,626,189	2,131,185	7,371,934
Additions (+)	8,155,473	245,810	815,486
Transfers from other categories of loans under follow-up (+)	-	7,118,350	4,061,537
Transfers to other categories of loans under follow-up (-) ^(*)	6,053,818	5,128,912	55,305
Collections (-)	524,710	873,663	1,190,606
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	176	13,390
Balance at the end of the period	3,203,134	3,492,946	11,016,436
Provision (-)	1,601,851	1,849,517	9,027,419
Net balance	1,601,283	1,643,429	1,989,017

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in the transfers to other categories of loans under follow-up lines.

Uncollectible loans and other receivables are collected through liquidation of collaterals and legal follow-up.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - June 30, 2020			
Balance at the end of the period	625,376	1,128,414	2,718,931
Provision (-)	327,840	660,997	1,990,437
Net balance on balance sheet	297,536	467,417	728,494
Prior Period - December 31, 2019			
Balance at the end of the period	1,380,333	1,446,485	1,438,214
Specific provision (-)	697,528	736,988	1,147,063
Net balance on balance sheet	682,805	709,497	291,151

Non-performing foreign currency denominated loans are followed in TL accounts.

The gross and net amounts of non-performing loans according to user groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - June 30, 2020			
Current Period (Net)	431,240	1,357,717	2,771,940
Consumer and Commercial Loans (Gross)	957,912	3,153,185	12,908,786
Specific Provision (-)	526,672	1,795,476	10,136,864
Consumer and Commercial Loans (Net)	431,240	1,357,709	2,771,922
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	14	1,810	22,046
Specific Provision (-)	14	1,802	22,028
Other Loans and Receivables (Net)	-	8	18

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period - December 31, 2019			
Prior Period (Net)	1,601,283	1,643,429	1,989,017
Consumer and Commercial Loans (Gross)	3,201,330	3,492,881	10,983,288
Specific Provision (-)	1,600,054	1,849,462	8,994,285
Consumer and Commercial Loans (Net)	1,601,276	1,643,419	1,989,003
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,804	65	31,597
Specific Provision (-)	1,797	55	31,583
Other Loans and Receivables (Net)	7	10	14

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on interest accruals, discounts and valuation differences calculated for non-performing loans and their provisions

	Group III	Group IV	Group V
	Loans With	Loans With	Uncollectible
	Limited	Doubtful	Loans
	Collectability	Collectability	Loans
Current Period (Net) - June 30, 2020			
Interest accruals and valuation differences	39,706	345,915	1,287,703
Provision (-)	21,386	198,222	804,333
Prior Period (Net) - December 31, 2019			
Interest accruals and valuation differences	269,253	304,122	747,230
Provision (-)	134,980	163,251	502,001

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Government bonds	37,143,188	7,414,212	34,945,546	7,498,362
Treasury bills	-	-	-	-
Other securities issued by the governments	-	5,143,815	-	4,202,218
Total	37,143,188	12,558,027	34,945,546	11,700,580

Information on financial assets measured at amortized cost

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Debt Securities	49,972,752	47,014,633
<i>Quoted at stock exchanges</i>	49,766,933	46,895,460
<i>Unquoted at stock exchanges</i>	205,819	119,173
Impairment losses (-)	-	-
Total	49,972,752	47,014,633

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

The movement table of the financial assets measured at amortised cost

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Balances at the beginning of the period	47,014,633	39,980,510
Foreign currency differences on monetary assets	1,765,477	950,424
Purchases during the period	7,230,533	6,514,751
Disposals through sales/redemptions	(6,578,646)	(1,664,238)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	540,755	1,233,186
Balances at the end of the period	49,972,752	47,014,633

(*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

Information on accounts related to financial assets measured at amortized cost

Current Period - June 30, 2020	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	5,451,762	6,705,062	7,118,441	6,994,828
Investments subject to repurchase agreements	12,797,308	5,258,629	16,422,674	5,356,365
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	11,283,987	411,749	13,660,933	419,511
Total	29,533,057	12,375,440	37,202,048	12,770,704

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

Prior Period - December 31, 2019	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	2,312,391	5,749,919	3,012,289	5,900,181
Investments subject to repurchase agreements	13,015,467	4,131,685	17,082,806	4,202,218
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	12,407,756	1,873,915	14,909,319	1,907,820
Total	27,735,614	11,755,519	35,004,414	12,010,219

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

7. Investments in associates

Unconsolidated investments in associates

Title	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/Turkey	9.93	9.93
2 Bankalararası Kart Merkezi AŞ	İstanbul/ Turkey	4.75	4.75
3 KKB Kredi Kayıt Bürosu AŞ ^(*)	İstanbul/ Turkey	9.09	9.09
4 Güçbirliği Holding AŞ ^(*)	İzmir/ Turkey	0.07	0.07
5 İzmir Enternasyonal Otelcilik AŞ ^(*)	İstanbul/ Turkey	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ	İstanbul/ Turkey	4.37	4.37
7 Kredi Garanti Fonu AŞ ^(*)	Ankara/ Turkey	1.49	1.49
8 Türkiye Ürün İhtisas Borsası AŞ	Ankara/ Turkey	3.00	3.00
9 Bileşim Alternatif Dağıtım Kanalları AŞ	İstanbul/ Turkey	33.33	33.33
10 JCR Avrasya Derecelendirme AŞ ^(*)	İstanbul/ Turkey	2.86	2.86
11 Tasfiye Halinde World Vakıf UBB Ltd. ^(**)	Lefkoşa/KKTC	82.00	82.59

^(*)The financial statement information provided for these associates is taken from the financial statements dated March 31, 2020.

^(**)The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	7,712,964	2,041,769	1,298,821	5,811	-	94,406	(12,350)	6,601,813
2	247,600	201,657	72,477	2,372	-	19,616	17,418	-
3	364,812	229,265	247,046	1,824	-	11,740	12,147	-
4	147,521	(111,930)	88,099	-	-	(9,016)	(2,607)	-
5	151,237	(164,326)	76,690	-	-	(29,419)	(17,400)	-
6	22,110,322	2,256,394	156,040	169,492	40,323	233,081	343,969	-
7	902,137	646,973	21,417	7,107	-	23,122	32,826	-
8	64,669	63,011	2,790	2,160	-	4,597	-	-
9	75,514	47,193	18,350	1,069	-	168	8,513	-
10	30,456	24,459	22,933	94	-	(559)	(544)	-
11	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

In the current period, it was decided to increase the capital of the Company from 30,000 TL to 177,493 TL at the Ordinary General Assembly meeting of Interbank Card Center Inc., one of the Parent Bank affiliates, on April 30, 2020. The Company met 56,150 TL of 147,493 TL from internal resources; For the part of TL 90,543, it was decided to cover the pre-emptive rights of the current shareholders by the CBRT. The bonus share amounting to TL 5,522, which corresponds to the Parent bank share, is shown in Bonus Shares in the transaction table of subsidiaries. The nominal share of the Parent Bank in the company capital has increased from 2,909 TL to 8,431 TL, and its share has decreased from 9.70% to 4.75%.

In the current period, the Parent Bank's subsidiaries in Türkiye Ürün İhtisas Borsası AŞ's Ordinary General Meeting held on March 2, 2020, it was decided to reduce the company's charter capital in the amount of TL 50,000 to TL 100,000. The company's capital of TL 50,000 was fully paid in cash, and it was registered on May 29, 2020, and transactions regarding capital reduction were completed. The nominal share of the Parent Bank decreased from 3,000 TL to 1,500 TL and the share ratio remained the same (3%). As of June 30, 2020, the Parent Bank's remaining capital debt has been paid and 750 TL of shares have been included in the Purchases table of Affiliates.

In the current period, PTT AS joined the Platform Ortak Karlı Sistemler A.Ş. on June 3, 2020. Nominal share of capital has decreased to TL 4,200 due to the transfer of the Parent Bank's nominal share of TL 5,600 to PTT A.Ş. In addition, the Parent Bank sold TL 350 shares from its paid-in capital share of TL 1,400, and the share amount of the Parent Bank decreased from 1,400 TL to 1,050 TL, and its share ratio decreased from 26.67% to 20.00%. 350 TL shares sold are shown in Sales in the transaction table of subsidiaries. The Parent Bank has a TL 3,150 capital commitment to the Company.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

In the current period Platform Ortak Kartlı Sistemler AŞ joined to Türkiye Varlık Fonu on February 12, 2020, as a new partner. Due to the transfer of the Parent Bank's nominal capital share from 7,000 TL to 1,400 TL to TVF, the nominal capital share has decreased to 5,600 TL. In addition, the Parent Bank sold 350 TL shares from its paid-in capital share of 1,750 TL, and the share amount of the Parent Bank decreased to 1,400 TL from the share of 33.33% to 26.67%.

In the current period, the Parent Bank became a partner of JCR Avrasya Derecelendirme AŞ. with a capital of 1,000 TL on January 17, 2020. The nominal share in the capital is 29 TL and the share rate is 2.86%. The Parent Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Parent Bank's share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The amount of shares corresponding to three-fourths of the Parent Bank's share in the current period is TL 2,066.

In the prior period, the Parent Bank participated in Platform Ortak Kartlı Sistemler AŞ, which was established with a capital of TL 21,000. The nominal share of the Parent Bank in the Company is TL 7,000 and its share rate is 33.33%. The Parent Bank is required to pay one quarter of its shares in cash and the remaining three quarters within 24 months of the Company's registration. Transactions regarding the establishment of the Company were registered in the trade registry on 23 September 2019. The Parent Bank paid one quarter of its share and shares amounting to TL 1,750 are presented under Purchases in the movement table of investments in associates.

In the prior period, decision has been made to increase the capital of the Parent Bank from TL 318,281 to TL 497,817 at the Board of Directors meeting of Kredi Garanti Fonu AŞ. The shares amounting to TL 2,762. In addition, the Parent Bank's Board of Directors has decided to increase the capital to TL 513,134 as of 8 April 2019. The capital increase was realized with the participation of two new shareholders, the Parent Bank's share amount remained unchanged and the share ratio decreased from 1.54% to 1.49%.

The title of World Vakıf Off Shore Banking Ltd, a subsidiary of the Parent Bank, was changed as World Vakıf UBB. Ltd. on February 4, 2009. Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., operating in NCTR, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. According to May 24, 2010 dated decision of the Nicosia Local Court, World Vakıf UBB Ltd. will be liquidated and NCTR Company Registrar is appointed to carry out liquidation process. In year 2010, due to loss of control over Company, World Vakıf UBB Ltd. has been reclassified as “Investments in affiliates”. The liquidation process of World Vakıf UBB Ltd, an associate of the Parent Bank, has been carried out by NCTR Collecting and Liquidation Office. The application of the company for cancellation of the liquidation has been rejected and the decision of liquidation has been agreed on August 27, 2013. Thus, the company's title has been changed as “World Vakıf UBB Ltd in Liquidation”.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Unconsolidated associates, reasons for not consolidating such investments and accounting treatments applied for such investments:

İstanbul Takas ve Saklama Bankası AŞ and Kredi Garanti Fonu AŞ have not been consolidated since their total assets and net operating profit(loss) individually or as a whole, do not comprise a material portion within the consolidated totals. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonel AŞ , Platform Ortak Kartlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Alternatif Dağıtım Kanalları AŞ, Birleşik İpotek Finansmanı AŞ and JCR Avrasya Derecelendirme AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements in accordance with TFRS 9.

Consolidated investments in associates

Title	Address (City/ Country)	Parent Bank’s Share- If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38	8.38

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1 1,467,737	98,803	7,618	57,146	1,700	6,123	1,196	-
2 48,026,326	5,529,796	1,151,956	1,210,846	374,928	322,757	384,955	3,664,099

Movement of consolidated investments in associates

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Balance at the beginning of the period	297,263	196,867
Movements during the period	20,407	100,396
Transfers	-	-
Acquisitions	-	-
Bonus shares received	-	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	20,407	100,396
Impairment losses	-	-
Balance at the end of the period	317,670	297,263
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Banks	317,670	297,263
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	317,670	297,263

Quoted associates

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Quoted at domestic stock exchanges	307,051	286,644
Quoted at international stock exchanges	-	-
Total	307,051	286,644

Investments in associates disposed during the period

There is not any associate disposed by the Parent Bank in the current period.

Investments in associates acquired during the period

In the current period, the Parent Bank has participated in establishment of the Birleşik İpotek Finansmanı AŞ., which was established with a capital of 10,000 TL. The nominal share of the Parent bank is 833 TL and the share rate is 8.33%. Transactions regarding the establishment of the company were registered in the trade registry on March 17, 2020.

In the current period, the Parent Bank has become a partner to Bileşim Alternatif Dağıtım Kanalları AŞ, in 7 February 2020, by the agreement signed with the People's Bank of Turkey to transfer nominal shares of 8,666 TL and which corresponds to 33.33% share ratio.

In the current period, the Parent Bank became a partner of JCR Avrasya Derecelendirme AŞ. with a capital of 1,000 TL on January 17, 2020. The nominal share in the capital is 29 TL and the share rate is 2.86%. The Parent Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Parent Bank's share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The Parent Bank has paid JCR Avrasya Rating A.Ş. the second remaining installment of the capital it has undertaken as of 30 June 2020.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Current Period - June 30, 2020						
Paid in Capital	311,248	175,000	75,000	170,000	460,000	20,000
Share Premium	-	5,944	137	-	300,577	93
Equity share premiums	-	-	-	-	278,978	-
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	5,944	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	26,915	(211)	2,388	549	(20)
Other accumulated comprehensive income that will be reclassified in profit or loss	882,587	-	11,637	-	-	-
Profit Reserves	17,882	47,712	12,316	200,688	130,281	408
Legal Reserves	17,882	9,738	8,601	18,286	9,056	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	37,974	3,715	182,402	121,225	13
Other Profit Reserves	-	-	-	-	-	-
Profit/Loss	38,889	(11,878)	214,474	22,772	42,426	(2,104)
<i>Prior Period's Profit/Loss</i>	42,062	(25,685)	160,323	(18,796)	10,351	(1,749)
<i>Current Period's Profit/Loss</i>	(3,173)	13,807	54,151	41,568	32,075	(355)
Minority Rights	-	-	-	-	-	-
Total Core Capital	1,250,606	243,693	313,353	395,848	933,833	18,377
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	1,250,606	243,693	313,353	395,848	933,833	18,377
NET AVAILABLE EQUITY	1,250,606	243,693	313,353	395,848	933,833	18,377

Reviewed BRSA financial statements as of June 30, 2020 are considered.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED
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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Prior Period - December 31, 2019						
Paid in Capital	311,248	175,000	75,000	170,000	230,000	20,000
Share Premium	-	5,343	10,017	-	268,330	93
Equity share premiums	-	-	-	-	246,731	-
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	5,343	10,017	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	28,100	(211)	2,388	558	(53)
Other accumulated comprehensive income that will be reclassified in profit or loss	732,735	-	119,930	-	-	-
Profit Reserves	11,854	48,049	12,316	69,570	130,281	395
Legal Reserves	11,854	10,006	8,601	11,730	9,056	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	38,043	3,715	57,840	121,225	-
Other Profit Reserves	-	-	-	-	-	-
Profit/Loss	48,090	(16,647)	38,984	110,248	10,351	(1,731)
Prior Period's Profit/Loss	342	(83,464)	2,136	(12,702)	14,255	(2,906)
Current Period's Profit/Loss	47,748	66,818	36,848	122,950	(3,904)	1,175
Minority Rights	-	-	-	-	-	-
Total Core Capital	1,103,927	239,845	256,036	352,206	639,520	18,704
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	1,103,927	239,845	256,036	352,206	639,520	18,704
NET AVAILABLE EQUITY	1,103,927	239,845	256,036	352,206	639,520	18,704

Reviewed BRSA financial statements as of December 31, 2019 are considered.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, which is one of the consolidated subsidiaries of the Parent Bank, calculates capital adequacy in accordance with “Communiqué on Capital and Capital Adequacy of Intermediary Firms” of Capital Markets Board as six months periods. According to the calculations at June 30, 2020, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank’s Share – If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ	Ankara/Turkey	65.50	80.48
2 Taksim Otelcilik AŞ	İstanbul/ Turkey	51.00	51.00
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Turkey	86.97	88.89
4 Vakıf Gayrimenkul Değerleme AŞ (*)	Ankara/ Turkey	97.14	97.14

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	326,941	227,107	245,127	2,521	-	(1,695)	(844)	25,743
2	402,234	390,721	201,504	7,277	-	(154)	7,086	453,745
3	86,261	62,852	38,578	830	66	298	1,555	59,392
4	46,223	37,835	620	687	18	(1,421)	(1,202)	39,744

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of March 31, 2020.

In the current period, the paid-in capital of Vakıf Gayrimenkul Değerleme A.Ş., which was 14,000 TL, is increased by 16,000 TL to 30,000 TL. In the company’s capital, the Parent Bank’s nominal share increased from 13,600 TL to 29,143 TL.

In the current period, The Parent Bank has paid 678 TL for 400 TL nominal share of Vakıf Emeklilik ve Hayat AŞ, one of the partners of Vakıf Gayrimenkul Değerleme AŞ, on January 16, 2020. In the company’s capital, the Parent Bank’s nominal share increased from 13,200 TL to 13,600 TL, and its share increased from 94.29% to 97.14%.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments:

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ and Vakıf Gayrimenkul Değerleme AŞ have not been consolidated since they are not among the financial subsidiaries of the Parent Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Investments in consolidated subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Faktoring AŞ	İstanbul/Turkey	78.39	80.62
2 Vakıf Finansal Kiralama AŞ	İstanbul/ Turkey	58.71	58.71
3 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/ Turkey	99.25	99.40
4 Vakıfbank International AG	Vienna/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/ Turkey	17.37	17.37
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/ Turkey	45.71	45.71

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 3,133,042	424,689	2,341	164,036	-	51,614	65,742	279,386
2 3,366,088	323,607	24,892	124,737	-	40,351	4,796	544,095
3 1,219,488	313,856	38,428	-	1,532	79,115	18,384	293,992
4 6,643,323	1,226,052	1,504	73,694	-	24,931	21,952	622,846
5 18,908	18,367	232	669	332	(368)	607	65,580
6 2,100,272	1,361,643	1,062,624	7,022	-	35,744	668	1,237,400

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Balance at the beginning of the period	1,477,248	2,129,732
Movements during the period	552,900	(652,484)
Transfers (*)	-	(1,547,479)
Acquisitions	205,824	179,827
Bonus shares received	-	384,233
Share of current year profit	-	(42,881)
Sales and liquidations	-	(1,342)
Fair value changes	369,820	558,189
Impairment losses	(22,744)	(183,031)
Balance at the end of the period	2,030,148	1,477,248
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) In the prior period Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ are booked in Non-Current Assets Held for Sale and Discontinued Operations, and are shown in Transfers.

In the Current period, the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, which was TL 230,000 within the registered capital ceiling of TL 460,000, was increased to TL 460,000 with an increase of TL 230,000. In this context, the Parent Bank's pre-emptive right was fully exercised in the Company's capital increase and the Parent Bank's current nominal share reached TL 89,016. In addition, TL 15,275 has been paid for pre-emptive rights in return for 8,229,723 shares and TL 44,450 has been paid through the demand collection method in return for 24,027,174 shares. Total shares amounting to TL 148,741 are presented under Purchases in the movement table of subsidiaries. Thus, the nominal share of the Parent Bank in Vakıf Gayrimenkul Yatırım Ortaklığı AŞ increased from TL 89,016 to TL 210,289 and its share ratio increased from 38.70% to 45.71%.

In the current period, one of the Vakıfbank International AG partners, all of the 10% shares of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı was acquired by the Parent Bank for 57,083 per share, in March 24 2020. Shares are shown in themovement table relating to subsidiaries. In the company's capital, the Parent Bank's nominal share increased from 90,000 EUR to 100,000 EUR, and its share increased from 90% to 100%.

In the prior period, Vakıf Emeklilik ve Hayat AŞ, which was classified in the subsidiary account and excluded from the full consolidation of the Parent Bank, has been decided to be removed from the subsidiaries and the 874,650 TL share corresponding to the share of the Parent Bank is shown in Transfers in the Act of Affiliates table.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

In the prior period, Güneş Sigorta AŞ, which is in the subsidiary account and excluded from the full consolidation of the Parent Bank, has been decided to be removed from the subsidiaries and the 672,829 TL share corresponding to the share of the Parent Bank is shown in the Affiliates table.

In the prior period, it was decided to sell 1,556,292 shares of Güneş Sigorta AŞ traded in the BİAŞ share market. The share of TL 1,122 that the Parent Bank sold was shown under Sales in Act of Affiliates table. After the transaction, the nominal share of the Parent Bank in Güneş Sigorta AŞ has decreased from 304,496 TL to 302,940 TL and share ratio has decreased from 56.39% to 56.10%.

In the prior period, the paid-in capital of Güneş Sigorta AŞ, which was TL 270,000 within the registered capital ceiling of TL 540,000, was increased to TL 540,000 with an increase of TL 270,000. In this context, The Parent Bank's pre-emptive right was fully exercised in the Company's capital increase and The Parent Bank's current nominal share reached TL 129,643. In addition, TL 50,183 has been paid for pre-emptive rights (shares offered to public in the BIAS stock market) which are not exercised by other shareholders against nominal 45,210,297 shares purchased from the prices formed in the BIST Primary Market. Total shares amounting to TL 179,826 are presented under Purchases in the movement table of subsidiaries.

In the prior period, it's been decided to sell 220,000 shares of Vakıf Menkul Değerler A.Ş has been. After the sale, The Parent Bank's share decreased from TL 4,578 to TL 3,693. TL 220 of The Parent Bank's sales is presented under Sales in the movement table of subsidiaries. After the sale of shares, The Parent Bank's share in Vakıf Menkul Değerler Yatırım Ortaklığı A.Ş. decreased from 18.47% to 17.37%.

At the Ordinary General Assembly of Vakıfbank International AG held on June 28, 2019, it was decided to increase the Company's capital from EUR 70,000 to EUR 100,000. TL 177,089 of bonus shares amounting to EUR 27,000 corresponding to the Parent Bank's share are shown under Bonus Shares in the movement table of subsidiaries. The nominal share of the Parent Bank in the Company's capital has increased from EUR 63,000 to EUR 90,000 and the share ratio remains the same.

At the Ordinary General Assembly of Vakıf Finansal Kiralama AŞ held on June 26, 2019, it was decided to increase the Company's capital from TL 140,000 to TL 175,000. TL 20,549 of bonus corresponding to the Parent Bank's share are shown under Bonus Shares in the movement table of subsidiaries. The nominal share of the Parent Bank in the Company's capital has increased from TL 82,197 to TL 102,746 and the share ratio remains the same.

At the Ordinary General Assembly of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ held on June 24, 2019, it was decided to increase the Company's capital from TL 225,000 to TL 230,000. TL 1,935 of bonus corresponding to the Parent Bank's share are shown under Bonus Shares in the movement table of subsidiaries. The nominal share of the Parent Bank in the Company's capital has increased from TL 87,081 to TL 89,016 and the share ratio remains the same.

At the Ordinary General Assembly of Vakıf Yatırım Menkul Değerler AŞ held on June 19, 2019, it was decided to increase the Company's capital from TL 35,000 to TL 75,000. TL 39,700 of bonus corresponding to the Parent Bank's share are shown under Bonus Shares in the movement table of subsidiaries. The nominal share of the Parent Bank in the Company's capital has increased from TL 34,738 to TL 74,438 and the share ratio remains the same.

At the Ordinary General Assembly of Vakıf Emeklilik ve Hayat AŞ held on June 19, 2019, it was decided to increase the Company's capital from TL 26,500 to TL 150,000. TL 66,567 of bonus corresponding to the Parent Bank's share are shown under Bonus Shares in the movement table of subsidiaries. The nominal share of the Parent Bank in the Company's capital has increased from TL 14,248 to TL 80,851 and the share ratio remains the same.

At the Ordinary General Assembly of Vakıf Faktoring AŞ held on June 18, 2019, it was decided to increase the Company's capital from TL 70,000 to TL 170,000. TL 78,393 of bonus corresponding to the Parent Bank's share are shown under Bonus Shares in the movement table of subsidiaries. The nominal share of the Parent Bank in the Company's capital has increased from TL 54,875 to TL 133,268 and the share ratio remains the same.

In the prior period, all of the shares of Vakıf Portföy Yönetimi AŞ, which was presented in the "Assets Held for Sale and Discontinued Operations and Related Liabilities" account, were sold to Ziraat Portföy Yönetim AŞ for a price of TL 52,500. As of January 2, 2019, the Parent Bank has no remaining shares in Vakıf Portföy Yönetimi AŞ.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Measured at cost	-	-
Measured at fair value (*)	2,030,148	1,477,248
Equity method of accounting	-	-
Total	2,030,148	1,477,248

(*) Valuation amounts of 31 December 2019 have been taken for the unquoted subsidiaries.

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period - June 30, 2020	Prior Period- December 31, 2019
Banks	622,846	486,740
Factoring companies	219,011	219,011
Leasing companies	319,438	249,776
Financing companies	-	-
Other financial subsidiaries	868,853	521,721
Total	2,030,148	1,477,248

Quoted consolidated subsidiaries

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Quoted at domestic stock exchanges	896,504	479,711
Quoted at international stock exchanges	-	-
Total	896,504	479,711

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consolidated subsidiaries disposed during the period

In the current period all Güneş Sigorta AŞ 51.10% shares, which was owned by the Parent Bank and accounted Non-current Assets Held for Sale – Subsidiaries, were transferred to TVF Finansal Yatırımlar AŞ as of 22 April 2020. The Parent Bank has no remaining shares in Güneş Sigorta AŞ.

In the current period all Vakıf Emeklilik AŞ 53.90% shares, which was owned by the Parent Bank and accounted Non-current Assets Held for Sale – Subsidiaries, were transferred to TVF Finansal Yatırımlar AŞ as of 22 April 2020. The Parent bank has no remaining shares in Vakıf Emeklilik AŞ.

In the prior period, all of the shares of Vakıf Portföy Yönetimi AŞ., were sold to Ziraat Portföy Yönetimi AŞ. With an amount of TL 52,500. As of January 2, 2019, the Parent ank has no remaining shares in Vakıf Portföy Yönetimi AŞ.

Investments in subsidiaries acquired during the period

The Parent Bank has no subsidiaries acquired in the current period.

9. Investments in joint-ventures

There is not any investment in joint-ventures of the Group within current and prior period.

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period		Prior Period	
	June 30, 2020		December 31, 2019	
	Gross	Net	Gross	Net
Less than 1 year	1,575,260	1,354,429	777,828	706,300
Between 1-4 years	1,716,273	1,459,398	2,070,301	1,766,622
Longer than 4 years	247,889	218,543	399,625	301,194
Total	3,539,422	3,032,370	3,247,754	2,774,116

Net investments in finance lease receivables

	Current Period	Prior Period
	June 30, 2020	December 31, 2019
Gross finance lease receivables	3,539,422	3,247,754
Unearned income on finance lease receivables (-)	507,052	473,638
Terminated lease contracts (-)	-	-
Net finance lease receivables	3,032,370	2,774,116

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Finance lease agreements

Sum of the minimum lease payments including interest and principal amounts are stated under the "finance lease receivables" as gross. The difference between the total of rent payments and the cost of the related fixed assets is reflected to the "unearned income" account. If the lease payments are made, the lease principal amount is deducted from the "finance lease receivables" as the interest component of the payment is reflected to interest income on the consolidated statement of income.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None. Information on investment properties

12. Information on investment properties

As of June 30, 2020, net balance sheet value of the Group's subsidiary operating in real estate investment trust amounts to TL 634,588 (December 31, 2019: TL 608,990), and the Group has investment properties with a fair value of TL 1,047,242 (December 31, 2019: 1,018,635).

13. Information on tax assets

a) Current tax assets

As at June 30, 2020 the current tax asset of the Group amounts to TL 20 (December 31, 2019: TL None.).

b) Deferred tax assets

Items generating deferred tax assets or liabilities are listed below as at June 30, 2020 and December 31, 2019:

	Current Period June 30, 2020	Prior Period December 31, 2019
Provision for employee termination benefits and unused vacations	150,386	143,171
Other provisions	15,002	14,034
Valuation differences of associates and subsidiaries	59,416	46,014
Deductible financial losses	-	-
Investment incentives	3,866	4,345
Valuation differences of financial assets and liabilities	791,166	431,120
Reporting Standards - Tax Code depreciation differences	-	49
Provision (General Provision)	1,302,234	728,369
Other differences	23,033	34,994
Deferred tax assets	2,345,103	1,402,096
Net-off of the deferred tax assets and liabilities from the same entity	(943,813)	(600,480)
Deferred tax assets, (net)	1,401,290	801,616
Valuation differences of financial assets and liabilities	758,448	460,570
Valuation difference for associates and subsidiaries	71,904	62,343
Valuation differences of properties	74,661	74,679
Other differences	59,545	34,878
Deferred tax liabilities	964,558	632,470
Net-off of the deferred tax assets and liabilities from the same entity	(943,813)	(600,480)
Deferred tax liabilities, (net)	20,745	31,990

As at June 30, 2020 and December 31, 2019, items generating deferred tax assets or liabilities movement table is listed below:

	Current Period - June 30, 2020	Prior Period - December 31, 2019
As of 1 January	769,626	157,247
Deferred tax income/(loss)	732,981	882,613
Deferred tax that is accounted under Equity	(135,422)	(95,884)
Other	13,360	(174,350)
Deferred tax asset/(liability)	1,380,545	769,626

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

14. Information on assets held for sale and assets related to the discontinued operations

As of June 30, 2020, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 2,100,807 (December 31, 2019: TL 3,125,252) and the provision for impairment is TL 8,863 (December 31, 2019: TL 12,981). The amount of other assets held for sales and discontinued operations is 3 TL (31 December 2019: None.)

As per the Board of Directors decision in December 13th, 2019, the Bank has started the process of transfer of shares held in subsidiaries Güneş Sigorta and Vakıf Emeklilik ve Hayat A.Ş. respectively, including publicly held shares, to a new company to be established by Türkiye Varlık Fonu Yönetimi A.Ş. Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ have been removed from the subsidiaries account and started to be disclosed in the Non-Current Assets Held For Sale and Discontinued Operations account.

On April 22, 2020, a share transfer agreement was signed between TVF Financial Investments as the buyer and the Parent Bank as the seller, in order to transfer the Parent Banks shares which represent 51.1% of Güneş Sigorta AŞ's capital and 53.9% of Vakıf Emeklilik ve Hayat AŞ's capital to TVF Financial Investments AŞ ("TVF Financial Investments") and the share transfers were completed as of the same date, and the mentioned companies were excluded from the Parent Bank's Non-Currents Assets or Disposal Groups "Held For Sale" and "From Discontinued Operations (Net)". Accordingly, the price to be paid to the Parent Bank for Güneş Sigorta AŞ shares is determined as 2.22 TL per share, and the total sales price is 612,586 TL. The sales price has been totally paid with a special issue government bond. The amount to be paid to the Parent Bank for Vakıf Emeklilik ve Hayat AŞ shares is determined as 0.0896 TL per share, and the total sales price is 724,584 TL. The sales price has been totally paid with a special issue government bonds.

Elimination adjusted income and expense figures which has been occurred until the aforementioned sales transaction were booked in the income statement. 804,835 TL consolidated net sales profit has been booked in other operating income

15. Information on other asset

As at June 30, 2020 and December 31, 2019, the details of other assets are as follows:

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Receivables from credit card payments	1,848,479	1,695,301
Prepaid expenses	1,748,999	969,046
Guarantees given for repurchase agreements	146,214	9,922
Guarantees given for derivative financial instruments	9,838,366	7,996,486
Receivables from term sale of assets	78,273	112,364
Other	2,669,275	2,174,612
Total	16,329,606	12,957,731

16. Information on expected loss provisions for financial assets

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Balances with the Central Bank	322	374
Banks	4,043	8,992
Total	4,365	9,366
Financial Assets Measured at Amortized Cost	5,635	5,054
Total	10,000	14,420

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period June 30, 2020	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	15,745,411	-	13,638,998	41,251,242	1,852,359	413,369	999,250	9,800	73,910,429
Foreign currency deposits	20,512,509	-	18,343,584	72,620,116	5,624,462	2,541,258	9,775,870	-	129,417,799
Residents in Turkey	18,386,914	-	13,531,121	44,064,763	2,734,585	390,027	67,383	-	79,174,793
Residents in abroad	2,125,595	-	4,812,463	28,555,353	2,889,877	2,151,231	9,708,487	-	50,243,006
Public sector deposits	8,665,383	-	8,181,761	7,206,745	957,597	583,742	33,813	-	25,629,041
Commercial deposits	8,903,629	-	24,178,539	27,276,612	848,384	900,041	156,261	-	62,263,466
Other	7,825,171	-	2,983,798	12,417,135	1,434,531	293,530	593,902	-	25,548,067
Precious metal deposits	10,342,912	-	-	19,415	-	782,443	104,103	-	11,248,873
Bank deposits	1,038,116	-	3,894,238	6,342,750	-	6,885	194,466	-	11,476,455
Central Bank	1,549	-	-	-	-	-	-	-	1,549
Domestic banks	393,969	-	3,631,306	250,933	-	6,885	-	-	4,283,093
Foreign banks	251,848	-	262,932	6,091,817	-	-	194,466	-	6,801,063
Participation banks	390,750	-	-	-	-	-	-	-	390,750
Other	-	-	-	-	-	-	-	-	-
Total	73,033,131	-	71,220,918	167,134,015	10,717,333	5,521,268	11,857,665	9,800	339,494,130

Prior Period December 31, 2019	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	8,578,245	-	8,388,452	37,058,056	2,528,253	276,512	1,890,243	8,620	58,728,381
Foreign currency deposits	16,360,802	-	15,556,129	51,474,306	5,465,027	2,008,675	9,327,716	-	100,192,655
Residents in Turkey	14,648,196	-	15,260,688	49,173,582	4,631,421	978,319	2,235,416	-	86,927,622
Residents in abroad	1,712,606	-	295,441	2,300,724	833,606	1,030,356	7,092,300	-	13,265,033
Public sector deposits	8,186,969	-	6,028,510	6,735,622	2,793,367	485,159	29,121	-	24,258,748
Commercial deposits	4,424,128	-	13,308,954	13,946,826	1,767,183	482,234	316,449	-	34,245,774
Other	7,545,083	-	1,391,353	7,096,658	3,183,311	379,849	690,573	-	20,286,827
Precious metal deposits	5,596,470	-	-	13,780	-	243,446	49,413	-	5,903,109
Bank deposits	651,040	-	4,541,612	4,525,538	455,074	174,319	167,671	-	10,515,254
Central Bank	661	-	-	-	-	-	-	-	661
Domestic banks	299,302	-	4,234,529	619,030	321,218	12,880	-	-	5,486,959
Foreign banks	104,192	-	307,083	3,906,508	133,856	161,439	167,671	-	4,780,749
Participation banks	246,885	-	-	-	-	-	-	-	246,885
Other	-	-	-	-	-	-	-	-	-
Total	51,342,737	-	49,215,010	120,850,786	16,192,215	4,050,194	12,471,186	8,620	254,130,748

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	42,056,804	31,853,625	33,649,429	25,078,952
Foreign currency saving deposits	19,019,728	41,755,289	16,583,167	33,677,608
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	61,076,532	73,608,914	50,232,596	58,756,560

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Deposits and other accounts at foreign branches	60,275	62,900
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	8,723	10,395
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period- June 30, 2020		Prior Period- December 31, 2019	
	TL	FC	TL	FC
Forwards	103,402	2,799	57,018	1,379
Swaps	2,647,040	2,331,527	2,168,868	1,081,874
Futures	-	-	-	-
Options	-	2,868	213	2,645
Other	-	-	-	-
Total	2,750,442	2,337,194	2,226,099	1,085,898

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	3,000	1,330,587	-	988,160
Domestic banks and institutions	1,973,851	6,839,146	1,490,651	5,266,568
Foreign banks, institutions and funds	571,300	36,380,963	796,115	36,522,190
Total	2,548,151	44,550,696	2,286,766	42,776,918

b) Maturity information of funds borrowed

	Current Period June 30, 2020		Prior Period December 31, 2019	
	TL	FC	TL	FC
Short-term ^(*)	1,650,646	2,688,456	1,279,849	4,485,291
Medium and Long-term ^(*)	897,505	41,862,240	1,006,917	38,291,627
Total	2,548,151	44,550,696	2,286,766	42,776,918

^(*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for %9.31 (December 31, 2019: %11.28) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
26 November 2019	367	USD	239,5	Libor+%2.25	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)
	367	EUR	309,3	Euribor+%2.10	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)
4 May 2020	367	USD	312	Libor+%2.25	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C)	Mizuho Bank, LTD.
	367	EUR	589,5	Euribor+%2.00	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C)	Mizuho Bank, LTD.

Syndicated Loans Received

Banks	Due date	Currency	Amount (USDMillions)	Loan Type
May 13, 2011	June 15, 2023	USD	346.5	Based on international remittance flows
December 19, 2014	December 15, 2021	USD/EUR	428.6	Based on international remittance flows / Based on treasury financing transactions
October 4, 2016	September 15, 2021	USD/EUR	354.4	Based on international remittance flows
	June 15, 2023	USD/EUR	535.7	Based on international remittance flows / Based on treasury financing transactions
May 4, 2018	March 15, 2023	USD/EUR	380	Based on international remittance flows
October 5, 2018	September 15, 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
October 15, 2019	December 15, 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions

As of June 30, 2020, the total securitization balance is equivalent of USD 1,318 million and EUR 204 million.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Information on securities issued

Within the context of Global Medium Term Notes (GMTN), the Parent Bank has issued Eurobond. The bond has been issued in GMTN programme on October 27, 2016 has a nominal value of US Dollar 500 million, maturity date on October 27, 2021 with fixed rate, 5 years maturity and semi-annually coupon paid and coupon rate 5.50%.

Within the context of Global Medium Term Notes (GMTN), the Parent Bank has issued Eurobond. The bond has been issued in GMTN programme on May 30, 2017 has a nominal value of US Dollar 500 million, maturity date on May 30, 2022 with fixed rate, 5 years maturity and semi-annually coupon paid and coupon rate 5.625%.

At January 30, 2018, the Parent Bank has issued a new bond with a maturity of 5 years with a coupon rate of 5.75%, and a final yield of 5.85% amounting to USD 650 million. This transaction has been the highest consistent bond issuance transaction The Parent Bank has ever undertaken. The total demand from over 150 investors in the export has exceeded 1.5 billion dollars.

On March 28, 2019, a new bond issue with a coupon rate of 8.125% and a final return rate of 8.200% was realized in the amount of USD 600 million. More than 150 international investors showed interest in the issue. The issuance amount was swapped to Euro on the same day and the transaction was closed at a cost of less than 5%.

The Parent Bank has issued Turkey’s first Euro covered bond on May 4, 2016. The bond has been issued on May 4, 2016 has nominal value of 500 million Euros, maturity date on May 4, 2021 with fixed rate, 5 years maturity and annually interest paid with coupon rate 2.375% and 2.578% return.

On October 9, 2017, the Parent Bank had issued covered bond for the qualified investors abroad within the context of Global Medium Term Notes (GMTN), with 5.5 years of maturity, and a nominal value of 1,333 million Turkish Liras.

The Parent Bank had issued the second covered bond of 2017 on December 14, 2017 with HSBC Bank Plc with with 5 years of maturity, and a nominal value of 1,333 million Turkish Liras.

On December 7, 2018 the Parent Bank issued the of 2018 abroad with a nominal value of TL 1,000 million and 5 years of maturity.

On 22 January 2019, two separate transactions amounting to TL 396.3 million and TL 1,118 million on February 12, 2019, are subject to 8-year maturity. Thus, the Covered Bond issuances reached TL 9.3 billion.

On 5 February 2020, a new bond issuance amounting to USD 750 million with 5-year maturity, 5.25 percent coupon rate and 5.375 percent final return rate was realized. In the transaction, the largest bond issue in the history of the Parent bank, US \$ 4.3 billion has been collected worldwide.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - June 30, 2020				
Nominal	8,008,706	5,180,500	169,125	24,510,917
Cost	7,818,371	5,180,500	169,008	24,400,908
Net Book Value	7,925,898	5,387,200	169,376	24,806,894

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Prior Period - December 31, 2019				
Nominal	6,552,704	5,182,186	-	17,233,590
Cost	6,380,114	5,182,186	-	17,160,519
Net Book Value	6,494,825	5,297,752	-	17,455,479

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

4. Components of “other external resources payable” in the consolidated financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments.

Other external resources payable in the consolidated financials do not exceed 10% of total liabilities and equity.

5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Obligations under finance leases

	Current Period - June 30, 2020		Prior Period- December 31, 2020	
	Gross	Net	Gross	Net
Under 1 year	42,649	40,522	20,392	19,639
1-4 Years	408,153	340,970	465,352	374,544
Over 4 years	1,082,192	684,674	947,841	541,755
Total	1,532,994	1,066,166	1,434,125	935,938

With the “TFRS 16 Leases” standard, effective as of January 1, 2019, the difference between operational lease and financial lease has been eliminated, and leasing transactions have started to be disclosed under the “liabilities from leasing transactions” line.

6. Information on derivative financial liabilities held for risk management purpose

Negative differences related to the derivative financial liabilities held for risk management purpose

None.

7. Information on provisions

Provision for currency exchange loss on foreign currency indexed loans

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Provision for Foreign Exchange Indexed Loans	1,009	546

Provisions for non-cash loans that are not indemnified and not converted into cash

As of June 30, 2020 the Parent Bank has recorded TL 45,685 (December 31, 2019: TL 57,760) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

The amount of free provisions in the accompanying consolidated financial statements as at June 30, 2020 is TL 852,000. (December 31, 2019: TL 852,000).

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

8. Taxation

Current Taxes

As at and for the six-month period ended June 30, 2020, the tax liability of the Group is amounting to TL 1,663,551 (December 31, 2019: TL 586,727).

Information on taxes payable

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Corporate taxes payable	1,663,551	586,727
Taxation on securities	201,241	257,672
Capital gains tax on property	3,582	3,515
Taxes on foreign exchange transactions	21,315	4,428
Banking and Insurance Transaction Tax (BITT)	170,542	202,056
Value added tax payable	2,850	13,276
Other	101,427	68,391
Total	2,164,508	1,136,065

Information on premiums payable

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Social security premiums- employee share	586	518
Social security premiums- employer share	485	494
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	23	22
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	2,962	1,639
Unemployment insurance- employer share	5,901	3,253
Other	1	-
Total	9,958	5,926

Information on deferred tax liabilities

Information on deferred tax liabilities is presented in disclosure 12 of information and disclosures related to assets.

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None. (December 31,2019: TL 5,372,200)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

10. Information on subordinated loans

The Parent Bank has issued bond having the secondary subordinated loan quality to be sold to non-resident natural and legal persons. The bond has been issued at the nominal value of US Dollar 500 million with the maturity of 10 years and 6.0% coupon rate. In addition to the bond issued on November 1, 2012, on December 3, 2012 the Parent Bank has realized second tranche at nominal value of US Dollar 400 million, has the same due date and maturity of 10 years and 5.5% coupon rate.

The Parent Bank has issued secondary subordinated loan (Tier II bond) as at January 2015 which contains Basel-III criteria. In this context, the bond has been issued at the nominal value of US Dollar 500 million with the maturity date of February 3, 2025 and early call option date of February 3, 2020. The bond has fixed interest, 10 years and one day maturity, two times interest payment in a year with coupon rate of 6.875% and issue yield of 6.95%. The Parent Bank used the early redemption option for this bond and received BRSA approval on 9 December 2019. An investor notification was made on 23 December 2019, and the bond was repaid on 3 February 2020 and the recall was completed.

In 2012, the Parent Bank carried out the sale of bond issued abroad with a maturity of 2022 maturities of USD 900 million. Regulations and amendments made within the scope of BRSA's Regulation on Equities of Banks have made it possible to comply with Basel III regulations in the capital adequacy calculations of banks as contributions capital. In this context, the effect on the capital of the the Parent Bank which has issued Basel II compliant subordinated loan provisions issued in 2012 has decreased. In this context, the operational process of the swap transaction of bonds with a total nominal value of USD 227.6 million which issued abroad, with the new Basel III compliant conditions, was completed on February 13, 2017 and the redemption date of the bonds to be exchanged was determined as November 1, 2027, with a maturity of 10 years (recall option in 2022) and coupon rate as 8.00%.

On September 18, 2017, the Parent Bank had issued a floating rated subordinated bond (secondary capital) for the qualified domestic institutional investor with nominal value of 525 million Turkish Liras, that has the maturity of 10 years, that is callable in 5 years, and has quarterly coupon payments.

On September 27, 2018, the Parent Bank had issued a fixed rate subordinated bond (Additional Tier 1 capital) with nominal value of 4,994 million Turkish Liras that is undated and callable at the end of 5 years and has semiannual coupon payments.

On April 24, 2019, in the scope of GMTN Program, the Parent Bank issued bonds amounting to EUR 700 million with additional Tier 1 capital requirements. In this context; Turkey Wealth Funds within the Market Stability and Balance Fund investors that allocated to bonds that have performed in the form of sales indefinite term, 5 years at the end of the qualities that can be redeemed early, fixed-rate and annual coupon payments has been included in additional Tier 1 capital in the nominal value of the voucher. The ratio is determined as 5.076%.

On September 27, 2019, TLREF indexed subordinated bonds amounting to TL 725 million were issued to qualified investors in the domestic capital markets. The issued bond has a maturity of 10 years and has the option of early redemption at the end of the fifth year. Bonds with floating interest rates are priced at an additional 150 basis points above the Turkish Lira Overnight Reference Interest Rate (RE TLREF an) announced by the BIST every day. The debt instrument will make a variable coupon payment every 91 days from the beginning date to the amortization date (including the amortization date).

Total balance sheet value of the bonds is TL 17,756,242 as of June 30, 2020 (December 31, 2019: TL 19,245,453).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,139,469	5,437,050	5,139,810	4,839,684
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,139,469	5,437,050	5,139,810	4,839,684
Debt instruments to be included in the additional capital calculation	1,254,206	5,925,517	1,255,067	8,010,892
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,254,206	5,925,517	1,255,067	8,010,892
Total	6,393,675	11,362,567	6,394,877	12,850,576

11. Information on shareholders' equity

Paid-in capital

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Common stock	3,905,622	2,500,000
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 3,905,622 is divided into groups comprised of 27.52% Group (A), 10.00 % Group (B), 10.35% Group (C) and 52.13% Group (D).

Board of Directors' members; three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the parent bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	3,905,622	10,000,000

At the resolutions of Board of Directors dated January 2, 2015 and 61st Ordinary Meeting of the General Assembly dated March 30, 2015, the Parent Bank's ceiling per registered share capital has been increased from TL 5,000,000 to TL 10,000,000.

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

Date of Increase	Amount of Increase	Cash	Profit Reserves Subject to Increase	Share Premium Subject to Increase
09 June 2020	1,405,622	1,405,622	-	-

The Parent Bank increased its paid-in capital from TL 2,500,000 to TL 3,905,622, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated 11 May 2020. Accordingly, the amendment made in the related article of the Articles of Association was registered on 09 June 2020.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and its general purpose and estimated sources that are required for commitments

None

Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period - June 30, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	778,584	-	763,262	-
Financial assets at fair value through other comprehensive income	1,100,347	289,102	561,571	318,216
Total	1,878,931	289,102	1,324,833	318,216

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS

1. Disclosures related to off-balance sheet commitments

Type and amount of consolidated irrevocable commitments

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Commitments for credit card limits	20,727,949	17,293,741
Loan granting commitments	23,635,230	18,079,079
Commitments for cheque payments	4,900,652	3,528,150
Asset purchase sale commitments	3,370,058	7,968,985
Other	3,296,806	2,250,430
Total	55,930,695	49,120,385

Type and amount of possible losses from off-balance sheet items

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The Parent Bank provided specific provision amounting to TL 472,070 (December 31, 2019: TL 689,503) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 45,685 (December 31, 2019: TL 57,760).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Final letters of guarantee	22,895,129	20,929,135
Letters of guarantee for advances	5,859,126	5,608,940
Letters of guarantee given to custom offices	1,681,275	1,322,033
Provisional letters of guarantee	1,542,356	1,366,139
Other letters of guarantee	32,770,173	29,777,819
Total	64,748,059	59,004,066

2. Non-cash loans

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Non-cash loans given for cash loan risks	22,128,365	17,026,869
<i>With original maturity of 1 year or less</i>	<i>6,377,738</i>	<i>6,070,706</i>
<i>With original maturity of more than 1 year</i>	<i>15,750,627</i>	<i>10,956,163</i>
Other non-cash loans	63,910,859	61,253,448
Total	86,039,224	78,280,317

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

3. Sectoral risk concentrations of non-cash loans

	Current Period - June 30, 2020				Prior Period - December 31, 2019			
	TL	%	FC	%	TL	%	FC	%
Agricultural	60,437	0.16	265,351	0.54	56,955	0.15	253,240	0.62
Farming and Cattle	55,274	0.15	220,355	0.45	52,735	0.14	231,174	0.57
Forestry	4,071	0.01	-	-	4,190	0.01	-	-
Fishing	1,092	-	44,996	0.09	30	-	22,066	0.05
Manufacturing	12,366,900	33.04	25,701,181	52.88	11,788,946	30.97	20,327,094	50.55
Mining	235,263	0.63	353,103	0.73	236,923	0.62	165,044	0.41
Production	7,695,488	20.56	23,170,066	47.67	7,030,835	18.47	19,172,563	47.68
Electric, gas and water	4,436,149	11.85	2,178,012	4.48	4,521,188	11.88	989,487	2.46
Construction	7,969,497	21.29	7,751,833	15.96	7,620,745	20.02	5,912,307	14.70
Services	16,045,323	42.87	12,386,691	25.47	17,217,616	45.23	10,490,645	26.09
Wholesale and retail trade	6,197,822	16.56	7,443,968	15.31	6,037,803	15.86	6,341,737	15.77
Hotel, food and beverage Services	353,895	0.95	757,188	1.56	314,844	0.83	412,217	1.03
Transportation and telecommunication	3,278,026	8.76	3,025,708	6.22	2,804,464	7.37	2,178,819	5.42
Financial institutions	3,096,667	8.27	215,147	0.44	4,702,677	12.35	174,578	0.43
Real estate and renting Services	990,453	2.65	623,423	1.28	1,139,197	2.99	465,306	1.16
Self-employment services	1,885,503	5.04	298,854	0.61	1,962,573	5.16	321,924	0.80
Education services	60,715	0.16	2,974	0.01	56,442	0.15	4,464	0.01
Health and social services	182,242	0.49	19,429	0.04	199,616	0.52	591,600	1.47
Other	990,033	2.64	2,501,978	5.15	1,385,664	3.64	3,227,105	8.04
Total	37,432,190	100.00	48,607,034	100.00	38,069,926	100.00	40,210,391	100.00

4. Information on the first and second group of non-cash loans

Current Period - June 30, 2020	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	35,250,861	26,825,240	1,351,889	858,741
Confirmed Bills of Exchange and Acceptances	6,957	5,491,170	-	-
Letters of Credit	182,491	14,491,164	-	113,399
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	267,004	388,878	-	-
Other Guarantees and Sureties	113,788	225,572	-	-
Non-Cash Loans	35,821,101	47,422,024	1,351,889	972,140

Prior Period - December 31, 2019	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	35,950,263	20,694,480	1,104,761	574,064
Confirmed Bills of Exchange and Acceptances	7,842	4,562,605	-	3,382
Letters of Credit	141,830	13,517,542	-	73,273
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	324,144	142,897	-	-
Other Guarantees and Sureties	217,069	276,662	-	-
Non-Cash Loans	36,641,148	39,194,186	1,104,761	650,719

5. Contingent assets and liabilities

Group allocates TL 38,351 as provision for lawsuits against the Group (December 31, 2019: TL 37,141).

6. Services rendered on behalf of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Parent Bank's custody services and banking transactions on behalf of individuals and corporate customers do not present a material portion.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period - June 30, 2020		Prior Period - June 30, 2019	
	TL	FC	TL	FC
Short-term loans	2,904,131	330,578	5,148,466	397,792
Medium and long-term loans	10,905,367	2,732,174	8,699,132	2,568,114
Non-performing loans	372,425	-	260,804	-
Premiums received from resource utilization support fund	-	-	-	-
Total	14,181,923	3,062,752	14,108,402	2,965,906

Information on interest income received from banks

	Current Period - June 30, 2020		Prior Period - June 30, 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	1,297
Domestic Banks	34,014	6,703	77,752	21,948
Foreign Banks	-	25,076	1,289	76,073
Foreign Head Office and Branches	-	-	-	-
Total	34,014	31,779	79,041	99,318

Information on interest income received from marketable securities portfolio

	Current Period - June 30, 2020		Prior Period - June 30, 2019	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	18,859	36,153	41,266	311
Financial assets at fair value through other comprehensive income	1,454,720	248,119	895,270	95,585
Financial assets measured at amortised cost	1,967,370	317,762	2,144,379	252,446
Total	3,440,949	602,034	3,080,915	348,342

As stated in Section 3 Note VII, "Fair value through other comprehensive income" and "measured at amortised cost" securities portfolios of the Parent Bank include Consumer Price Indexed (CPI) Bonds. The estimated inflation rate used is updated as needed within the year. In this context, as of June 30, 2020, the valuation of the related securities was based on an annual inflation forecast of 7.58%. If the valuation of these securities indexed to CPI was made according to the reference index valid for June 30, 2020 the Parent Bank's equity valuation differences on equity would decrease by TL 1,433 million (full TL) and the net profit for the period would increase 158 million TL (full TL).

Information on interest income received from associates and subsidiaries

None.

2. Interest Expense

Interest expense on funds borrowed

	Current Period - June 30, 2020		Prior Period - June 30, 2019	
	TL	FC	TL	FC
Banks	108,266	652,890	167,129	721,333
Central Bank of the Republic of Turkey	-	956	-	907
Domestic Banks	71,233	63,353	133,126	74,622
Foreign Banks	37,033	588,581	34,003	645,804
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	38,839	-	46,374
Total	108,266	691,729	167,129	767,707

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

Interest expense paid to associates and subsidiaries

	Current Period - June 30, 2020	Prior Period - June 30, 2019
Interests paid to the associates and subsidiaries	14,543	48,835

Interest expense on securities issued

Interest paid to securities issued as at for the period ended June 30, 2020 is TL 2,219,868 (TL 1,194,304 and 1,025,564 FC). (June 30, 2019: TL 1,957,610 (TL 1,211,432 and 746,178 FC)).

Maturity structure of the interest expense on deposits

	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Current Period - June 30, 2020								
<i>TL</i>								
Interbank deposits	-	19,952	164,305	-	29,257	-	-	213,514
Saving deposits	-	453,890	1,783,822	111,734	14,075	168,801	535	2,532,857
Public sector deposits	6,899	285,275	253,281	69,744	29,681	1,422	-	646,302
Commercial deposits	-	665,662	765,012	45,369	42,869	58,917	-	1,577,829
Other deposits	-	89,954	369,400	98,716	12,633	5,004	-	575,707
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	6,899	1,514,733	3,335,820	325,563	128,515	234,144	535	5,546,209
<i>FC</i>								
Foreign Currency deposits	5,379	60,548	364,501	25,848	9,541	52,660	-	518,477
Interbank deposits	4,055	3,174	26,137	-	4,654	-	-	38,020
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	34	-	1,293	341	-	1,668
Total	9,434	63,722	390,672	25,848	15,488	53,001	-	558,165
Grand Total	16,333	1,578,455	3,726,492	351,411	144,003	287,145	535	6,104,374

	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Prior Period - June 30, 2019								
<i>TL</i>								
Interbank deposits	-	42,818	139,283	-	15,185	25,068	-	222,354
Saving deposits	-	716,836	3,370,690	360,876	75,804	67,151	252	4,591,609
Public sector deposits	12,442	295,726	526,711	57,349	38,406	19,233	-	949,867
Commercial deposits	-	626,046	717,271	75,752	60,481	17,629	-	1,497,179
Other deposits	-	83,327	354,312	318,122	33,397	15,088	-	804,246
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	12,442	1,764,753	5,108,267	812,099	223,273	144,169	252	8,065,255
<i>FC</i>								
Foreign currency deposits	20,097	90,450	656,976	64,239	30,569	112,918	-	975,249
Interbank deposits	5,243	24,906	81,020	-	8,833	14,582	-	134,584
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	151	19	-	170
Total	25,340	115,356	737,996	64,239	39,553	127,519	-	1,110,003
Grand Total	37,782	1,880,109	5,846,263	876,338	262,826	271,688	252	9,175,258

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

3. Information on trading income/losses

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Income	32,543,650	19,205,378
Income from capital market operations	9,161,693	150,458
Income from derivative financial instruments	18,955,329	15,285,617
Foreign exchange gains	4,426,628	3,769,303
Losses	(33,310,306)	(20,269,252)
Loss from capital market operations	(8,427,995)	(29,317)
Loss from derivative financial instruments	(19,991,273)	(16,778,516)
Foreign exchange loss	(4,891,038)	(3,461,419)
Net trading profit/loss	(766,656)	(1,063,874)

Net loss arising from changes in foreign exchange rates that relate to the Group's foreign exchange rate based derivative financial instruments is amounting to TL 822,595 as at and for the six-month period ended June 30, 2020 (June 30, 2019: net loss of TL 1,363,795).

4. Information on other operating income

	Current Period - June 30, 2020	Prior Period - June 30, 2019
Income from reversal of the provisions for loans from prior periods ^(*)	3,498,254	2,186,754
Earned insurance premiums (net of reinsurance share)	-	838,476
Communication income	8,580	19,929
Gain on sale of assets	320,703	115,911
Income from private pension business	-	74,971
Rent income	79,107	4,575
Other income	1,388,598	238,416
Total	5,295,242	3,479,032

^(*) As of 30 June 2020, the Parent Bank has written-off loans and provisions, which were classified in the "Group V Loans" (Loans Classified as Loss) and which do not have reasonable expectations for recovery in accordance with the Amendments Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by BRSA.

5. Expected credit loss and other provision expenses

	Current Period - June 30, 2020	Prior Period - June 30, 2019
Expected Credit Loss	6,368,294	3,970,574
12 month expected credit loss (stage 1)	1,548,832	871,869
Significant increase in credit risk (stage 2)	2,724,576	1,243,708
Non-performing loans (stage 3)	2,094,886	1,854,997
Marketable Securities Impairment Expense	31,331	54,185
Financial Assets at Fair Value through Profit or Loss	11,860	8,401
Financial Assets at Fair Value Through Other Comprehensive Income	19,471	45,784
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	325	58
Investments in Associates	325	58
Subsidiaries	-	-
Joint Ventures	-	-
Other	46,511	-
Total	6,446,461	4,024,817

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

6. Information on other operating expenses

	Current Period - June 30, 2020	Prior Period - June 30, 2019
Reserve for Employee Termination Benefits	65,468	56,195
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	234,311	223,963
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	16,776	17,992
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	1,277,477	1,466,487
<i>Leasing expenses related to TFRS 16 exceptions</i>	37,680	49,342
<i>Repair and maintenance expenses</i>	31,297	30,028
<i>Advertisement expenses</i>	65,289	99,070
<i>Other expenses</i>	1,143,211	1,288,047
Loss on sale of assets	23,423	3,652
Other ^(*)	1,725,165	907,157
Total	3,342,620	2,675,446

(*) Other operating expenses amounting to TL 1,725,165 (June 30, 2019: TL 907,157) is comprised of provision expenses for dividends to the personnel amounting to TL 163,669 (June 30, 2019: TL 144,698), 890,789 TL (30 June 2019: None.) written off loans and receivables, tax, fees and funds expenses amounting to TL 196,043 (June 30, 2019: TL 143,251), "Saving Deposits Insurance Fund" expenses amounting to TL 217,683 (June 30, 2019: TL 156,502) and other operating expenses amounting to TL 256,981 (June 30, 2019: TL 143,091).

7. Information on income/loss from discontinued and continuing operations

Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-6 in this section. The Group has no discontinued operations.

8. Information on tax provision from discontinued and continuing operations

Information on provision for taxes on income from continuing operations is presented in disclosure 10 in this section. The Group has no discontinued operations.

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

Information on net profit/loss from continuing operations is presented in disclosures 1-13 in this section. The Group has no discontinued operations.

10. Provision for taxes

Current year taxation benefit or charge and deferred tax benefit or charge

In the current period, the Group recorded a tax provision of TL 1,773,065 (June 30, 2019: TL 448,717) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

Details of the Group's deferred tax expense are shown in the table below.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

<u>Sources of deferred tax benefit/charge</u>	<u>Current Period June 30, 2020</u>	<u>Prior Period June 30, 2019</u>
Arising from Origination / (Reversal) of Deductible Temporary Differences	931,870	155,122
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(198,889)	35,108
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from Tax Rate Change	-	-
Total	732,981	190,230

11. Information on net profit and loss

The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period

Group has incurred TL 21,523,890 interest income and TL 10,900,196 interest expense, also incurred TL 1,604,913 amount of net fee and commission income from its ordinary banking operations (June 30, 2019: TL 21,028,965 interest income, TL 15,536,474 interest expense, TL 1,825,074 net fee and commission income).

Any changes in estimations, that might have a material effect on current and subsequent period, is indicated

None.

12. Income/loss related to non-controlling interest

	<u>Current Period - June 30, 2020</u>	<u>Prior Period - June 30, 2019</u>
Income/(losses) related to non-controlling interest	31,203	64,817

13. Information related to the sub-accounts which constitute at least 20% of other items, in case of the components of other items in the income statement exceeding 10% of the group total

Other fees and commission income of the Group mainly consist of credit card fees and commissions, insurance commissions, research fees.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK’S RISK GROUP

1. Information on the volume of transactions with the Parent Bank’s risk group, lending and deposits outstanding at year end and income and expenses in the current year

Information on loans and other receivables held by Parent Bank’s risk group

Current Period - June 30, 2020	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	117	358,819	-	-	334,909	57,317
Balance at the end of the year	13,332	358,871	-	-	381,563	57,230
Interest and commission income	-	165	-	-	121	37

Prior Period - December 31, 2019	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	85	222,835	-	44,668	193,297	91,969
Balance at the end of the year	117	358,819	-	-	334,909	57,317
Interest and commission income	-	167	-	-	23,411	64

Information on deposits held by the Parent Bank’s risk group

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	260,823	538,053	-	1,079,621	89,026	623,318
Balance at the end of the year	473,156	260,823	-	-	26,402	89,026
Interest on deposits	14,543	48,835	-	110,580	2,623	9,712

Information on forwards, options and other derivative transactions held by the Parent Bank’s risk group

None.

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

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DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK'S RISK GROUP (Continued)

2. Disclosures of transactions with the Parent Bank's risk group

Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The pricing of transactions with the risk group companies is set in compliance with the market prices. The ratio of cash and non-cash loans extended to the risk group to the overall cash and non-cash loans are 0.102% (December 31, 2019: 0.001%) and 0.484% (December 31, 2019: 0.537%) respectively.

<u>Current Period - June 30, 2020</u>	<u>Amount</u>	<u>Compared with the Financial Statement</u>	
		<u>Amount</u>	<u>%</u>
Cash Loans	394,895		0.102
Non-Cash Loans	416,101		0.484
Deposits	499,558		0.147
Forward and Option Agreements	-		-

<u>Prior Period - December 31, 2019</u>	<u>Amount</u>	<u>Compared with the Financial Statement</u>	
		<u>Amount</u>	<u>%</u>
Cash Loans	2,827		0.001
Non-Cash Loans	415,648		0.537
Deposits	349,849		0.139
Forward and Option Agreements	-		-

Information on Benefits Provided to Directors

In the accounting period ending on June 30, 2020, a total amount of TL 25,950 was paid to the Group top management. (June 30, 2019: 24,726 TL).

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK’S ACTIVITY

As per the resolution of 66th Annual General Assembly held on June 12, 2020, the net profit of year 2019 has been decided to be distributed as follows:

Profit Distribution Table of Year 2019	
Bank’s unconsolidated profit in its statutory financial statements	2,802,291
Deferred tax credits	-
Net profit of the year subject to distribution	2,802,291
Legal reserves	189,709
<i>First Legal Reserves</i>	94,855
<i>Reserves allocated according to banking law and articles of association.</i>	94,854
Net profit of the year subject to distribution	1,707,378
Gain on sale of immovable and shares of associates and subsidiaries	72,815
Extraordinary reserves	1,634,563
Dividends to shareholders	-

II. INFORMATION ON THE PARENT BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

May 2020	Fitch Ratings
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	BB-
Short Term Local Currency	B
Local Currency Outlook	Stable
National Long Term	AA (tur)
National Outlook	Stable
Support	4
Support Rating Floor	B
Viability Note	b+
June 2020	Moody’s Investors’ Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2/NP
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B3/NP
Foreign Currency Outlook	Negative
March 2020	JCR Eurasia
Long Term International FC	BBB- (Negative)
Short Term International FC	A-3 (Negative)
Long Term International TL	BBB-
Short Term International TL	A-3
Long Term NSR	AAA (Stable)
Short Term NSR	A-1 + (Stable)
Support	1
Independancy from Shareholders	A

(*) Dates represent last report dates.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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OTHER DISCLOSURES (Continued)

III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE THAT ARE NOT RESULTED

The Parent Bank issued a Vakıfbank financing bill with a term of 140 days, a nominal value of TL 308,260,000 (full TL) with the maturity date Dec 11,2020 and an ISIN code of TRFVKFBA2010 to be sold to qualified investors following the approval of the TL 25,000,000,000 (full TL) debt instruments issue cap application. The amount was transferred to customer accounts on July 24, 2020

The Parent Bank issued a Vakıfbank financing bill with a term of 134 days, a nominal value of TL 92,808,381 (full TL) with the maturity date Dec 11,2020 and an ISIN code of TRFVKFBA2036 to be sold to qualified investors following the approval of the TL 25,000,000,000 (full TL) debt instruments issue cap application. The amount was transferred to customer accounts on July 30, 2020.

The Parent Bank issued a Vakıfbank financing bill with a term of 148 days, a nominal value of TL 93,102,164 (full TL) with the maturity date Dec 25,2020 and an ISIN code of TRFVKFBA2028 to be sold to qualified investors following the approval of the TL 25,000,000,000 (full TL) debt instruments issue cap application. The amount was transferred to customer accounts on July 30, 2020.

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SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The consolidated financial statements and footnotes of the Parent Bank and its financial subsidiaries as at and for the six-month period ended June 30, 2020., have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ. It was noted in their review report dated August 10, 2020 that nothing material has come to their attention that caused them to believe that the accompanying consolidated interim financial statements do not give a true and fair view of the Group’s financial position and results of its operations as at and for the six-month period ended June 30, 2020.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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

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**SECTION EIGHT
INFORMATION ON THE INTERIM ANNUAL REPORT**

Message from the Chairman of the Board

Our dear stakeholders,

Because of the Coronavirus which was first diagnosed in Wuhan, China in December and which later became a pandemic following its global spread, the global economy has experienced a set of circumstances in 2020 that has never been seen before. The pandemic easily outmanoeuvred trade wars, Brexit and the increased tension between the USA and Iran only to become the number one problem in global markets. Measures taken to control the pandemic had adverse effects on individual consumption habits, production processes and employment, resulting in a contracting global economy. During the first quarter in 2020, the USA and the Euro Zone economies shrank by 5.0% and 3.1%, respectively, while Chinese economy contracted by 6.8% on a year-over-year basis in the first quarter in 2020. Many developed and emerged countries tried to mitigate the effects of the pandemic by using fiscal and monetary policy tools.

While the global economy was struggling against the pandemic at that time, Turkish economy grew by 4.5% as far as the 1st Quarter 2020 data are concerned. Measures taken by the economy administration upon the onset of the pandemic and steps taken towards the normalization positively contributed to the economy.

Turkish banking industry continued to support the national economy during these hard times as well. It supported both the real sector and households thanks to cash and non-cash loans advanced by the industry under the pioneering flagship of public banks, in particular. As of the end of June 2020 the industry's asset size, led by the loans that nearly make up 61% its assets topped at TL 5.356 million by a 19.26% increase in the first half of 2020 compared to the end of 2019. The industry's capital adequacy ratio turned out to be 19.52%.

Our Group continued to give uninterrupted support to the national economy during these hard pandemic times. Our asset size rose by 28.43% during the first half of the year, topping at TL 538.7 billion and our total cash loans by 34.48%, topping at TL 369.520 million. Deposit accounts, which represent our main funding source, increased by 33.53%, hovering around TL 335.869 million.

VakıfBank will remain at the disposal of Turkish economy to support its sustainable and strong growth just like the way it has always been. Thus I would like to thank to all our precious customers, to our shareholders and investors for the trust they have in us and to our employees for their efforts.

Truly yours,

Abdülkadir AKSU
Chairman of the Board

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Message from the General Manager

Our dear stakeholders,

The novel Coronavirus pandemic which was first seen in China and soon affected the entire world was the most important hot trend topic of the global economy during the second quarter in 2020. During that quarter, many countries announced long-term lockdowns and regional quarantine measures to fight against the pandemic. This sudden halt in the global economy and the sharp slow-down in the global production resulted in downward revisions in national and international growth forecasts.

Developed and emerging countries, including, mainly, the USA, the European Union, China, Japan and United Kingdom, tried to find new solutions to overcome these uncertain times with the minimum damage. Turkey, too, adopted a set of measures to stop the spread of the pandemic as of March when the first case was diagnosed here. Extensive subsidies offered by virtue of the "Economic Stability Shield" package announced at that time provided strong support to both the real sector and household families. Timely and appropriate proactive measures taken in both healthcare and economy sectors helped us bypass the process with the minimum damage.

While we were going through those times when we sharply felt the stinging pressure of the Coronavirus pandemic on markets and daily lives, VakıfBank maintained its stronghold position supporting the national economy. We postponed the loan repayments of our customers who temporarily struggled in payment difficulties due to the pandemic in line with their requests. Besides, we continued to support our commercial and retail customers by announcing loan packages.

In addition, our Group's asset size reached TL 538.677 million in the first half of 2020, which represents a 28.43% growth compared to the end of the last year. The biggest factor that contributed to the growth in our asset growth has been loans. Our commercial loans rose by 34.66%, topping at TL 281.833 million while our retail loans grew by 33.91%, reaching an amount of TL 87.688 million. Our total support to the national economy by means of cash and non-cash loans amounted to TL 454.511 million.

During these times, deposits continued to remain as our primary funding source. Total deposits held by our Group topped at TL 335.869 million, which represents a 33.53% increase. We managed to borrow a syndicated loan in the amount of USD 950 million in total as a result of participation from 33 international banks from 4 continents, meaning that we maintained our stronghold and leading position in international markets when it comes to non-deposit resources. This widely-participated lending simply confirmed once more the trust that international markets have in our national economy and our Group.

As of 20 May 2020, our Group completed its capital increase procedures. Following an equity sale for a total value of 7 billion TL by means of a capital increase through private placement, a 35.99% in our capital is now held by Turkey Wealth Fund. The proceeds from the said sales in the amount of TL 1.4 billion were added to our Group's paid-in capital while the remaining tranche of TL 5.6 billion were posted at our financials as the emission premium. This change, which helped our capital structure to reach a strong zenith in a way that has never seen before, turned out to be a critical milestone towards our Group's future.

Applications that we had made in Qatar were positively responded as they were intended to expand our global organization and to stand by Turkish entrepreneurs. Our Group is the first and only Turkish bank as of 2020 that has the license to do banking business in Qatar. We also target to speed up our post-pandemic applications in China to start business there as well.

Our Group maintained its strong capital structure in these hard times. Our capital adequacy ratio turned out to be 17.61% as of the Q2 2020. Moreover, our Group reached a net profit of TL 3.241 million, meaning that we left behind a very successful and high-performance period.

We have both the faith and power that would propel us through these hard times due to the fight against the pandemic and we treasure our strength from our 66-year solid past, our powerful technological structure and more than 16 thousand employees, who try their best efforts night and day. Therefore, I would like to thank to our customers and shareholders who have always had trust in us, our employees whose dedicated efforts are indispensable in our success, and our Board members who never shied away from supporting us and to all our other social stakeholders thanks to their precious contribution.

Truly yours,

Abdi Serdar ÜSTÜNSALİH

General Manager and Corporate Executive in Board of Directors

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators

BALANCE SHEET (Million TL)	JUNE 2020	DEC 2019	CHANGE (%)
TOTAL ASSETS	538,677	419,426	28.43
SECURITIES PORTFOLIO	100,181	73,016	37.20
LOANS (*)	369,520	274,777	34.48
- Commercial Loans	281,832	209,295	34.66
- Retail Loans	87,688	65,482	33.91
DEPOSITS	335,869	251,531	33.53
- Term deposits	263,727	200,837	31.31
- Demand deposits	72,142	50,694	42.31
LOANS BORROWED	42,677	41,079	3.89
SUBORDINATED DEBT INSTRUMENTS	17,756	19,245	-7.74
SECURITIES ISSUED (NET)	38,103	29,176	30.60
EQUITY	43,690	33,026	32.29
NON-CASH LOANS	84,991	77,336	9.90

INCOME STATEMENT (Million TL)	JUNE 2020	JUNE 2019	CHANGE (%)
Financial period's Net Profit/ Loss	3,241	1,019	218.16

INDICATOR RATIOS (%)	JUNE 2020	DEC 2019
TOTAL LOANS/ ASSETS (*)	68.60	65.51
LOAN/ DEPOSIT (*)	110.02	109.24
NON-PERFORMING LOANS RATIO	4.30	5.93
CAPITAL ADEQUACY RATIO	17.61	16.61
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.35	0.75
RETURN ON AVERAGE EQUITY (ROAE) (**)	16.90	9.13

(*) Excluding non-performing loans

(**) Calculations are annualized.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Consolidated)

BALANCE SHEET (Million TL)	JUNE 2020	DEC 2019	CHANGE (%)
TOTAL ASSETS	550,883	433,041	27.21
SECURITIES PORTFOLIO	103,416	75,123	37.66
LOANS (*)	377,574	282,217	33.79
- Commercial Loans	289,882	216,731	33.75
- Retail Loans	87,692	65,486	33.91
DEPOSITS	339,494	254,131	33.59
- Term deposits	266,461	202,788	31.40
- Demand deposits	73,033	51,343	42.25
LOANS BORROWED	47,099	45,064	4.52
SUBORDINATED DEBT INSTRUMENTS	17,756	19,245	-7.74
SECURITIES ISSUED (NET)	38,289	29,248	30.91
EQUITY	45,000	33,552	34.12
NON-CASH LOANS	86,039	78,280	9.91

INCOME STATEMENT (Million TL)	JUNE 2020	JUNE 2019	CHANGE (%)
Financial period's Net Profit/ Loss	4,192	1,266	231.09

INDICATOR RATIOS (%)	JUNE 2020	DEC 2019
TOTAL LOANS/ ASSETS (*)	68.54	65.17
LOAN/ DEPOSIT (*)	111.22	111.05
NON-PERFORMING LOANS RATIO	4.32	5.91
CAPITAL ADEQUACY RATIO	17.41	16.22
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.70	0.87
RETURN ON AVERAGE EQUITY (ROAE) (**)	21.35	10.75

(*) Excluding non-performing loans

(**) Calculations are annualized.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

An assessment of 2nd Quarter in 2020

Our Group managed to grow in the second quarter of 2020 as well, and increased its total assets by 27.21 % to TL 550,883 million. During that quarter, our performing loans have increased by 33.79 % to TL 377,574 million, and the share of performing loans in total assets has been 68.54 %. In breakdown of the loans, our commercial loans have reached TL 289,882 million, while retail loans reached TL 87,692 million. In the first half in 2020, our Group's deposits amounted to 339,494 million TL, which represents a 33.59% increase.

In addition to deposit accounts, our Bank also issued bonds with a nominal value of 11,479 million TL in total in the first half of 2020 to market them to qualified (accredited) investors through a domestic public offering. The funds we borrowed from international markets topped at 2,681 million USD during the year.

VakifBank has provided a Dual Currency Term Loan equivalent to USD 950 million in total, comprised of USD 312 million and EUR 589.5 million with the participation of 33 international bank from 16 countries. The all-in cost of 367-days term loan is Libor + 2.25% for USD tranche and Euribor + 2.0% for Euro tranche.

On April 3, 2020, VakıfBank signed a bilateral loan agreement with ICBC Turkey amounting USD 325 million with 3 years maturity which will be used for trade finance purposes together with general purpose financial needs.

Our Group's net financial period profit for the first half of 2020 reached a sum of TL 4,192 million, and our Group's capital adequacy ratio turned out to be 17.41%.

As of 30 June 2020, the number of our Group's branches was 939 with 16.710 staff members.

Fitch Ratings, the international rating agency, confirmed our Group's Long Term Foreign Currency rating as B+, and revised its outlook to "Negative" from "Stable".

The Mortgage-backed Securities series issued by our Group for structured financing purposes were rated by JCR Eurasia Rating as "high profile investment grade securities. The Long-term Sovereign Note was set to 'AAA (TRK)' and Long-term International Local Currency Issuer Default Rating as (BBB-).

Other Significant Developments

- The results of the Annual General Assembly Meeting held by our Group on June 12th, 2020 were registered by Istanbul Trade Registry Office on June 29th, 2020.
- At the Parent Group's 66th Ordinary General Assembly Meeting held on June 12th, 2020, for the appointment of new Board members, it was resolved with the majority of votes to appoint Hamza Yerlikaya as the independent Board member, replacing Şahap Kavcıoğlu, to represent Group (A) for a 3-year office term and to appoint Mehmet Emin Baysa as the Audit Committee member for a 3-year office term, replacing Yunus Arıncı.
- Pursuant to the applicable provisions of our Group's Articles of Association, the following resolutions were unanimously adopted in our Board of Directors meeting held on June 12th, 2020:
 - Mr. Abdulkadir Aksu be appointed as the Chairman of the Board;
 - Mr. Cemil Ragıp Ertem be appointed as the Deputy Chairman of the Board;
 - Mr. Abdi Serdar Üstünsalih be appointed as the General Manager.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

- Pursuant to the applicable provisions of our Group’s Articles of Association, the following resolutions were unanimously adopted in our Board of Directors meeting held on June 12th, 2020;
 - Serdar TUNÇBİLEK and. Dilek YÜKSEL be appointed to the Audit Committee.
 - Abdi Serdar ÜSTÜNSALİH be appointed to the Credit Committee as the natural member and Serdar TUNÇBİLEK and Şahin UĞUR be appointed as the principal members and Adnan Ertem and Dilek YÜKSEL be appointed as the alternate members.
 - Dilek YÜKSEL and Hamza YERLİKAYA and Sadık YAKUT be appointed as the Corporate Governance Committee while, pursuant to Article 11 of the Corporate Governance Communiqué, Ali TAHAN, the Head of International Banking and Investor Relations, and Korhan TURGUT, the Head of General Accounting and Financial Affairs, be appointed as members to the said Committee.
 - Abdülkadir AKSU and Adnan ERTEM be appointed as the members to the Remuneration Committee.
- An application for license was made to Qatar Finance Center Regulatory Authority (QFCRA) to get a license for our Group to pursue banking operations.
- By virtue of our Group’s Board resolution dated May 11, 2020, it was resolved that subject to the upper limit of the Group’s registered capital, our issued capital in the amount of TL 2,500,000,000 be increased by way of cash capital injection from the total sales proceeds in the amount of TL 7,000,000,000 in total in cash and through private placement by completely restricting the pre-emptive rights of existing shareholders, and that the entire equity shares to be issued as a result of this capital increase be sold to Turkish Wealth Fund through private placement without any public offering in line with the applicable legislation of the Capital Markets Board (“CMB”) and the applicable legislation of the Banking Regulation and Supervision Agency (“BSRA”) and the Procedures applicable at Borsa Istanbul for Bulk Trading Operations.
- The Material Event Disclosure published by our Group on May 20th, 2020 announced that shares issued by our Group with a nominal value TL 1,406 million were privately placed to Turkey Wealth Fund at a share sale price of TL 4.98 per TL 1.00 nominal valued shares through a wholesale transaction on the Borsa share market on May 20th, 2020 and the total sales proceeds amount to TL 7,000 million and that capital increase procedures were all completed.
- A share purchase agreement was signed between TVF Finansal Yatırımlar A.Ş. (“TVF Finansal Yatırımlar”) as the buyer and our Group as the Seller on April 22th, 2020 to transfer our Group’s 53.9% shareholding in Vakıf Emeklilik ve Hayat A.Ş. and a 51.1% shareholding in Güneş Sigorta A.Ş. to TVF Finansal Yatırımlar, and the said share transfer was completed on the same date. Our Group no longer holds any shareholding in Vakıf Emeklilik ve Hayat A.Ş. and Güneş Sigorta A.Ş.

Amendments to Articles of Association

Amendments were made to our Group’s Articles of Association and they were registered on 09.06.2020 and published on Turkish Trade Registry Journal dated 11.06.2020. You can have access to our Group’s Articles of Association by visiting the following link: <https://www.kap.org.tr/tr/Bildirim/851574>.