

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT JUNE 30, 2022
TOGETHER WITH LIMITED 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)**



Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

Convenience Translation of the Auditor’s Limited Review Report Originally Issued in Turkish (See Note I in Section Three)

Independent Auditors’ Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at June 30, 2022 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 Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (“BRSA”) and Turkish Accounting Standard (“TAS”) 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, “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 of Qualified Conclusion

As explained in Section Five Part II.7, the accompanying consolidated financial statements as at June 30, 2022 include a free provision at an amount of TL 4,000,000 thousands of which TL 1,772,000 thousands was provided in prior years and TL 2,228,000 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at June 30, 2022 and of the results of its consolidated operations and its consolidated cash flows for the six-month-period then ended in all aspects 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 VIII, are not consistent with the consolidated financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has 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.

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



Damla Harman, SMMM
Partner

August 8, 2022
Istanbul, Turkey

**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, 2022**

Address : Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi
No: 7/A-B 34768 Ümraniye/İSTANBUL
Telephone : 0216 724 10 00
Fax : 0216 724 39 09
Electronic web site : www.vakifbank.com.tr
Electronic mail address : mevzuat@vakifbank.com.tr

The consolidated financial report as at and for the six-month period ended June 30, 2022 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 INTERIM 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 AND FOOTNOTES
- 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	-	-

In addition, VB DPR Finance Company, which is a “Structured Entity”, although not a subsidiary of our Bank, is included in the consolidation.

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 8, 2022

Mustafa SAYDAM
Chairman of The Board

Abdülkadir AKSU
Board and Audit
Committee Member

Sadık YAKUT
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:

Name-Surname/Title: Burcu SÜTCÜ AKDAĞ / Manager
Phone no : +90 216 724 31 35
Fax no : +90 216 724 49 55

Name-Surname/Title: Mehmet Fatih METE / Asst. Manager
Phone no : +90 216 724 31 38
Fax no : +90 216 724 49 55

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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 NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

(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, 2022, the Parent Bank’s paid-in capital is TL 7,111,364; (December 31, 2021: TL 3,905,622) divided into 711,136,411,675 shares with each has a nominal value of Kr 1 (December 31, 2021: 390,562,248,996).

The Parent Bank’s shareholders structure as at June 30, 2022 and December 31, 2021 are stated below:

Shareholders June 30, 2022	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (Group D)	4,611,364,117	4,611,364	64.85
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	15.12
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	5.66
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	5.45
Other appendant foundations (Group B)	2,591,250	2,591	0.04
Other real persons and legal entities (Group C)	1,527,393	1,528	0.02
Publicly traded (Group D)	630,596,723	630,597	8.86
Total	7,111,364,117	7,111,364	100.00

Shareholders December 31, 2021	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (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
TC Hazine ve Maliye Bakanlığı (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

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FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

(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 December 24, 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 Foundations² 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 December 3, 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 December 11, 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 paid in 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.

In the material event disclosure published by the 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 paid in capital will be increased from TL 2,500,000 to TL 3,905,622 as a result of the capital increase.

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the 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.

By the Decision of the Parent Bank's Board of Directors dated February 9, 2022, provided that the Parent Bank will remain within the registered capital ceiling, the Parent Bank's paid-in capital of TL 3,905,622 will be increased through the method of cash increase of capital to be obtained from the allocated and cash total sales revenue of TL 13,400,000 by completely restricting the rights of the existing shareholders, and all shares to be issued due to this capital increase will be increased within the framework of the relevant legislation of the Capital Market Board, the Banking Regulation and Supervision Agency, and Borsa İstanbul's Procedure for Wholesale Transactions, it has been decided to sell to the Turkish Wealth Fund by allocated sales method without a public offering.

In the special circumstances disclosure issued by the Parent Bank on February 25, 2022, it was announced that the sale price of the shares to be issued was determined as TL 4.18 for 1 TL nominal value share and that the capital paid as a result of the capital increase would be increased from TL 3,905,622 to TL 7,111,364.

Shares of the nominal value of TL 3,205,741 issued by the Parent Bank was sold to the Turkish Wealth Fund on March 9, 2022, through a wholesale transaction in the Stock Exchange share market with the private placement method with a total sales revenue of TL 13,400,000 at a price of TL 4.18 for a nominal value share of TL 1, and that capital increase transactions were completed.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022
(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				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	28 years
Dr. Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	24 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	31 years
Dr. Adnan ERTEM	Member	October, 28 2010	PhD	34 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	36 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	3 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	3 years
Prof. Dr. Mehmet Hüseyin BİLGİN	Member	March 25, 2022	PhD	17 years
Haydar Kemal KURT	Member	March 25, 2022	Bachelor’s	-
Audit Committee				
Abdülkadir AKSU	Member	March 25,2022	Bachelor’s	3 years
Sadık YAKUT	Member	March 25,2022	Bachelor’s	3 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	38 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	3 years
Assistant General Managers				
Metin Recep ZAFER	Credit, Customer and Account Operations Department, Core Banking Software Development Department, Treasury Operations Department, Foreign Operations Department, It System and Software Support Department, R&D, Marketing and Infrastructure Software Development Department, System Management Department, It Planning and Coordination Department	June 13, 2006	PhD	27 years
Muhammet Lütü ÇELEBİ	Human Resources Department Organisation Development, Performance Management and Academy Department	October 23, 2013	Bachelor’s	27 years
Şuayyip İLBİLGİ	General Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	25 years
Mikail HIDİR	Office of Chief Legal Counsel Department ,Credit Risk Liquidation Department	December 26,2018	Bachelor’s	19 years
Hazım AKYOL	Corporate Loans Allocation Management, Commercial Loans Allocation Management 1-2, Special Loans Management Retail and SME Loans Allocation Management	May 31, 2019	Bachelor’s	28 years
Alaattin ŞİMŞEK	Corporate Banking Marketing, Commercial Banking Marketing, SME Banking Marketing Retail Banking Marketing Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches	May 31, 2019	Bachelor’s	27 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	25 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	22 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Finacial Analysis and Rating Department	July 8, 2020	Bachelor’s	27 years
Kadir KARATAŞ	Support Services	August 13, 2020	Bachelor’s	25 years
Mustafa TURAN	Individual Banking Marketing, Deposit Management and Marketing Department,Payment Systems Banking Marketing Department	January 4, 2022	Bachelor’s	17 years

The persons mentioned above do not have a significant share in the non-public portion of the Bank’s shares.

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FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

(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)

The Parent Bank’s Credit Policies and Processes Implementation Departments, Secure Banking Departments and Board of Directors Affairs Unit are working dependent to the General Manager.

Regarding the election of the Members of the Board of Directors at the Parent Bank's 68th Ordinary General Assembly Meeting held on March 25, 2022; it was decided by majority of votes to be elected Prof. Dr.Mehmet Hüseyin BİLGİN and Haydar Kemal KURT for 3 years.

At the Parent Bank’s Board of Directors Meeting held on March 25, 2022, in accordance with the Related Articles of our Bank's Articles of Association:

- Mr. Mustafa Saydam 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.

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Current Period - June 30, 2022

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares	
			(Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	4,611,364	64.85	4,611,364	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	15.12	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	5.66	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	5.45	387,673	-

Prior Period - December 31, 2021

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares	
			(Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (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	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

With the Decree Law No. 696 published in the Official Gazette dated December 24, 2017, the Presidential decision dated December 3, 2019 and the material event disclosure made by the Parent Bank on February 25, 2022, the material event disclosure made by the Parent Bank and the changes brought about the Parent Bank's capital structure are explained in detail in the I. Section General Information section of the report, under heading II.

**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 NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

(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.

As at June 30, 2022, The Parent Bank has 935 domestic, 4 foreign, in total 939 branches (December 31, 2021: 936 domestic, 4 foreign, in total 940 branches). As at June 30, 2022, The Parent Bank has 16,888 employees (December 31, 2021: 16,929 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 NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

(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, 2022, 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, 2022, 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, Kredi Garanti Fonu AŞ and Birleşik İpotek Finansmanı 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, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, 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, Vakıf Gayrimenkul Değerleme AŞ and Vakıf Elektronik Para ve Ödeme Hizmetleri 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.

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 CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT JUNE 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

ASSETS	Notes	Current Period June 30, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		112,189,383	312,205,576	424,394,959	101,130,561	248,362,721	349,493,282
1.1 Cash and cash equivalents	V-I-1	20,236,419	182,987,780	203,224,199	30,621,364	142,079,991	172,701,355
1.1.1 Cash and balances at Central Bank	V-I-1	19,480,373	141,038,111	160,518,484	29,360,024	114,812,521	144,172,545
1.1.2 Banks	V-I-3	765,657	41,949,695	42,715,352	1,272,208	20,353,088	21,625,296
1.1.3 Receivables from Money Markets		5,574	-	5,574	3,499	6,914,400	6,917,899
1.1.4 Allowance for expected credit losses (-)	V-I-16	15,185	26	15,211	14,367	18	14,385
1.2 Financial assets at fair value through profit or loss	V-I-2	567,243	14,802,527	15,369,770	365,610	16,226,214	16,591,824
1.2.1 Public debt securities		428,928	14,478,392	14,907,320	118,890	15,939,741	16,058,631
1.2.2 Equity instruments		82,007	324,135	406,142	201,998	286,473	488,471
1.2.3 Other financial assets		56,308	-	56,308	44,722	-	44,722
1.3 Financial assets at fair value through other comprehensive income	V-I-4	78,433,271	112,485,860	190,919,131	50,971,953	87,981,724	138,953,677
1.3.1 Public debt securities		77,869,097	109,655,944	187,525,041	50,435,798	85,501,032	135,936,830
1.3.2 Equity instruments		14,732	9,027	23,759	14,732	7,246	21,978
1.3.3 Other financial assets		549,442	2,820,889	3,370,331	521,423	2,473,446	2,994,869
1.4 Derivative financial assets	V-I-2	12,952,450	1,929,409	14,881,859	19,171,634	2,074,792	21,246,426
1.4.1 Derivative financial assets at fair value through profit or loss		12,952,450	1,929,409	14,881,859	19,171,634	2,074,792	21,246,426
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		530,817,638	303,626,615	834,444,253	407,001,757	249,012,309	656,014,066
2.1 Loans	V-I-5	477,346,221	269,291,808	746,638,029	377,286,644	219,413,299	596,699,943
2.2 Receivables from leasing transactions	V-I-10	2,183,692	3,974,977	6,158,669	1,340,492	3,640,839	4,981,331
2.3 Factoring receivables		8,641,718	564,283	9,206,001	6,184,214	889,603	7,073,817
2.4 Financial assets measured at amortised cost	V-I-6	74,247,901	30,206,047	104,453,948	48,417,140	25,444,843	73,861,983
2.4.1 Public debt securities		74,188,950	29,872,405	104,061,355	48,358,190	25,176,782	73,534,972
2.4.2 Other financial assets		58,951	333,642	392,593	58,950	268,061	327,011
2.5 Allowance for expected credit losses (-)		31,601,894	410,500	32,012,394	26,226,733	376,275	26,603,008
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-14	501,557	-	501,557	755,253	-	755,253
3.1 Held for sale purpose		501,557	-	501,557	755,253	-	755,253
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		3,087,173	3	3,087,176	2,825,834	3	2,825,837
4.1 Investments in associates (Net)	V-I-7	2,475,791	3	2,475,794	2,306,545	3	2,306,548
4.1.1 Associates accounted by using equity method		708,997	-	708,997	607,936	-	607,936
4.1.2 Unconsolidated associates		1,766,794	3	1,766,797	1,698,609	3	1,698,612
4.2 Investments in subsidiaries (Net)	V-I-8	611,382	-	611,382	519,289	-	519,289
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		611,382	-	611,382	519,289	-	519,289
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 Unconsolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		4,761,459	37,772	4,799,231	4,110,997	30,054	4,141,051
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		359,645	8,806	368,451	298,931	474	299,405
6.1 Goodwill		14,631	-	14,631	14,631	-	14,631
6.2 Other		345,014	8,806	353,820	284,300	474	284,774
VII. INVESTMENT PROPERTIES (Net)	V-I-12	914,174	-	914,174	972,154	-	972,154
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	V-I-13	4,194,952	1,049,822	5,244,774	72,767	-	72,767
X. OTHER ASSETS	V-I-15	23,860,990	8,223,018	32,084,008	10,753,294	3,573,989	14,327,283
TOTAL ASSETS		680,686,971	625,151,612	1,305,838,583	527,921,548	500,979,550	1,028,901,098

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 CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT JUNE 30, 2022**

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

	Notes	Current Period June 30, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	385,211,158	406,693,971	791,905,129	254,392,314	341,417,664	595,809,978
II. BORROWINGS	V-II-3	5,642,903	108,233,820	113,876,723	3,507,327	94,929,344	98,436,671
III. MONEY MARKET FUNDS		123,645,093	30,153,497	153,798,590	123,991,383	24,725,979	148,717,362
IV. MARKETABLE SECURITIES ISSUED (Net)	V-II-3	11,105,915	56,711,811	67,817,726	11,332,808	51,204,819	62,537,627
4.1 Bills		6,756,431	1,679,591	8,436,022	6,031,337	871,154	6,902,491
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		4,349,484	55,032,220	59,381,704	5,301,471	50,333,665	55,635,136
V. FUNDS		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	873,666	4,463,771	5,337,437	1,609,212	3,881,066	5,490,278
7.1 Derivative financial liabilities at fair value through profit or loss		873,666	4,463,771	5,337,437	1,609,212	3,881,066	5,490,278
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		447	38	485	7,309	-	7,309
IX. LEASE PAYABLES (Net)	V-II-5	1,040,799	4,702	1,045,501	954,389	4,204	958,593
X. PROVISIONS	V-II-7	6,502,142	113,909	6,616,051	3,856,308	98,808	3,955,116
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		2,159,036	13,974	2,173,010	1,772,257	11,118	1,783,375
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		4,343,106	99,935	4,443,041	2,084,051	87,690	2,171,741
XI. CURRENT TAX LIABILITIES	V-II-8	1,894,485	6,823	1,901,308	1,089,521	10,846	1,100,367
XII. DEFERRED TAX LIABILITIES	V-II-8	-	-	-	-	14,719	14,719
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	6,401,639	26,665,764	33,067,403	6,404,751	22,563,676	28,968,427
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		6,401,639	26,665,764	33,067,403	6,404,751	22,563,676	28,968,427
XV. OTHER LIABILITIES	V-II-4	38,602,607	8,859,724	47,462,331	21,444,948	7,256,670	28,701,618
XVI. SHAREHOLDERS' EQUITY	V-II-11	84,579,989	(1,573,095)	83,006,894	52,229,638	1,970,390	54,200,028
16.1 Paid-in capital	V-II-11	7,111,364	-	7,111,364	3,905,622	-	3,905,622
16.2 Capital reserves		16,417,890	-	16,417,890	6,192,623	-	6,192,623
16.2.1 Equity share premiums		16,469,451	-	16,469,451	6,303,367	-	6,303,367
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(51,561)	-	(51,561)	(110,744)	-	(110,744)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		2,199,479	-	2,199,479	2,287,039	-	2,287,039
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		9,500,935	(2,431,587)	7,069,348	1,283,355	950,864	2,234,219
16.5 Profit reserves		37,341,867	505,363	37,847,230	32,727,539	440,749	33,168,288
16.5.1 Legal reserves		3,969,729	26,550	3,996,279	3,515,810	21,149	3,536,959
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		31,799,780	475,198	32,274,978	26,510,023	415,985	26,926,008
16.5.4 Other profit reserves		1,566,021	3,615	1,569,636	2,695,369	3,615	2,698,984
16.6 Profit or loss		10,541,291	348,459	10,889,750	4,623,062	574,107	5,197,169
16.6.1 Prior years' profits or losses		26,907	93,771	120,678	1,157	30,156	31,313
16.6.2 Current period net profit or loss		10,514,384	254,688	10,769,072	4,621,905	543,951	5,165,856
16.7 Minority interests		1,467,163	4,670	1,471,833	1,210,398	4,670	1,215,068
TOTAL LIABILITIES AND EQUITY		665,503,848	640,334,735	1,305,838,583	480,822,913	548,078,185	1,028,901,098

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 CONSOLIDATED OFF-BALANCE SHEET
ITEMS AS AT JUNE 30, 2022**

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

	Notes	Current Period June 30, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES						
	(I-II+III)	258,978,731	560,604,804	819,583,535	212,228,885	498,811,450	711,040,335
I.	GUARANTEES AND WARRENTIES	86,845,226	156,527,279	243,372,505	62,457,727	130,998,199	193,455,926
1.1.	Letters of guarantee	83,716,753	90,406,336	174,123,089	61,406,815	72,673,220	134,080,035
1.1.1.	Guarantees subject to state tender law	4,038,974	30,673,738	34,712,712	3,507,026	19,605,204	23,112,230
1.1.2.	Guarantees given for foreign trade operations	4,235,275	-	4,235,275	2,542,604	-	2,542,604
1.1.3.	Other letters of guarantee	75,442,504	59,732,598	135,175,102	55,357,185	53,068,016	108,425,201
1.2.	Bank acceptances	4,258	6,951,103	6,955,361	4,258	9,575,050	9,579,308
1.2.1.	Import letter of acceptance	-	1,052,952	1,052,952	-	969,051	969,051
1.2.2.	Other bank acceptances	4,258	5,898,151	5,902,409	4,258	8,605,999	8,610,257
1.3.	Letters of credit	845,862	56,672,673	57,518,535	568,802	48,276,760	48,845,562
1.3.1.	Documentary letters of credit	845,862	56,672,673	57,518,535	568,802	48,276,760	48,845,562
1.3.2.	Other letters of credit	-	-	-	-	-	-
1.4.	Pre-financings given as guarantee	-	13,277	13,277	-	10,657	10,657
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	1,681,824	1,470,494	3,152,318	117,441	277,393	394,834
1.8.	Other guarantees	161,529	287,029	448,558	160,411	185,119	345,530
1.9.	Other warrentees	435,000	726,367	1,161,367	200,000	-	200,000
II.	COMMITMENTS	131,666,587	123,766,983	255,433,570	92,374,573	75,850,537	168,225,110
2.1.	Irrevocable commitments	116,049,745	36,963,140	153,012,885	78,922,048	11,469,988	90,392,036
2.1.1.	Asset purchase and sales commitments	13,271,012	35,597,359	48,868,371	2,924,429	10,106,329	13,030,758
2.1.2.	Deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries	20,154	-	20,154	34,255	-	34,255
2.1.4.	Loan granting commitments	46,662,223	3,024	46,665,247	34,013,637	4,036	34,017,673
2.1.5.	Securities issuance brokerage commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Commitments for cheque payments	-	-	-	-	-	-
2.1.8.	Tax and fund liabilities from export commitments	-	-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits	42,242,993	-	42,242,993	30,687,962	-	30,687,962
2.1.10.	Commitments for credit card and banking services promotions	1,583,993	-	1,583,993	524,897	-	524,897
2.1.11.	Receivables from short sale commitments on marketable securities	-	-	-	-	-	-
2.1.12.	Payables for short sale commitments on marketable securities	-	-	-	-	-	-
2.1.13.	Other irrevocable commitments	4,872,672	1,362,757	6,235,429	3,707,157	1,359,623	5,066,780
2.2.	Revocable commitments	15,616,842	86,803,843	102,420,685	13,452,525	64,380,549	77,833,074
2.2.1.	Revocable loan granting commitments	15,616,842	86,803,843	102,420,685	13,452,525	64,380,549	77,833,074
2.2.2.	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	40,466,918	280,310,542	320,777,460	57,396,585	291,962,714	349,359,299
3.1.	Derivative financial instruments held for hedging	-	-	-	-	-	-
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	40,466,918	280,310,542	320,777,460	57,396,585	291,962,714	349,359,299
3.2.1.	Forward foreign currency purchase and sale transactions	4,146,127	4,041,678	8,187,805	6,266,455	8,227,370	14,493,825
3.2.1.1.	Forward foreign currency purchase transactions	3,547,469	724,293	4,271,762	3,142,731	4,115,500	7,258,231
3.2.2.	Forward foreign currency sales	598,658	3,317,385	3,916,043	3,123,724	4,111,870	7,235,594
3.2.2.1.	Currency and interest rate swaps	20,431,014	207,339,245	227,770,259	40,183,475	216,164,627	256,348,102
3.2.2.1.1.	Currency swap purchase transactions	4,347,721	46,621,243	50,968,964	107,989	70,293,816	70,401,805
3.2.2.1.2.	Currency swap sale transactions	14,573,293	26,834,777	41,408,070	37,905,486	20,450,158	58,355,644
3.2.2.2.	Interest rate swap purchase transactions	755,000	66,941,613	67,696,613	1,085,000	62,710,327	63,795,327
3.2.2.3.	Interest rate swap sale transactions	755,000	66,941,612	67,696,612	1,085,000	62,710,326	63,795,326
3.2.3.	Currency, interest rate and security options	7,162,072	8,989,173	16,151,245	2,536,251	4,745,424	7,281,675
3.2.3.1.	Currency purchase option	7,162,072	1,016,434	8,178,506	1,664,791	1,939,892	3,604,683
3.2.3.2.	Currency sale option	-	7,972,739	7,972,739	871,460	2,805,532	3,676,992
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	2,891,951	2,596,752	5,488,703	-	-	-
3.2.4.1.	Currency purchase futures	-	2,596,752	2,596,752	-	-	-
3.2.4.2.	Currency sales futures	2,891,951	-	2,891,951	-	-	-
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	5,835,754	57,343,694	63,179,448	8,410,404	62,825,293	71,235,697
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	8,620,799,340	10,030,282,453	18,651,081,793	6,551,262,425	7,947,865,967	14,499,128,392
IV.	ITEMS HELD IN CUSTODY	109,776,509	63,909,156	173,685,665	89,655,684	48,710,897	138,366,581
4.1.	Customer fund and portfolio balances	8,796,196	-	8,796,196	5,458,322	-	5,458,322
4.2.	Securities held in custody	51,968,807	20,928,653	72,897,460	49,974,424	15,941,897	65,916,321
4.3.	Checks received for collection	30,684,903	4,607,178	35,292,081	23,408,656	4,620,176	28,028,832
4.4.	Commercial notes received for collection	13,256,069	3,448,664	16,704,733	7,705,143	2,408,419	10,113,562
4.5.	Other assets received for collection	2,152	668	2,820	2,152	536	2,688
4.6.	Securities received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	576,664	28,889,961	29,466,625	466,829	21,514,783	21,981,612
4.8.	Custodians	4,491,718	6,034,032	10,525,750	2,640,158	4,225,086	6,865,244
V.	PLEDGED ITEMS	1,633,336,574	546,671,792	2,180,008,366	1,176,944,808	445,151,990	1,622,096,798
5.1.	Marketable securities	2,046,409	1,120,278	3,166,687	415,988	555,091	971,079
5.2.	Guarantee notes	3,026,960	8,443,065	11,470,025	1,435,450	7,150,950	8,586,400
5.3.	Commodity	148,305,584	7,135,012	155,440,596	129,796,090	5,966,459	135,762,549
5.4.	Warrant	-	-	-	-	-	-
5.5.	Immovables	1,285,151,177	448,763,315	1,733,914,492	879,409,988	363,737,452	1,243,147,440
5.6.	Other pledged items	194,424,920	80,978,231	275,403,151	165,412,990	67,579,365	232,992,355
5.7.	Depositories receiving pledged items	381,524	231,891	613,415	474,302	162,673	636,975
VI.	ACCEPTED GUARANTEES AND WARRANTS	6,877,686,257	9,419,701,505	16,297,387,762	5,284,661,933	7,454,003,080	12,738,665,013
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	8,879,778,071	10,590,887,257	19,470,665,328	6,763,491,310	8,446,677,417	15,210,168,727

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 CONSOLIDATED STATEMENT OF PROFIT
OR LOSS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

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

	Notes	Current Period January 1, 2022- June 30, 2022	Current Period April 1, 2022- June 30, 2022	Prior Period January 1, 2021- June 30, 2021	Prior Period April 1, 2021- June 30, 2021
I. INTEREST INCOME	V-IV-1	59,480,470	34,224,130	31,212,567	16,541,348
1.1 Interest on loans	V-IV-1	36,196,893	19,684,356	23,680,912	12,343,620
1.2 Interest received from reserve deposits		273,019	38,933	364,232	226,096
1.3 Interest received from banks	V-IV-1	51,144	32,339	14,810	6,202
1.4 Interest received from money market transactions		1,221	460	3,033	710
1.5 Interest received from marketable securities portfolio	V-IV-1	22,462,600	14,135,708	6,989,679	3,884,864
1.5.1 Financial assets at fair value through profit or loss		197,556	104,110	79,832	47,605
1.5.2 Financial assets at fair value through other comprehensive income		9,929,042	5,916,372	3,426,368	1,896,612
1.5.3 Financial assets measured at amortised cost		12,336,002	8,115,226	3,483,479	1,940,647
1.6 Finance lease interest income		355,490	209,006	148,385	77,096
1.7 Other interest income		140,103	123,328	11,516	2,760
II. INTEREST EXPENSES (-)	V-IV-2	35,108,799	19,326,327	24,996,099	13,180,751
2.1 Interest on deposits	V-IV-2	22,033,197	12,306,637	15,052,401	7,745,198
2.2 Interest on funds borrowed	V-IV-2	1,735,270	960,222	790,086	441,866
2.3 Interest on money market transactions		6,868,746	3,691,106	6,266,830	3,532,384
2.4 Interest on securities issued	V-IV-2	3,694,501	1,941,251	2,744,943	1,413,508
2.5 Leasing interest income		103,051	54,673	68,094	36,325
2.6 Other interest expenses		674,034	372,438	73,745	11,470
III. NET INTEREST INCOME/EXPENSE (I - II)		24,371,671	14,897,803	6,216,468	3,360,597
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		3,953,029	2,284,532	1,712,260	982,062
4.1 Fees and commissions received		5,106,241	2,935,202	2,317,976	1,308,618
4.1.1 Non-cash loans		787,016	428,154	449,790	231,082
4.1.2 Other		4,319,225	2,507,048	1,868,186	1,077,536
4.2 Fees and commissions paid (-)		1,153,212	650,670	605,716	326,556
4.2.1 Non-cash loans		21,804	15,762	3,981	2,215
4.2.2 Other		1,131,408	634,908	601,735	324,341
V. DIVIDEND INCOME		53,387	27,466	22,788	7,024
VI. TRADING PROFIT/LOSS (Net)	V-IV-3	1,967,675	711,983	(1,875,791)	(1,405,762)
6.1 Profit/losses from capital market transactions	V-IV-3	614,497	82,744	554,147	154,228
6.2 Profit/losses from derivative financial transactions	V-IV-3	(722,117)	(678,281)	(2,836,147)	(1,793,425)
6.3 Foreign exchange profit/losses	V-IV-3	2,075,295	1,307,520	406,209	233,435
VII. OTHER OPERATING INCOME	V-IV-4	5,660,723	2,265,453	5,246,715	1,557,268
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		36,006,485	20,187,237	11,322,440	4,501,189
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-5	11,745,712	5,053,072	4,507,243	1,453,202
X. OTHER PROVISION EXPENSES (-)	V-IV-5	2,426,442	2,011,728	411,966	4,044
XI. PERSONNEL EXPENSES (-)		3,091,771	1,688,749	1,864,940	899,374
XII. OTHER OPERATING EXPENSES (-)	V-IV-6	4,095,344	2,260,026	2,492,287	1,311,881
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI)		14,647,216	9,173,662	2,046,004	832,688
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		129,897	77,915	41,159	21,502
XVI. NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	V-IV-7	14,777,113	9,251,577	2,087,163	854,190
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-10	(3,779,857)	(1,624,907)	(332,523)	(48,432)
18.1 Current tax provision	V-IV-10	(10,601,450)	(724,445)	(221,389)	(190,299)
18.2 Expense effect of deferred tax (+)	V-IV-10	(3,878,204)	(2,882,537)	(1,643,592)	(277,738)
18.3 Income effect of deferred tax (-)	V-IV-10	10,699,797	1,982,075	1,532,458	419,605
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII+XVIII)	V-IV-9	10,997,256	7,626,670	1,754,640	805,758
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	10,997,256	7,626,670	1,754,640	805,758
25.1 Group's profit/(loss)		10,769,072	7,509,442	1,694,713	772,710
25.2 Profit/(Loss) from Minority shares (-)		228,184	117,228	59,927	33,048
Profit/Loss per 100 shares (full TL)	III-XXIV	1.8329	1.0724	0.4493	0.2063

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 CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period January 1, 2022- June 30, 2022	Prior Period January 1, 2021- June 30, 2021
I.	PROFIT (LOSS)	10,997,256	1,754,640
II.	OTHER COMPREHENSIVE INCOME	4,747,203	(81,654)
2.1.	Other comprehensive income that will not be reclassified to profit or loss	(87,926)	(14,029)
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	(2,499)	-
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	15,554	(275)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(57,617)	(14,572)
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(43,364)	818
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	4,835,129	(67,625)
2.2.1.	Exchange Differences on Translation	169,470	54,625
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	5,969,661	(275,366)
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	290,433	97,601
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(1,594,435)	55,515
III.	TOTAL COMPREHENSIVE INCOME (I+II)	15,744,459	1,672,986

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 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						Current Period Profit or (Loss)		Total SE Except minority share		Total Shareholders' Equity
	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity	
Current Period June 31, 2022																		
I.		3,905,622	6,303,367	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	5,197,169	-	52,984,960	1,215,068	54,200,028	
II.																		
2.1.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.																		
		3,905,622	6,303,367	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	5,197,169	-	52,984,960	1,215,068	54,200,028	
IV.		-	-	-	-	(25,911)	13,173	(74,822)	169,470	4,375,226	290,433	-	-	10,769,072	15,516,641	227,818	15,744,459	
V.		3,205,742	10,164,718	-	-	-	-	-	-	-	-	-	-	-	13,370,460	-	13,370,460	
VI.																		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.																		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.																		
IV.																		
X.			1,366	-	59,183	-	-	-	-	-	-	538,750	(936,264)	-	(336,965)	29,912	(307,053)	
XI.																		
												4,140,192	(4,140,227)	-	(35)	(965)	(1,000)	
11.1.													(19)	-	(19)	(965)	(984)	
11.2.												4,136,579	(4,136,595)	-	(16)	-	(16)	
11.3.												3,613	(3,613)	-	-	-	-	
		7,111,364	16,469,451	-	(51,561)	866,758	(219,977)	1,552,698	1,146,667	6,079,007	(156,326)	37,847,230	120,678	10,769,072	81,535,061	1,471,833	83,006,894	

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 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED June 30, 2021

(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, 2021																	
I.	Prior Period End Balance	3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	46,405,152	746,935	47,152,087
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)	3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	46,405,152	746,935	47,152,087
IV.	Total Comprehensive Income	-	-	-	-	-	(122)	(13,810)	54,625	(219,851)	97,601	-	-	1,694,713	1,613,156	59,830	1,672,986
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)	-	71,679	-	-	-	-	-	-	994,357	(1,208,777)	-	(142,742)	228,564	85,822
XI.	Profit Distribution	-	-	-	(80)	-	-	-	-	-	-	5,218,798	(5,224,888)	-	(6,170)	(603)	(6,773)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(6,162)	-	(6,162)	(603)	(6,765)
11.2.	Transfers to Reserves	-	-	-	(80)	-	-	-	-	-	-	5,215,447	(5,215,375)	-	(8)	-	(8)
11.3.	Other	-	-	-	-	-	-	-	-	-	-	3,351	(3,351)	-	-	-	-
	Ending Balance	3,905,622	6,303,346	-	33,859	887,953	(181,272)	882,903	580,401	818,677	(86,807)	32,918,105	111,896	1,694,713	47,869,396	1,034,726	48,904,122

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 CONSOLIDATED STATEMENT OF CASH
FLOW FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

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

	Notes	Current Period June 30, 2022	Prior Period June 30, 2021
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	23,155,390	4,056,268
1.1.1	Interest received	48,169,291	30,904,852
1.1.2	Interest paid	(34,160,865)	(23,923,086)
1.1.3	Dividends received	53,387	22,788
1.1.4	Fee and commissions received	4,158,168	2,368,733
1.1.5	Other income	981,693	267,784
1.1.6	Collections from previously written off loans and other receivables	2,139,672	2,011,556
1.1.7	Cash payments to personnel and service suppliers	(3,296,768)	(2,010,765)
1.1.8	Taxes paid	(274,251)	(706,131)
1.1.9	Other	5,385,063	(4,879,463)
1.2	Changes in operating assets and liabilities subject to banking operations	16,445,831	(8,388,921)
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	1,135,589	(3,855,715)
1.2.2	Net decrease (increase) in due from banks	(22,252,457)	(728,044)
1.2.3	Net decrease (increase) in loans	(110,281,604)	(45,147,949)
1.2.4	Net decrease (increase) in other assets	(11,470,698)	10,709,133
1.2.5	Net increase (decrease) in bank deposits	12,230,062	(5,330,369)
1.2.6	Net increase (decrease) in other deposits	125,789,453	22,294,090
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	(998,325)	12,852,612
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	22,293,811	817,321
I.	Net cash provided from banking operations	39,601,221	(4,332,653)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(38,491,171)	(11,928,658)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures	(162,226)	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	1,750	-
2.3	Cash paid for the purchase of tangible and intangible asset	(2,626,350)	(1,236,567)
2.4	Cash obtained from the sale of tangible and intangible asset	1,126,259	1,041,298
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income	(10,551,778)	(19,353,454)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income	(11,269,946)	5,658,303
2.7	Cash paid for the purchase of financial assets at amortized cost	(16,072,760)	-
2.8	Cash obtained from sale of financial assets at amortized cost	1,159,603	1,996,426
2.9	Other	(95,723)	(34,664)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash flows from financing activities	8,665,414	32,349
3.1	Cash obtained from funds borrowed and securities issued	17,585,499	6,622,558
3.2	Cash outflow from funds borrowed and securities issued	(9,268,038)	(6,407,381)
3.3	Equity instruments issued	601,060	-
3.4	Dividends paid	-	(603)
3.5	Payments for finance lease liabilities	(253,107)	(182,225)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(1,993,665)	(114,997)
V.	Net increase/decrease in cash and cash equivalents	7,781,799	(16,343,959)
VI.	Cash and cash equivalents at beginning of the period	98,979,861	55,596,047
VII.	Cash and cash equivalents at end of the period	106,761,660	39,252,088

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") , 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 Parent 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 consolidated 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, 2020. 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 June 30, 2022, in the following sections.

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from January, 1 2021. Loans given from items indexed to benchmark interest rates in the Parent Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Parent Bank's financial position or performance. The process for the Benchmark Interest Rate Reform is expected to be completed by December 31, 2021, and the Parent Bank's efforts to adapt to the changes continue. As of June 30 2022, the Parent Bank has no hedging transactions based on the benchmark interest rate.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

According to the statement declared by POA on January 20, 2022, it has been stated that there is no requirement for entities that apply TFRS to make any adjustments within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies in the financial statements of 2021. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of June 30, 2022. In this respect, no inflation adjustment was made in accordance with TAS 29 while preparing the unconsolidated financial statements as of June 30, 2022.

Tensions between Russia and Ukraine have turned into a crisis and heated conflict within Ukraine as of the date of the report. The Bank does not have direct activity in the relevant geography and the crisis is not expected to have a direct impact on bank operations. However, the course of the crisis is uncertain as of the date of the report, developments are monitored, and its estimated effects are evaluated within the scope of the relevant accounting standards and taken into account in the preparation of financial statements.

The accounting policies applied in the current period are in line with the previous period financial statements. The accounting policies followed and the valuation principles used in the preparation of financial statements are presented in detail below.

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 gives 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.

Information on foreign currency transactions

Exchange differences arising on amortized cost of financial assets at fair value through profit or loss are recognized in the income statement. Exchange differences arising on unrealized gains and losses are recognized in other comprehensive income or expense in profit or loss. Foreign exchange profits and losses arising from the translation of monetary items and the collection and payment of foreign currency transactions are included in the 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.

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ACCOUNTING POLICIES (Continued)

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

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, 76 Million EUR portion of the securities issued by the Bank on April, 24 2019 with a nominal amount of 700 million Euros and the redemption date of April, 24 2024, 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. In this context, as of June 30, 2022, the foreign exchange income presented in the income statement is TL 165,992. 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, 2022, 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.

Consolidated subsidiaries

As at and for the six-month period ended June 30, 2022, 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.

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.

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ACCOUNTING POLICIES (Continued)

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

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, 2022 and December 31, 2021 but until the liquidation decision date its accumulated previous years' loss has been included in the accompanying consolidated financial statements.

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, 2022 and December 31, 2021, 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, 2022, 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.

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

The Parent Bank's 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 "TFRS 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.

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.

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ACCOUNTING POLICIES (Continued)

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.

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 (e.g., 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 a financial asset that is measured at fair value through profit or loss, at amortized cost or at fair value other comprehensive income.

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. Equity securities classified as financial assets at fair value through profit/loss are recognized at fair value.

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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.

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.

In addition, the Parent Bank's securities portfolio includes, Consumer Price Indexed (CPI) Government Bonds classified as both financial assets at fair value through other comprehensive income and financial assets measured at amortised cost. These securities are valued and recorded according to the effective interest rate method on the basis of the real coupon rates and the reference inflation index at the date of issuance and the index calculated by taking into account the estimated inflation rate.As stated in the Treasury Undersecretary’s CPI Indexed Bonds Investor Guide, the reference indices used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI ratio of two months ago. The Bank determines the estimated inflation rate in paralel to this. The rate, which is estimated by taking into account the expectations of the Central Bank of the Republic of Turkey and the Bank, is updated when deemed necessary during the year.As stated in the accounting policies, the Bank makes the valuation of the Consumer Price Indexed (CPI) government bonds in its securities portfolio on the basis of the reference index on the date of issuance and the index calculated by taking into account the estimated inflation rate.

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.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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.

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.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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 individual portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the "Expected Credit Loss Provision" were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2021 and June 2022. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

In the calculation of the expected credit loss in accordance with TFRS 9, a certain part of commercial and corporate loans are subject to individual assesment on a customer basis in accordance with internal evaluations. As of the date of the report, the Parent Bank has reviewed its provisions on a customer and industry basis and reflected them in its financial statements, taking into account its sustainability approach to the expected credit loss provisions calculations under TFRS 9. The models and methodologies used for TFRS 9 are evaluated by the relevant teams responsible for model and methodology in terms of accuracy and suitability at least once a year. Models and other issues created within the scope of TFRS 9 that need updates are periodically reviewed and revised to reflect in the financial statements when necessary.

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.

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.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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.

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 stage 2 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.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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.

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. 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. In the current period, a write-off transaction has been made for non-performing loans in the amount of TL 2,149,678 for which 100% provision has been made. (December 31 2021: 834,885.)

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, 2022, and December 31, 2021 there are no transactions of this nature at the Parent Bank.

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.

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ACCOUNTING POLICIES (Continued)

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.

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, 2022, the goodwill amount is TL 14,631 (December 31, 2021: 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 costs of the intangible 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. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

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 Parent Bank'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.

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.

Footnotes on right-of-use assets and liabilities are presented in Note 5, Part II of Section V.

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ACCOUNTING POLICIES (Continued)

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, 2022 is TL 10,849 (full TL) (December 31, 2021: TL 8,285 (full TL)).

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

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.

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ACCOUNTING POLICIES (Continued)

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

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 July 2018, 09.

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, 2021, in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at June 30, 2022.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

Law No. 7394 On the Assessment of Immovable Properties Belonging to the Treasury and the Amendment of the Value Added Tax Law, Article 26 of the Law on the Amendment of Certain Laws and Decree Laws published in the Official Gazette no. 31810 dated April 15, 2022, and with the sentence added to the provisional article 13 of the Corporate Tax Law no 5520, the Corporate Tax returns that must be declared starting from July 1, 2022, and applicable to corporate earnings for the taxation period starting from January 1, 2022, the corporate income tax rate is set at the 25%. The tax rate for the 1st Provisional Corporate Income Tax was applied as 23%. The corporate income tax rate is applied to the tax base to be found as a result of deducting the abatements such as the addition of expenses that are not accepted as a deduction in accordance with the tax laws to the commercial earnings of the corporations and the exemption in the tax laws.

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 10%. 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 profit reserves" 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.

As the end of 2021 calendar year, the necessary conditions for inflation adjustment have been fulfilled in the calculation of corporate tax, within the framework of the repetitive provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. Accordingly, TPL financial statements for the 2021 and 2022 accounting periods including the provisional tax periods will not be subject to inflation adjustment, 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods and it will be subject to inflation adjustment regardless of whether the TPL financial statements inflation adjustments conditions have been met.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporation tax legislation for the foreign branches

Bahrain

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.

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.

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.

Qatar

The branch of the Parent Bank operating in Qatar is taxed according to the legislation of this country. Since the branch is located in the Qatar Financial Center, there is a withholding tax exemption. In addition, although the branch is subject to the corporate tax of the relevant country, the Double Taxation Agreements signed between the two countries are based.

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.

For the deferred tax assets and liabilities calculated within the scope of TAS 12, deferred tax calculations were made at the rate of 25% for the assets and liabilities as of the end of the reporting period

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 is 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.

Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements only if the Bank has a legal right to offset current tax assets with current tax liabilities and deferred tax assets and liabilities are related to the income tax 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.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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.

XVIII. INFORMATION ON CASH AND CASH EQUIVALENTS

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.

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ACCOUNTING POLICIES (Continued)

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 Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid in 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 private placement.

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 TL 4.98 for a share with a nominal value of TL 1, and the issued capital due to capital increase will be increased from TL 2,500,000 to TL 3,905,622.

Shares of a nominal value of TL 1,405,622 issued by the Parent Bank were sold to the Turkish Wealth Fund on May 20, 2020 through a wholesale transaction in the Stock Exchange market with an allocated sales method of TL 7,000,000 at a price of TL 4.98 for a nominal valued share of TL 1, and capital increase transactions were completed.

With the decision of the Parent Bank's Board of Directors dated February 9, 2022, provided that the Parent Bank's registered capital ceiling is limited, the Parent Bank's paid-in capital of TL 3,905,622 will be increased by way of cash capital increase, which will result in a total sales revenue of 13,400,000 TL in cash and allocated, by completely restricting the pre-emption rights of the existing shareholders. and all of the shares to be issued due to this capital increase, within the framework of the relevant legislation of the Capital Markets Board, the relevant legislation of the Banking Regulation and Supervision Agency and Borsa İstanbul's Procedure on Wholesale Purchases and Sales Transactions, by the Turkish Wealth Fund by private sale method without public offering. It has been decided to sell to Türkiye Varlık Fonu.

In the material event statement published by the Parent Bank on February 25, 2022, it was announced that the selling price of the shares to be issued was determined as TL 4.18 for the share with a nominal value of TL 1, and the paid-in capital would be increased from TL 3,905,622 to TL 7,111,364 as a result of the capital increase.

The shares with a nominal value of TL 3,205,742 issued by the Parent Bank were sold to the Turkish Wealth Fund through a wholesale transaction on the stock market on March 9, 2022, with a total sales revenue of TL 13,400,000 for a share with a nominal value of TL 1, with a total sales revenue of TL 13,400,000. The capital increase transactions have been completed.

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

None.

As of December 31, 2021, the unused investment allowances of Vakıf Finansal Kiralama AŞ, one of the Group's subsidiaries within the scope of consolidation, in the previous period was TL 36,609.

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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 Group'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, 2022, earnings per 100 shares are full TL 1.8329 (June 30, 2021: full TL 0.4493).

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 V.

Classifications

In the profit or loss statement of the Bank dated June 30, 2022, a netting has been made between "Other Operating Expenses" and "Other Operating Income" in line with the write-off policy, and the comparative previous periods of the relevant period profit or loss statement have been shown in line with the current period.

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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's regulation dated December 21, 2021 and numbered 9996, prior to this date used in the calculation of the capital adequacy ratio, the equity amount calculated omitting the negative valuation differences related to the securities in the portfolio "Securities at Fair Value Reflected in Other Comprehensive Income".

Pursuant to the BRSA's letter no. 10188 dated April 28, 2022, the exchange rates announced by the CBRT as of December 31, 2021, were used in the calculation of the amount based on credit risk.

As of June 30, 2022, Group's equity amount TL 117,749,171 (December 31, 2021: TL 81,950,359) and capital adequacy ratio is 15.20% (December 31, 2021: 14.72 %).

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	7,111,364	3,905,622
Share Premium	16,469,451	6,303,367
Reserves	37,847,230	33,168,288
Income recognized under equity in accordance with TAS	16,555,430	6,793,706
Profit	10,889,750	5,197,169
Current Period's Profit	10,769,072	5,165,856
Prior Period's Profit	120,678	31,313
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(51,561)	(110,744)
Minority shares	1,469,923	1,213,157
Common Equity Tier 1 Capital Before Deductions	90,291,587	56,470,565
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	3,340,100	403,675
Leasehold Improvements on Operational Leases	189,460	184,453
Goodwill netted with deferred tax liability	14,631	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	352,217	282,664
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	3,896,408	885,423
Common Equity Tier 1 capital (CET1)	86,395,179	55,585,142
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	17,173,799	15,638,650
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital -	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	17,173,799	15,638,650
Deductions from Additional Tier 1 Capital		
Bank's 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
MANAGEMENT (Continued)**

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Current Period	Prior Period
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 (ATT)	17,173,799	15,638,650
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	103,568,978	71,223,792
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	5,049,638	4,299,907
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	1,910	1,911
Provisions (Article 8 of the Regulation on the Equity of Banks)	9,148,714	6,435,542
Tier 2 Capital Before Deductions	14,200,262	10,737,360
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	14,200,262	10,737,360
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	117,769,240	81,961,152
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 (-)	-	-
Other items to be defined by the BRSA (-)	20,069	10,793
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	117,749,171	81,950,359
Total Risk Weighted Amounts	774,802,607	556,845,097
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	11.15	9.98
Consolidated Tier 1 Capital Adequacy Ratio (%)	13.37	12.79
Consolidated Capital Adequacy Ratio (%)	15.20	14.72
BUFFERS		
Total buffer requirement (a+b+c)	4.018	3.515
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.018	0.015
c) Systemically important banks buffer requirement (%) (*)	1.500	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 (%)	6.65	5.48
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)	16,292,559	12,249,919
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	9,148,714	6,435,542
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 January 2018, 1 and January 2022, 1)		
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	-	-
(*) 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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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, 2022						
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)	-	3,800	525	4,994	12,179	725
Par value of instrument (in million)	10,407	3,800	525	4,994	12,179	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346001- 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.

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I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period- June 30, 2022						
	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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(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 (Continued)

Prior Period - December 31, 2021						
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	TRSVKFB0043	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)	-	3,050	525	4,994	10,645	725
Par value of instrument (in million)	8,353	3,050	525	4,994	10,645	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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021						
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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
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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 June 30, 2022	Prior Period December 31, 2021
Shareholders’ equity	83,006,894	54,200,028
Valuation differences of the marketable securities ^(*)	3,946,503	1,868,773
Leasehold improvements on operational leases	(189,460)	(184,453)
Goodwill and intangible assets	(366,848)	(297,295)
General provision (1.25% of the amount that subject to credit risk) ^(**)	9,148,714	6,435,542
Subordinated debt	22,223,437	19,938,557
Deductions from shareholders’ equity	(20,069)	(10,793)
Capital	117,749,171	81,950,359

^(*) In accordance with the BRSA regulation dated December 21, 2021, and numbered 9996, 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.

^(**) Pursuant to the BRSA’s letter dated April 28, 2022, and numbered 10188, the exchange rates announced by the CBRT as of December 31, 2021, were used in the calculation of the amount based on credit risk.

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 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, 2022 and December 31, 2021, the Group does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

The Parent Bank manages the Turkish currency or foreign currency risks that may arise in domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of the Parent Bank’s strategies by considering the balance with other financial risks.

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

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	16.6940	17.4003
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	16.6389	17.4290
Day 2	16.6113	17.4623
Day 3	16.5289	17.4754
Day 4	17.3611	18.3553
Day 5	17.3611	18.2667
	US Dollar	Euro
Last 30-days arithmetical average rate	16.7693	17.7667

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

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- June 30, 2022	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Turkey	64,123,075	62,554,521	14,360,515	141,038,111
Banks	7,210,489	27,595,156	7,144,050	41,949,695
Financial assets at fair value through profit or loss ⁽⁷⁾	-	324,134	14,478,393	14,802,527
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	24,138,343	88,347,517	-	112,485,860
Loans ⁽¹⁾⁽²⁾	140,960,920	133,372,133	340,367	274,673,420
Associates, subsidiaries and joint ventures	3	-	-	3
Financial assets measured at amortized cost	16,058,948	14,147,099	-	30,206,047
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,713	31,628	4,431	37,772
Intangible assets	8,806	-	-	8,806
Other assets ⁽³⁾	2,213,456	6,779,509	3,604	8,996,569
Total assets	254,715,753	333,151,697	36,331,360	624,198,810
<i>Liabilities:</i>				
Bank deposits	16,503,520	7,936,200	1,764,066	26,203,786
Foreign currency deposits	154,032,159	187,918,696	38,539,330	380,490,185
Interbank money market takings	12,463,516	17,689,981	-	30,153,497
Other funding	41,237,017	59,139,306	7,857,497	108,233,820
Securities issued ⁽⁴⁾	12,662,505	68,690,474	2,024,596	83,377,575
Miscellaneous payables	2,988,877	1,828,676	2,132	4,819,685
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities ⁽³⁾	1,179,029	6,833,968	31,832	8,044,829
Total liabilities	241,066,623	350,037,301	50,219,453	641,323,377
Net 'on balance sheet' position	13,649,130	(16,885,604)	(13,888,093)	(17,124,567)
Net 'off-balance sheet' position	(10,805,780)	16,002,918	13,807,176	19,004,314
Derivative assets ⁽⁵⁾	12,509,855	42,490,218	17,011,164	72,011,237
Derivative liabilities ⁽⁵⁾	23,315,635	26,487,300	3,203,988	53,006,923
Non-cash loans ⁽⁶⁾	67,289,712	84,188,484	5,049,083	156,527,279
Prior Period - December 31, 2021	Avro	ABD Doları	Diğer YP	Toplam
Total assets	207,742,833	266,893,349	26,888,840	501,525,022
Total liabilities	194,922,482	310,651,117	39,932,687	545,506,286
Net 'on balance sheet' position	12,820,351	(43,757,768)	(13,043,847)	(43,981,264)
Net 'off-balance sheet' position	(8,878,381)	46,453,550	12,990,072	50,565,241
Derivative assets ⁽⁵⁾	10,816,208	55,713,234	21,148,983	87,678,425
Derivative liabilities ⁽⁵⁾	19,694,589	9,259,684	8,158,911	37,113,184
Non-cash loans ⁽⁶⁾	49,920,167	78,318,507	2,759,525	130,998,199

⁽¹⁾ Foreign currency indexed loans amounting to TL 466,421 (December 31, 2021: TL 522,078) 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 375,931 (December 31, 2021: TL 647,069) presented in TL column in the accompanying consolidated balance sheet is included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 460,126 (December 31, 2021: TL 390,124), Prepaid Expenses TL 483,399 (December 31, 2021: TL 293,022), deferred tax asset TL 907,387 (December 31, 2021: None.), 1st and 2nd stage expected loss provisions TL (55,758) (December 31, 2021: TL (59,471)), and derivative financial instruments currency expense accruals of TL 226,581 (December 31, 2021: TL 290,286), unearned income TL 357,872 (December 31, 2021: TL 296,504) and shareholders' equity TL (1,573,095) (December 31, 2021: TL 1,970,390), deferred tax liabilities (December 31, 2021: TL 14,719) 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 17,498,943 (December 31, 2021: TL 4,512,599) and asset sales commitments amounting to TL 18,098,416 (December 31, 2021: TL 5,593,730) are included.

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

⁽⁷⁾ The amount in other FX consists of gold-based bonds.

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(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, 2022 and June 30, 2021 would have effect on consolidated equity and the consolidated profit or loss (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, 2022		Prior Period- June 30, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(91,431)	(91,431)	74,685	74,685
Euro	283,283	579,040	321,534	486,142
Other currencies	(8,535)	(8,535)	(1,924)	(1,924)
Total, net (**)	183,317	479,074	394,295	558,903

(*) 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 fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

10% appreciation of the TL against the following currencies as at and for the six-month period ended June 30, 2022 and June 30, 2021 would have effect on consolidated equity and consolidated profit or loss (without tax effects) by the amounts shown in the table below.

	Current Period- June 30, 2022		Prior Period- June 30, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	91,431	91,431	(74,685)	(74,685)
Euro	(283,283)	(579,040)	(321,534)	(486,142)
Other currencies	8,535	8,535	1,924	1,924
Total, net (**)	(183,317)	(479,074)	(394,295)	(558,903)

(*) 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 currency risk effect calculations on profit or loss, but not in the currency risk effect calculations on equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

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

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, 2022	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	13,123,409	-	-	-	-	147,395,075	160,518,484
Banks	3,755,136	928,584	-	19	-	38,031,613	42,715,352
Financial assets at fair value through profit/loss	311,509	3,452	18,505	14,588,930	-	447,374	15,369,770
Interbank money market placements	104	1,858	3,612	-	-	-	5,574
Financial assets at fair value through other comprehensive income	38,889,752	34,965,505	17,222,115	86,350,980	13,467,020	23,759	190,919,131
Loans ⁽¹⁾	181,825,554	124,429,072	267,927,148	87,980,258	79,350,390	20,490,277	762,002,699
Financial assets measured at amortized cost	63,658,143	1,400,888	4,867,424	24,307,285	10,220,208	-	104,453,948
Other assets ⁽²⁾	3,299,862	10,814,868	1,804,274	1,103,941	809,045	12,021,635	29,853,625
Total assets	304,863,469	172,544,227	291,843,078	214,331,413	103,846,663	218,409,733	1,305,838,583
<i>Liabilities:</i>							
Bank deposits	38,514,489	1,296,470	-	-	-	5,638,960	45,449,919
Other deposits	356,318,306	164,563,852	37,090,935	2,645,491	78,268	185,758,358	746,455,210
Interbank money market takings	126,578,398	5,601,348	13,263,490	8,355,354	-	-	153,798,590
Miscellaneous payables	-	-	-	-	-	28,153,765	28,153,765
Securities issued ⁽³⁾	4,617,313	4,946,552	28,001,777	57,443,780	5,875,707	-	100,885,129
Funds borrowed	4,878,521	65,286,805	15,836,886	22,821,991	942,340	4,110,180	113,876,723
Other liabilities ⁽⁴⁾	1,407,003	7,239,186	1,919,849	1,382,864	2,323,498	102,946,847	117,219,247
Total liabilities	532,314,030	248,934,213	96,112,937	92,649,480	9,219,813	326,608,110	1,305,838,583
On balance sheet long position	-	-	195,730,141	121,681,933	94,626,850	-	412,038,924
On balance sheet short position	(227,450,561)	(76,389,986)	-	-	-	(108,198,377)	(412,038,924)
Off-balance sheet long position	3,138,090	17,241,313	1,131,106	1,438,419	-	-	22,948,928
Off-balance sheet short position	-	-	-	-	(2,519,077)	-	(2,519,077)
Net position	(224,312,471)	(59,148,673)	196,861,247	123,120,352	92,107,773	(108,198,377)	20,429,851

⁽¹⁾ Non-performing loans are shown in the “Non-Interest Bearing” column.

⁽²⁾ Subsidiaries, associates and tangible and intangible assets, deferred tax asset and expected credit losses are included in “non-interest bearing” column.

⁽³⁾ Subordinated debts are shown under securities issued.

⁽⁴⁾ Equity is included in “Non-Interest Bearing” column in other liabilities line.

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III. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2021	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	25,401,559	-	-	-	-	118,770,986	144,172,545
Banks	134,941	812,580	307,252	5	-	20,370,518	21,625,296
Financial assets at fair value through profit/loss	3,616,623	3,147	645,747	11,807,732	-	518,575	16,591,824
Interbank money market placements	-	-	3,499	-	-	6,914,400	6,917,899
Available-for-sale financial assets	11,534,612	9,995,171	40,768,230	67,098,989	9,534,697	21,978	138,953,677
Loans ⁽¹⁾	157,104,580	148,946,965	131,830,612	84,850,824	66,882,182	19,139,928	608,755,091
Held-to-maturity investments	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets ⁽²⁾	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(5,100,063)	18,022,783
Total assets	223,077,601	171,690,127	188,492,029	188,401,503	96,603,516	160,636,322	1,028,901,098
<i>Liabilities:</i>							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,223	33,227,916
Other deposits	301,949,276	90,963,725	23,174,797	2,413,723	91,591	143,988,950	562,582,062
Interbank money market takings	123,375,347	7,719,245	8,144,599	9,478,171	-	-	148,717,362
Miscellaneous payables	-	-	-	-	-	20,796,858	20,796,858
Securities issued ⁽³⁾	2,021,309	4,860,646	21,323,621	57,345,076	5,955,402	-	91,506,054
Funds borrowed	3,413,408	56,216,975	11,228,359	18,123,503	7,087,156	2,367,270	98,436,671
Other liabilities ⁽⁴⁾	1,196,457	3,700,400	1,591,568	1,031,003	2,666,436	63,448,311	73,634,175
Total liabilities	454,270,487	172,486,994	65,462,944	88,391,476	15,800,585	232,488,612	1,028,901,098
On balance sheet long position	-	-	123,029,085	100,010,027	80,802,931	-	303,842,043
On balance sheet short position	(231,192,886)	(796,867)	-	-	-	(71,852,290)	(303,842,043)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
Net position	(227,241,236)	13,500,392	122,988,798	99,310,695	79,016,734	(71,852,290)	15,723,093

⁽¹⁾ Non-performing loans are shown in the “Non-Interest Bearing” column.

⁽²⁾ Subsidiaries, associates and tangible and intangible assets, deferred tax asset and expected credit losses are included in “non-interest bearing” column.

⁽³⁾ Subordinated debts are shown under securities issued.

⁽⁴⁾ Equity is included in “Non-Interest Bearing” column in other liabilities line.

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(Continued)**

III. CONSOLIDATED INTEREST RATE RISK (Continued)

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

Current Period- June 30, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	-
Banks	0.82	1.67	-	15.60
Financial assets at fair value through profit/loss	-	-	-	19.63
Interbank money market placements	-	-	-	24.33
Financial assets at fair value through other comprehensive income	3.70	4.15	-	20.68
Loans	5.10	6.86	-	16.94
Financial assets measured at amortized cost	4.59	6.42	-	36.48
Liabilities:				
Bank deposits	2.25	3.29	-	21.41
Other deposits	2.06	3.31	-	16.12
Interbank money market takings	0.52	3.21	-	14.02
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	4.98	6.15	-	16.41
Funds borrowed	1.68	3.62	-	20.63
Prior Period - December 31, 2021				
	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	17.60
Financial assets at fair value through profit/loss	-	-	-	19.29
Interbank money market placements	-	-	-	19.50
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans	4.77	7.24	-	16.02
Financial assets measured at amortized cost	4.59	6.34	-	12.59
Liabilities:				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.43	1.07	-	16.13
Interbank money market takings	0.87	2.06	-	14.05
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.11	-	15.47
Funds borrowed	1.68	2.51	-	17.63

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

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

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(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 at fair value through profit or loss, at fair value through other comprehensive income 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 is shown in the table below:

Current Period- June 30, 2022	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	1,050,674	1,050,674	1,050,674
1.Stocks Investments Group A	1,013,451	1,013,451	1,013,451
2.Stock Investments Group B	37,223	37,223	37,223
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	2,466,403	2,101,434	-

^(*) 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 December 31, 2021 valuation reports prepared by independent valuation companies.

Prior Period - December 31, 2021	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	907,239	907,239	907,239
1.Stocks Investments Group A	876,601	876,601	876,601
2.Stock Investments Group B	30,638	30,638	30,638
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	2,429,047	2,175,410	-

^(*) 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 December 31, 2021, 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, 2022	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	-	1,768,325	1,768,325	-	-
4. Total	-	1,768,325	1,768,325	-	-

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

Portfolio-Prior Period - December 31, 2021	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	-	1,733,817	1,733,817	-	-
4. Total	-	1,733,817	1,733,817	-	-

^(*) 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, 2022	Carrying Value	Total RWA ^(*)	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	1,050,674	985,338	78,827
3.Other Stocks	2,466,403	2,382,577	190,606
4. Total	3,517,077	3,367,915	269,433

^(*) Pursuant to the BRSA's letter no.10188 dated April 28, 2022, the exchange rates announced by the CBRT as of December 31 2021 were used in the calculation of the amount based on credit risk.

Portfolio-Prior Period- December 31, 2021	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	907,239	907,239	72,579
3.Other Stocks	2,429,047	2,297,189	183,775
4. Total	3,336,286	3,204,428	256,354

^(*) In accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
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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.

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 utilizes liquidity ratios, liquidity gap analysis, scenario analysis and stress tests in internal measurement of liquidity risk. In the liquidity gap analysis and liquidity stress scenarios, the level of meeting the Bank's possible cash outflows in the short term of liquid assets is determined and the Bank's concentration on funding sources and fund uses are analyzed. Liquidity risk measurements are carried out by the Risk Management Department and measurement results, liquidity risk limits and early warning levels are monitored and regularly reported to the executive units responsible for the management of the related risk, and to the senior 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. It is observed that the impact of the Covid-19 outbreak on the Parent Bank's liquidity adequacy is limited.

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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 March 21, 2014 and numbered 28948, the highest and lowest values of the 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.

Current Period- June 30, 2022

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	June 2022	188.42	May 2022	333.67
The highest value	April 2022	199.15	April 2022	374.94

Liquidity Coverage Ratio

Current Period- June 30, 2022		Total unweighted value ^(*)		Total weighted value ^(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			307,721,426	212,315,471
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	327,337,557	190,540,188	30,113,048	19,054,019
3	Stable deposits	52,414,171	-	2,620,709	-
4	Less stable deposits	274,923,386	190,540,188	27,492,339	19,054,019
5	Unsecured wholesale funding, of which:	363,522,210	166,394,978	158,848,729	72,299,272
6	Operational deposits	239,744,367	107,504,554	59,936,092	26,876,138
7	Non-operational deposits	70,807,347	35,267,102	46,034,675	21,891,346
8	Other Unsecured debts	52,970,496	23,623,322	52,877,962	23,531,788
9	Secured wholesale funding			-	-
10	Other cash outflows, of which:	23,834,221	12,088,286	23,834,220	12,088,287
11	Outflows related to derivative exposures and other collateral requirements	23,804,536	12,088,286	23,804,535	12,088,287
12	Outflows related to loss of funding on debt products	29,685	-	29,685	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	91,649,435	83,388,210	4,582,472	4,169,411
15	Other contingent funding obligations	212,196,791	79,681,951	16,430,503	5,650,163
16	TOTAL CASH OUTFLOWS			233,808,972	113,261,152
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	63,517,835	34,079,066	51,641,533	29,831,486
19	Other cash inflows	23,417,921	22,739,113	23,417,921	22,739,113
20	TOTAL CASH INFLOWS	86,935,756	56,818,179	75,059,454	52,570,599
Upper Limit Applied Values					
21	TOTAL HQLA STOCK			307,721,426	212,315,471
22	TOTAL NET CASH OUTFLOWS			158,749,518	60,690,553
23	LIQUIDITY COVERAGE RATIO (%)			194.13	353.12

(*) 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)

Prior Period- December 31, 2021

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	October 2021	132.23	November 2021	273.14
The highest value	December 2021	161.33	October 2021	368.89

Liquidity Coverage Ratio

Prior Period- December 31, 2021		Total unweighted value (*)		Total weighted value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			179,928,821	128,428,918
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	251,766,629	144,226,722	23,061,501	14,422,672
3	Stable deposits	42,303,253	-	2,115,163	-
4	Less stable deposits	209,463,376	144,226,722	20,946,338	14,422,672
5	Unsecured wholesale funding, of which:	271,766,414	135,592,521	115,934,247	55,244,647
6	Operational deposits	176,062,029	89,894,415	44,015,507	22,473,604
7	Non-operational deposits	63,757,843	32,017,125	40,082,844	19,199,738
8	Other Unsecured debts	31,946,542	13,680,981	31,835,896	13,571,305
9	Secured wholesale funding			-	-
10	Other cash outflows, of which:	34,706,198	14,219,227	34,706,197	14,219,228
11	Outflows related to derivative exposures and other collateral requirements	34,636,637	14,219,227	34,636,636	14,219,228
12	Outflows related to loss of funding on debt products	69,561	-	69,561	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	58,301,245	52,448,818	2,915,062	2,622,441
15	Other contingent funding obligations	157,426,522	52,740,033	12,870,440	4,234,748
16	TOTAL CASH OUTFLOWS			189,487,447	90,743,736
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	38,086,783	17,038,593	28,719,072	13,830,975
19	Other cash inflows	36,755,265	36,164,775	36,755,265	36,164,775
20	TOTAL CASH INFLOWS	74,842,048	53,203,368	65,474,337	49,995,750
Upper Limit Applied Values					
21	TOTAL HQLA STOCK			179,928,821	128,428,918
22	TOTAL NET CASH OUTFLOWS			124,013,110	40,747,986
23	LIQUIDITY COVERAGE RATIO (%)			144.44	331.34

(*) 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 Ministry of Treasury and Finance of the Republic of Turkey.

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, 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Assets:								
Cash and balance with CBRT	160,518,484	-	-	-	-	-	-	160,518,484
Banks	40,458,658	1,328,091	928,584	-	19	-	-	42,715,352
Financial assets at fair value through profit/loss	389,695	2,901	3,452	18,505	14,588,930	-	366,287	15,369,770
Interbank money market placements	-	104	1,858	3,612	-	-	-	5,574
Financial assets at fair value through other comprehensive	-	19,130	22,710,371	14,390,978	114,851,957	38,922,936	23,759	190,919,131
Loans	-	53,883,447	38,483,132	185,100,851	257,525,510	206,519,482	20,490,277	762,002,699
Financial assets measured at amortized cost	-	133,578	1,062,663	12,207,663	43,918,924	47,131,120	-	104,453,948
Other assets ⁽³⁾⁽⁴⁾	1,682,560	5,619,846	3,156,412	1,190,100	8,046,322	8,239,522	1,918,863	29,853,625
Total assets	203,049,397	60,987,097	66,346,472	212,911,709	438,931,662	300,813,060	22,799,186	1,305,838,583
Liabilities:								
Bank deposits	5,638,960	38,514,489	1,296,470	-	-	-	-	45,449,919
Other deposits	187,802,331	354,418,841	164,439,860	37,061,981	2,653,929	78,268	-	746,455,210
Funds borrowed	-	3,581,473	4,300,775	46,863,392	41,059,928	18,071,155	-	113,876,723
Interbank money market takings	-	126,578,398	608,183	17,334,115	8,975,969	301,925	-	153,798,590
Securities issued ⁽²⁾	-	13,149,912	3,811,188	21,646,331	52,025,759	10,251,939	-	100,885,129
Miscellaneous payables	56,218	16,724,402	293,727	172	2,845,309	-	8,233,937	28,153,765
Other liabilities	451,176	1,378,199	7,258,133	481,498	1,744,618	3,587,227	102,318,396	117,219,247
Total liabilities	193,948,685	554,345,714	182,008,336	123,387,489	109,305,512	32,290,514	110,552,333	1,305,838,583
Liquidity gap	9,100,712	(493,358,617)	(115,661,864)	89,524,220	329,626,150	268,522,546	(87,753,147)	-
Net Off Balance Sheet Position	-	(252,609)	250,381	1,138,306	7,149,324	2,584,372	-	10,869,774
Receivables from Derivative Financial Instruments	-	20,530,506	13,225,352	13,825,121	52,253,125	65,989,513	-	165,823,617
Payables from Derivative Financial Instruments	-	20,783,115	12,974,971	12,686,815	45,103,801	63,405,141	-	154,953,843
Non-cash Loans	97,790,790	13,288,647	16,328,577	84,811,951	27,117,915	3,598,063	436,562	243,372,505
Prior Period – December 31, 2021								
Total assets	165,318,205	73,069,414	41,107,035	144,697,519	372,337,505	223,965,765	8,405,655	1,028,901,098
Total liabilities	148,035,310	461,333,737	118,057,161	83,339,246	113,926,611	34,109,272	70,099,761	1,028,901,098
Liquidity gap	17,282,895	(388,264,323)	(76,950,126)	61,358,273	258,410,894	189,856,493	(61,694,106)	-
Net Off Balance Sheet Position	-	8,067,835	938,244	328,206	3,720,350	4,262,132	-	17,316,767
Receivables from Derivative Financial Instruments	-	59,643,827	9,532,720	17,848,520	28,260,382	68,052,584	-	183,338,033
Payables from Derivative Financial Instruments	-	51,575,992	8,594,476	17,520,314	24,540,032	63,790,452	-	166,021,266
Non-cash Loans	79,337,989	13,223,627	22,155,655	45,704,404	29,669,939	3,162,907	201,405	193,455,926

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

(2) Subordinated debt are shown under securities issued.

(3) 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

(4) Expected loss provisions for financial assets are shown under the undistributed column of Other Assets.

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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 6.15 %. Increase in balance sheet assets and off-balance sheet transactions resulted in change on leverage rate compared to previous period (December 31, 2021: 5.56 %). 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	Prior Period
Total asset amount in the consolidated financial statements prepared as per TAS ⁽¹⁾	1,029,250,580	742,724,824
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⁾	349,482	329,808
The difference between the derivative financial instruments and the loan derivatives 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⁾	(20,287,481)	(10,885,286)
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⁾	105,873,624	89,661,506
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⁾	103,995,938	81,676,710
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⁾	(449,418,925)	(343,722,492)
Total risk amount	1,203,566,838	929,605,757

⁽¹⁾ The balances at the end of December 31, 2021 and June 30, 2021 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, 2022 (*)	Prior Period- December 31, 2021(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,241,412,469	936,780,229
2. Assets deducted in determining Basel III Tier 1 capital	(531,699)	(478,249)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	1,240,880,770	936,301,980
Derivative exposures		
4. Replacement cost	14,718,766	18,000,876
5. Add-on amount	2,605,529	2,286,605
6. Total derivative exposures	17,324,295	20,287,481
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	11,847,621	12,360,212
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	11,847,621	12,360,212
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	483,500,802	338,555,893
11. Adjustment amounts off-balance sheet exposures with credit conversion factor	(143,430,744)	(103,938,729)
12. Total off-balance sheet exposures	340,070,058	234,617,164
Capital and total exposures		
13. Tier 1 capital	98,947,580	66,554,350
14. Total exposures	1,610,122,744	1,203,566,837
Leverage ratio		
15. Leverage ratio	6.15	5.56

^(*) 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	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	9,357,260	21,821,104	28,162,003	140,103	59,480,470
Interest Expense	7,934,563	13,649,724	13,327,466	197,046	35,108,799
Net Interest Income/Losses (Net)	1,422,697	8,171,380	14,834,537	(56,943)	24,371,671
Net Fees and Commissions Income	948,491	2,728,370	276,168	-	3,953,029
Dividend Income	-	-	53,387	-	53,387
Trading Income/ Losses (Net)	-	-	1,967,675	-	1,967,675
Other Income	-	-	-	5,660,723	5,660,723
Allowance for Expected Credit Losses	-	-	-	14,172,154	14,172,154
Other Expenses	-	-	-	7,187,115	7,187,115
Based on Equity Method	-	-	129,897	-	129,897
Profit Before Taxes	2,371,188	10,899,750	17,261,664	(15,755,489)	14,777,113
Provision for taxes	-	-	-	-	(3,779,857)
Net Profit/ Loss					10,997,256
Segment Assets	155,895,271	452,793,467	639,221,975	54,840,694	1,302,751,407
Subsidiaries and Associates (Net)	-	-	3,087,176	-	3,087,176
TOTAL ASSETS	155,895,271	452,793,467	642,309,151	54,840,694	1,305,838,583
Segment Liabilities	317,798,860	435,558,245	413,494,894	55,979,690	1,222,831,689
Equity	-	-	-	83,006,894	83,006,894
TOTAL LIABILITIES	317,798,860	435,558,245	413,494,894	138,986,584	1,305,838,583
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	6,435,388	14,100,194	10,665,469	11,516	31,212,567
Interest Expense	6,006,535	8,838,955	10,083,989	66,620	24,996,099
Net Interest Income/Losses (Net)	428,853	5,261,239	581,480	(55,104)	6,216,468
Net Fees and Commissions Income	463,204	1,071,504	177,552	-	1,712,260
Dividend Income	-	-	22,788	-	22,788
Trading Income/ Losses (Net)	-	-	(1,875,791)	-	(1,875,791)
Other Income	-	-	-	5,246,715	5,246,715
Allowance for Expected Credit Losses	-	-	-	4,919,209	4,919,209
Other Expenses	-	-	-	4,357,227	4,357,227
Based on Equity Method	-	-	41,159	-	41,159
Profit Before Taxes	892,057	6,332,743	(1,052,812)	(4,084,825)	2,087,163
Provision for taxes	-	-	-	-	(332,523)
Net Profit/ Loss					1,754,640
Segment Assets	128,072,758	354,478,813	515,448,627	28,075,063	1,026,075,261
Subsidiaries and Associates (Net)	-	-	2,825,837	-	2,825,837
TOTAL ASSETS	128,072,758	354,478,813	518,274,464	28,075,063	1,028,901,098
Segment Liabilities	247,651,905	320,011,164	373,266,181	33,771,820	974,701,070
Equity	-	-	-	54,200,028	54,200,028
TOTAL LIABILITIES	247,651,905	320,011,164	373,266,181	87,971,848	1,028,901,098

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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, 2022	Prior Period - December 31, 2021	Current Period- June 30, 2022
1 Credit Risk (excluding counterparty credit risk) ^(*)	714,772,530	505,046,417	57,181,802
2 Standardised approach	714,772,530	505,046,417	57,181,802
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	17,104,263	9,789,165	1,368,341
5 Standardised approach for counterparty credit risk	17,104,263	9,789,165	1,368,341
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	20,325	7,806	1,626
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	7,217,644	9,769,976	577,412
17 Standardised approach	7,217,644	9,769,976	577,412
18 Internal model approaches	-	-	-
19 Operational Risk	35,687,845	32,231,733	2,855,028
20 Basic Indicator Approach	35,687,845	32,231,733	2,855,028
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)	774,802,607	556,845,097	61,984,209

^(*) Amounts below the equity deduction thresholds and investments in KYK are excluded.

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

1. Credit Risk Explanations

Current Period- June 30, 2022	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	20,490,277	741,512,422	31,999,109	730,003,590
2 Debt Securities	-	301,074,405	5,074,709	295,999,696
3 Off-balance sheet exposure	569,349	395,816,041	46,736	396,338,654
4 Total	21,059,626	1,438,402,868	37,120,554	1,422,341,940

Prior Period -December 31, 2021	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	19,139,928	589,615,164	26,594,761	582,160,331
2 Debt Securities	-	214,831,771	1,566,946	213,264,825
3 Off-balance sheet exposure	507,691	278,259,971	44,305	278,723,357
4 Total	19,647,619	1,082,706,906	28,206,012	1,074,148,513

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

	Current Period- June 30, 2022	Prior Period- December 31, 2021
1 Defaulted Loans and debt securities at end of the previous reporting period	19,139,928	17,930,171
2 Loans and debt securities that have defaulted since the last reporting period	5,497,054	5,508,365
3 Returned to non-defaulted status	72,906	143,467
4 Amounts written-off	2,149,678	834,885
5 Other Changes	(1,924,121)	(3,320,256)
6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4+5)	20,490,277	19,139,928

(*) 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, 2022	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	532,982,668	197,020,922	138,706,996	59,897,231	48,946,304	-	-
2 Debt Securities	295,999,696	-	-	-	-	-	-
3 Total	828,982,364	197,020,922	138,706,996	59,897,231	48,946,304	-	-
4 Of which Defaulted	20,490,277	-	-	-	-	-	-

Prior Period – December 31, 2021	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	421,586,612	160,573,719	105,407,593	63,035,950	51,202,158	-	-
2 Debt Securities	213,264,825	-	-	-	-	-	-
3 Total	634,851,437	160,573,719	105,407,593	63,035,950	51,202,158	-	-
4 Of which Defaulted	19,139,928	-	-	-	-	-	-

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

1. Credit Risk Explanations (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period - June 30, 2022		Exposures before Credit Conversion Factors and CRM		Exposures post Credit Conversion Factors and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	440,870,627	831,202	460,124,155	593,935	994,058	0.22%
2	Exposures to regional governments or local authorities	7,331,280	614,651	7,331,280	300,395	3,798,662	49.77%
3	Exposures to public sector entities	1,068,017	247,889	1,068,017	92,913	1,149,325	99.00%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	47,148,913	9,762,063	47,148,914	6,699,982	18,067,192	33.55%
7	Exposures to corporates	341,755,509	291,050,315	322,501,981	131,213,454	398,494,553	87.83%
8	Retail exposures	127,590,230	90,500,945	127,590,230	15,048,353	107,082,055	75.07%
9	Exposures secured by residential property	64,050,373	2,838,891	64,050,373	1,357,319	22,892,692	35.00%
10	Exposures secured by commercial real estate	66,147,034	12,305,871	66,147,034	8,329,364	49,579,181	66.57%
11	Past-due loans	4,355,907	-	4,355,907	-	2,918,215	66.99%
12	Higher-risk categories by the Agency Board	49,035,404	16,076	49,035,404	9,245	81,428,612	166.03%
13	Exposures in the form of covered bonds	1,139	-	1,139	-	114	10.00%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	20,325	-	20,325	-	20,325	100.00%
16	Other assets	34,321,825	-	34,321,825	-	24,999,956	72.84%
17	Investment in equities	3,367,915	-	3,367,915	-	3,367,915	100.00%
18	Total	1,187,064,498	408,167,903	1,187,064,499	163,644,960	714,792,855	52.92%

Prior Period-December 31, 2021		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	315,385,361	771,950	329,064,633	431,534	999,394	0.30%
2	Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,937,000	49.94%
3	Exposures to public sector entities	815,709	192,293	815,709	75,366	876,608	98.38%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	19,480,652	5,508,229	19,480,652	3,531,154	7,447,443	32.36%
7	Exposures to corporates	243,926,688	195,551,356	230,247,416	80,774,830	301,021,221	96.78%
8	Retail exposures	111,641,382	70,467,000	111,641,382	10,896,764	91,849,129	74.96%
9	Exposures secured by residential property	49,614,306	1,985,151	49,614,306	822,645	17,652,933	35.00%
10	Exposures secured by commercial real estate	51,442,638	8,532,029	51,442,638	5,431,096	38,485,571	67.67%
11	Past-due loans	4,432,335	-	4,432,335	-	3,007,931	67.86%
12	Higher-risk categories by the Agency Board	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	7,806	-	7,806	-	7,806	-
16	Other assets	21,252,612	-	21,252,612	-	15,486,284	72.87%
17	Investment in equities	3,204,428	-	3,204,428	-	3,204,428	100.00%
18	Total	842,914,657	283,597,671	842,914,657	102,251,726	505,054,223	53.44%

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

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures by asset classes and risk weights

Current Period June 30, 2022	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	459,167,454	-	-	-	1,113,157	-	437,479	-	-	-	-	460,718,090
2	Exposures to regional governments or local authorities	33,813	-	895	-	7,596,967	-	-	-	-	-	-	7,631,675
3	Exposures to public sector entities	8,509	-	3,870	-	-	-	1,148,551	-	-	-	-	1,160,930
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	626,190	-	35,280,973	-	13,861,471	-	4,080,262	-	-	-	-	53,848,896
7	Exposures to corporates	3,880,964	-	49,635,376	-	23,263,235	-	376,935,860	-	-	-	-	453,715,435
8	Retail exposures	1,442,045	-	1,378,748	-	-	132,045,940	7,771,850	-	-	-	-	142,638,583
9	Exposures secured by residential property	-	-	-	65,407,692	-	-	-	-	-	-	-	65,407,692
10	Exposures secured by commercial real estate	-	-	-	-	49,794,435	-	24,681,963	-	-	-	-	74,476,398
11	Past-due loans	-	-	-	-	2,936,858	-	1,357,576	61,473	-	-	-	4,355,907
12	Higher Risk categories by the Agency Board	50,866	-	50,119	-	-	-	1	32,937,478	16,006,185	-	-	49,044,649
13	Exposures in the form of covered bonds	-	1,139	-	-	-	-	-	-	-	-	-	1,139
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)	-	-	-	-	-	-	20,325	-	-	-	-	20,325
16	Other assets	-	-	-	-	-	-	3,367,915	-	-	-	-	3,367,915
17	Investments in equities	5,653,080	-	4,585,986	-	-	-	24,082,759	-	-	-	-	34,321,825
18	Total	470,862,921	1,139	90,935,967	65,407,692	98,566,123	132,045,940	443,884,541	32,998,951	16,006,185	-	-	1,350,709,459

Prior Period December 31, 2021	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	328,106,310	-	-	-	957,547	-	255,690	176,620	-	-	-	329,496,167
2	Exposures to regional governments or local authorities	9,954	-	260	-	7,873,894	-	-	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	-	6,988	-	-	-	875,210	-	-	-	-	891,075
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,563	-	14,802,986	-	6,222,813	-	1,375,444	-	-	-	-	23,011,806
7	Exposures to corporates	944,780	-	7,671,585	-	5,837,954	-	296,567,927	-	-	-	-	311,022,246
8	Retail exposures	794,266	-	990,939	-	-	116,408,001	4,344,940	-	-	-	-	122,538,146
9	Exposures secured by residential property	-	-	-	50,436,951	-	-	-	-	-	-	-	50,436,951
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	20,097,408	-	-	-	-	56,873,734
11	Past-due loans	-	-	-	-	2,945,951	-	1,389,241	97,143	-	-	-	4,432,335
12	Higher Risk categories by the Agency Board	32,146	-	35,200	-	-	-	-	14,047,623	-	-	-	14,114,969
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)	-	-	-	-	-	-	7,806	-	-	-	-	7,806
16	Other assets	-	-	-	-	-	-	3,204,428	-	-	-	-	3,204,428
17	Investments in equities	3,855,916	-	2,388,015	-	-	-	15,008,681	-	-	-	-	21,252,612
18	Total	334,362,812	-	25,895,973	50,436,951	60,614,485	116,408,001	343,126,775	14,321,386	-	-	-	945,166,383

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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

Counterparty credit risk (CCR) approach analysis

	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
Current Period- June 30, 2022						
1	12,261,960	1,929,508			14,191,468	6,865,074
2	-	-		1.4	-	-
3					-	-
4					114,072,577	4,217,240
5					-	-
6					-	-
7						11,082,314

	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
Prior Period- December 31, 2021						
1	6,756,001	1,477,240			8,233,240	4,237,133
2	-	-		1.4	-	-
3					-	-
4					122,857,258	2,504,164
5					-	-
6					-	-
7						6,741,297

Capital requirement for credit valuation adjustment (CVA)

	Current Period - June 30, 2022	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	14,191,468	5,999,078
4	Total subject to the CVA capital obligation	14,191,468	5,999,078
Prior Period- December 31, 2021			
	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	8,233,240	3,023,178
4	Total subject to the CVA capital obligation	8,233,240	3,023,178

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

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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, 2022

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	85,558,333	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	2,268	110	-	-	-	-	-	-	249
Claims from administration and noncommercial entity	-	435	-	-	-	-	20,750	-	-	20,794
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	17,164,429	-	9,851,646	-	13,044,481	-	799,825	-	1,142,174	9,315,238
Corporates	-	-	-	-	-	-	1,610,208	-	-	1,610,208
Retail portfolios	-	-	-	-	-	211,558	-	-	-	158,668
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 Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets(**)	-	-	-	-	-	-	-	-	-	-
Total	102,722,762	2,703	9,851,756	-	13,044,481	211,558	2,430,783	-	1,142,174	11,105,157

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

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

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

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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)

Prior Period- December 31, 2022

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	92,324,394	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	449
Claims from administration and noncommercial entity	-	63	-	-	-	-	-	-	-	6
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	19,034,357	-	6,976,365	-	6,065,306	-	119,546	-	920,632	4,565,885
Corporates	896,983	3,375,992	-	-	-	-	1,770,288	-	277,571	2,113,439
Retail portfolios	79,031	380,460	-	-	-	63,248	-	-	25,162	85,985
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 Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	112,334,765	3,760,956	6,976,391	-	6,065,306	63,248	1,889,834	-	1,223,365	6,765,764

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

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

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

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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)

Collaterals for counterparty credit risk

Current Period – June 30, 2021	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	-	-	-	-	106,506,707	-
Cash-foreign currency	-	-	-	-	25,136,056	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	131,642,763	-

Prior Period - December 31, 2021	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	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	16,680,847	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	134,046,866	-

Loan Derivatives

Current Period - June 30, 2022	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	8,531,918
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	8,531,918
Fair Values		
Positive fair values (asset)	104,645	3,534,980
Negative fair values (liability)	-	3,534,980
Prior Period - December 31, 2021	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	5,676,270
Fair Values		
Positive fair values (asset)	185,667	2,340,553
Negative fair values (liability)	-	2,340,553

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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)

Central counterparty risks

Current Period - June 30, 2022		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		22,871
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,142,174	22,843
3	(i) OTC Derivatives	1,142,174	22,843
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	-	-
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	12,245	28
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, 2021		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		24,690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,223,365	24,467
3	(i) OTC Derivatives	254,347	5,087
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	969,018	19,380
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	88,375	223
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	-	-

3. Explanations on Market Risk

Market Risk- Standardised approach

		Current Period - June 30, 2022	Prior Period - December 31, 2021
		RWA	RWA
Outright products			
1	Interest rate risk (general and specific)	2,011,825	1,788,713
2	Stock risk (general and specific)	230,494	109,628
3	Foreign exchange risk	3,403,312	7,386,951
4	Commodity risk	587,319	457,555
Options			
5	Simplified approach	-	-
6	Delta-plus method	984,694	27,129
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	7,217,644	9,769,976

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

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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, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Cash	2,593,357	2,699,633	1,930,257	2,041,142
Central Bank of the Republic of Turkey (*)	16,029,403	132,818,953	26,610,644	109,585,919
Other	857,613	5,519,525	819,123	3,185,460
Total	19,480,373	141,038,111	29,360,024	114,812,521

(*) TL 66,186,824 (December 31, 2021: TL 56,969,055) 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 3% to 8% (December 31, 2021: ranging from 3% to 8%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5% to 26% in US Dollar or Euro (December 31, 2021: ranging from 5% to 26 %).

Balances with the Central Bank of the Republic of Turkey

	Current Period - June 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Unrestricted demand deposits	14,759,216	66,632,129	25,948,962	52,616,864
Restricted demand deposits	457,739	-	375,623	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Reserve Deposits	812,448	66,186,824	286,059	56,969,055
Total	16,029,403	132,818,953	26,610,644	109,585,919

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

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

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

Information on financial assets at fair value through profit or loss, subject to repurchase agreements and given as collateral/blocked

	Current Period – June 30, 2022	Prior Period - December 31, 2021
Collateralized/blocked investment securities	-	14,383,082
Investments subject to repurchase agreements	14,439,607	-
Toplam	14,439,607	14,383,082

Positive differences on derivative financial assets held for trading purpose

	Current Period - June 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Forward transactions	154,510	37,663	1,186,318	5,610
Swap transactions	12,794,714	1,777,793	17,972,859	1,895,937
Futures	-	-	-	-
Options	3,226	113,953	12,457	173,245
Other	-	-	-	-
Total	12,952,450	1,929,409	19,171,634	2,074,792

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 June 30, 2022, the fair value of this transaction is TL 1,543,421, with a nominal amount of 120 million USD and an average maturity of 2.04 years. (As of December 31, 2021, the fair value of this transaction was TL 1,079,186 with a nominal amount of 120 million USD, and an average maturity of 2.54 years.)

3. Information on banks

	Current Period - June 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Banks				
Domestic	99,657	356,926	151,858	309,039
Foreign	666,000	41,592,769	1,120,350	20,044,049
Foreign Head Offices and Branches	-	-	-	-
Total	765,657	41,949,695	1,272,208	20,353,088

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, 2022

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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, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	8,005,439	36,062,989	13,880,235	2,604,505
Other	-	-	-	-
Total	8,005,439	36,062,989	13,880,235	2,604,505

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

	Current Period – June 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Government bonds	22,377,424	-	10,777,067	56,651,084
Treasury bills	-	-	-	-
Other debt securities	-	12,679,423	-	7,615,243
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	22,377,424	12,679,423	10,777,067	64,266,327

Information on financial assets at fair value through other comprehensive income

	Current Period- June 30, 2022	Prior Period- December 31, 2021
Debt securities	196,138,282	140,716,197
Quoted on a Stock Exchange	195,801,530	140,442,608
Unquoted	336,752	273,589
Equity securities	23,759	21,978
Quoted on a Stock Exchange	-	-
Unquoted	23,759	21,978
Provisions for impairment losses (-)	5,242,910	1,784,498
Total	190,919,131	138,953,677

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

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, 2022		Prior Period - December 31, 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	1,575	-	8,344
Legal entities	-	1,575	-	8,344
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	525,018	-	481,072	-
Total	525,018	1,575	481,072	8,344

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

Current Period - June 30, 2022

	Loans and other receivables under close monitoring			
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	657,702,774	42,510,562	2,167,073	24,109,799
Loans given to enterprises	178,031,317	17,998,431	1,945,052	23,453,918
Export loans	39,468,970	519,113	-	-
Import loans	-	-	-	-
Loans given to financial sector	11,865,286	4,809	-	281
Consumer loans	125,509,297	1,294,272	19,019	644,623
Credit cards	34,059,688	419,500	202,699	-
Other	268,768,216	22,274,437	303	10,977
Specialized lending	-	-	-	-
Other receivables	-	15,022,214	-	-
Total	657,702,774	57,532,776	2,167,073	24,109,799

Agreement has been reached between all lenders, including the Parent Bank, to restructure the debts provided to Ojer Telecommunications INC (OTAS), the main shareholder of Turkish Telecommunications INC (Türk Telekom), and is owned by OTAŞ, Of the 192,500,000,000 Group A shares that account for 55% of Türk Telekom's issued capital and are pledged to the guarantee of existing loans, all lenders must be direct or indirect party of LYY Telecommunication INC, which was established as a special purpose company in the Republic of Turkey, was completed on December 21, 2018. The Parent Bank participated in LYY Telecommunication INC. by 4.2559%. At LYY's Ordinary General Assembly Meeting on September 23, 2019, it was decided to convert part of the loan into capital and add it to LYY's capital, and in this context, the fiat value of the Parent Bank's shares in LYY increased from TL 2 to TL 169,483. This amount is shown in the financial statements under the item "Fair Value Through Profit and Loss". In the statements made on the Public Disclosure Platform on March 10, 2022; It has been announced that a Share Transfer Agreement has been signed between the parties for the sale of all shares written on behalf of group A to the Turkish Asset Fund, equivalent to 55% of türk telekom capital owned by LYY. Accordingly, on March 31, 2022, the relevant company was transferred to the Turkey Wealth Fund. A 100% provision has been made for the portion remaining after the collection from the sales and followed as a loan in the financial statements and for the shares followed under the "Financial Assets at Fair Value Through Profit and Loss" item, and the portion followed up as a loan has been classified as non-performing loans as of June 30, 2022. Since there is no reasonable expectation regarding its recovery, it has been deducted from the records together with the specific provision amount within the scope of TFRS 9.

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)

Prior Period - December 31, 2021

	Standard loans	Loans and other receivables under close monitoring		
		Agreement conditions modified		
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	515,671,935	37,498,201	2,263,559	22,404,979
Loans given to enterprises	166,055,276	15,170,278	2,059,659	21,754,384
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	7,066,112	5,075	-	281
Consumer loans	105,744,802	1,356,478	45,645	637,972
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
Specialized lending	-	-	-	-
Other receivables	-	11,776,489	-	-
Total	515,671,935	49,274,690	2,263,559	22,404,979

Current Period - June 30, 2022

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,172,421	-
Significant Increase in Credit Risk	-	12,735,558

Prior Period - December 31, 2021

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,841,377	-
Significant Increase in Credit Risk	-	9,134,976

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)

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

Current Period - June 30, 2022	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	3,029,549	112,615,456	115,645,005
Housing loans	11,980	57,129,630	57,141,610
Automobile loans	13,306	2,145,092	2,158,398
General purpose loans	3,004,263	53,340,734	56,344,997
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	3,270	3,270
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	3,270	3,270
Other	-	-	-
Retail credit cards – TL	24,679,113	185,826	24,864,939
With instalment	10,606,231	184,666	10,790,897
Without instalment	14,072,882	1,160	14,074,042
Retail credit cards – FC	51,658	-	51,658
With instalment	-	-	-
Without instalment	51,658	-	51,658
Personnel loans – TL	7,929	278,496	286,425
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	7,929	278,496	286,425
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	237,634	354	237,988
With instalment	94,658	349	95,007
Without instalment	142,976	5	142,981
Personnel credit cards – FC	605	-	605
With instalment	-	-	-
Without instalment	605	-	605
Overdraft Checking Accounts – TL (Real person)	11,531,923	-	11,531,923
Overdraft Checking Accounts – FC (Real person)	588	-	588
Total	39,538,999	113,083,402	152,622,401

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, 2022

(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)

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

Prior Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,817,360	96,628,548	98,445,908
Housing loans	12,983	48,250,850	48,263,833
Automobile loans	7,534	592,792	600,326
General purpose loans	1,796,843	47,784,906	49,581,749
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	6,294	6,294
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	3,216	3,216
Other	-	3,078	3,078
Retail credit cards – TL	16,598,355	151,890	16,750,245
With instalment	6,821,639	148,638	6,970,277
Without instalment	9,776,716	3,252	9,779,968
Retail credit cards – FC	42,680	-	42,680
With instalment	-	-	-
Without instalment	42,680	-	42,680
Personnel loans – TL	9,419	295,591	305,010
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,419	295,591	305,010
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	175,386	333	175,719
With instalment	65,268	301	65,569
Without instalment	110,118	32	110,150
Personnel credit cards – FC	343	-	343
With instalment	-	-	-
Without instalment	343	-	343
Overdraft Checking Accounts – TL (Real person)	9,027,058	-	9,027,058
Overdraft Checking Accounts – FC (Real person)	627	-	627
Total	27,671,228	97,082,656	124,753,884

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)

Installment based commercial loans and corporate credit cards

Current Period - June 30, 2022	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	10,085,763	102,624,655	112,710,418
Real estate loans	42,968	1,407,327	1,450,295
Automobile loans	914,322	5,200,589	6,114,911
General purpose loans	8,072,709	96,016,739	104,089,448
Other	1,055,764	-	1,055,764
Instalment-based commercial loans – FC indexed	-	372,818	372,818
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	372,818	372,818
Other	-	-	-
Instalment-based commercial loans – FC	1,259,877	70,828,781	72,088,658
Real estate loans	-	-	-
Automobile loans	-	29,010	29,010
General purpose loans	420,513	63,484,517	63,905,030
Other	839,364	7,315,254	8,154,618
Corporate credit cards – TL	9,410,037	97,358	9,507,395
With instalment	3,599,040	84,006	3,683,046
Without instalment	5,810,997	13,352	5,824,349
Corporate credit cards – FC	19,302	-	19,302
With instalment	-	-	-
Without instalment	19,302	-	19,302
Overdraft Checking Accounts – TL (Corporate)	8,978,317	-	8,978,317
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	29,753,296	173,923,612	203,676,908

Prior Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,464,113	112,812,382	115,276,495
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	2,135,270	107,081,659	109,216,929
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	383,398	383,398
Real estate loans	-	-	-
Automobile loans	-	2,906	2,906
General purpose loans	-	380,492	380,492
Other	-	-	-
Instalment-based commercial loans – FC	1,651,467	60,752,723	62,404,190
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,221,370	54,308,178
Other	1,564,659	6,495,476	8,060,135
Corporate credit cards – TL	6,498,981	120,778	6,619,759
With instalment	2,344,436	106,288	2,450,724
Without instalment	4,154,545	14,490	4,169,035
Corporate credit cards – FC	11,723	-	11,723
With instalment	-	-	-
Without instalment	11,723	-	11,723
Overdraft Checking Accounts – TL (Corporate)	1,369,480	-	1,369,480
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	11,995,764	174,069,281	186,065,045

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)

Allocation of domestic and overseas loans ^(*)

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Domestic loans	732,612,141	580,835,414
Foreign loans	8,900,280	8,779,749
Total	741,512,422	589,615,163

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

Loans to associates and subsidiaries

	Current Period - June 30, 2022	Prior Period- December 31, 2021
Direct loans to associates and subsidiaries	73,739	50,676
Indirect loans to associates and subsidiaries	-	-
Total	73,739	50,676

Specific provisions accounted for loans (Stage 3)

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Loans and receivables with limited collectability	752,598	531,455
Loans and receivables with doubtful collectability	1,205,714	977,216
Uncollectible loans and receivables	14,132,818	13,109,737
Total	16,091,130	14,618,408

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current period - June 30, 2022			
Gross Amounts Before The Reserves	177,224	582,564	1,898,220
Loans Which Are Restructured	177,224	582,564	1,898,220
Prior period - December 31, 2021			
Gross Amounts Before The Reserves	204,656	371,451	1,581,011
Loans Which Are Restructured	204,656	371,451	1,581,011

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)

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, 2022			
Balance at the beginning of the period	1,105,581	2,154,152	15,880,195
Additions (+)	3,611,896	36,390	1,965,363
Transfers from other categories of loans under follow-up (+)	-	2,939,991	2,507,960
Transfers to other categories of loans under follow-up (-)	2,939,991	2,507,960	-
Collections (-) ^(*)	399,205	421,402	1,319,065
Write-offs (-) ^(**)	-	-	2,149,678
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	26,050
Balance at the end of the period	1,378,281	2,201,171	16,910,825
Provision (-)	752,598	1,205,714	14,132,818
Net balance	625,683	995,457	2,778,007

^(*) 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 June 30, 2022, the Parent Bank has TL 2,149,678 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been deducted from the records. After the loans are written off, the Parent Bank's NPL ratio decreased from 2.90% to 2.62%.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2021			
Balance at the beginning of the period	520,617	2,403,646	15,005,908
Additions (+)	5,023,344	114,790	370,231
Transfers from other categories of loans under follow-up (+)	-	4,261,340	3,906,850
Transfers to other categories of loans under follow-up (-)	4,272,245	3,895,946	-
Collections (-) ^(*)	166,535	729,678	2,641,643
Write-offs (-) ^(**)	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	399	-	73,735
Balance at the end of the period	1,105,580	2,154,152	15,880,196
Provision (-)	531,455	977,216	13,109,737
Net balance	574,125	1,176,936	2,770,459

^(*) 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.

^(**) As of December 31, 2021, the Parent Bank has TL 834,885 from non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been written off. After the loans are written off, the Parent Bank's NPL ratio decreased from 3.23% to 3.09%.

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

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)

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, 2022			
Balance at the end of the period	194,847	320,984	6,130,860
Provision (-)	113,455	167,315	5,310,646
Net balance on balance sheet	81,392	153,669	820,214
Prior Period –December 31,2021			
Balance at the end of the period	11,300	437,240	5,037,148
Specific provision (-)	4,711	104,367	4,071,240
Net balance on balance sheet	6,589	332,873	965,908

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, 2022			
Current Period (Net)	625,683	995,457	2,778,007
Consumer and Commercial Loans (Gross)	1,375,015	2,200,831	16,888,278
Provision (-)	750,905	1,205,375	14,110,287
Consumer and Commercial Loans (Net)	624,110	995,456	2,777,991
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	3,266	340	22,547
Provision (-)	1,693	339	22,531
Other Loans and Receivables (Net)	1,573	1	16

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2021			
Prior Period (Net)	574,125	1,176,936	2,770,459
Consumer and Commercial Loans (Gross)	1,105,245	2,154,140	15,857,216
Provision (-)	531,120	977,208	13,086,778
Consumer and Commercial Loans (Net)	574,125	1,176,932	2,770,438
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	335	12	22,980
Provision (-)	335	8	22,959
Other Loans and Receivables (Net)	-	4	21

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)

Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their provisions.

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net) - June 30, 2022	33,984	97,857	400,507
Interest accruals and valuation differences	73,907	228,302	2,119,191
Provision (-)	39,923	130,445	1,718,684
Prior Period (Net) - December 31, 2021	41,802	87,321	398,494
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - June 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Government bonds	74,188,950	18,075,903	48,358,190	15,883,492
Treasury bills	-	-	-	-
Other securities issued by the governments	-	11,796,502	-	9,293,290
Total	74,188,950	29,872,405	48,358,190	25,176,782

Information on financial assets measured at amortized cost

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Debt Securities	104,453,948	73,861,983
Quoted at stock exchanges	104,320,370	73,593,922
Unquoted at stock exchanges	133,578	268,061
Impairment losses (-)	-	-
Total	104,453,948	73,861,983

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

The movement table of the financial assets measured at amortised cost

	Current Period – June 30, 2022	Prior Period – December 31, 2021
Balances at the beginning of the period	73,861,983	58,747,252
Foreign currency differences on monetary assets	4,564,812	9,987,748
Purchases during the period	16,072,760	1,418,048
Disposals through sales/redemptions	(1,159,603)	(2,975,048)
Change in Impairment losses	-	-
Change in amortized costs of the securities ^(*)	11,113,996	6,683,983
Balances at the end of the period	104,453,948	73,861,983

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period - June 30, 2022				
Collateralized/blocked investment securities	4,341,859	14,050,962	5,006,173	15,671,876
Investments subject to repurchase agreements	35,453,200	11,550,494	58,800,918	11,796,502
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	8,226,688	2,453,516	10,440,810	2,737,669
Total	48,021,747	28,054,972	74,247,901	30,206,047

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

	Cost		Carrying Value	
	TL	FC	TL	FC
Prior Period - December 31, 2021				
Collateralized/blocked investment securities	3,724,514	8,171,526	5,222,046	8,553,080
Investments subject to repurchase agreements	28,266,611	14,139,847	42,200,956	14,987,420
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	719,513	1,576,739	994,138	1,904,343
Total	32,710,638	23,888,112	48,417,140	25,444,843

^(*) 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 (*)	Istanbul/ Turkey	4.75	4.75
3 KKB Kredi Kayıt Bürosu AŞ (*)	Istanbul/ Turkey	9.09	9.09
4 Güçbirliği Holding AŞ (*)	Izmir/ Turkey	0.07	0.07
5 İzmir Enternasyonal Otelcilik AŞ (*)	Istanbul/ Turkey	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ (*)	Istanbul/ 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 Finansal Teknolojiler ve Ödeme Sistemleri AŞ (*)	Istanbul/ Turkey	33.33	33.33
10 JCR Avrasya Derecelendirme AŞ (*)	Istanbul/ Turkey	2.86	2.86
11 Birleşik İpotek Finansmanı AŞ	Istanbul/ Turkey	8.33	8.33
12 Tasfiye Halinde World Vakıf UBB Ltd. (**)	Lefkoşa/KKTC	83.00	83.59

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	14,798,344	4,614,527	1,725,804	10,194	2,929	712,634	292,841	15,873,364
2	523,295	425,003	102,690	12,822	-	53,059	27,999	-
3	640,044	144,049	327,673	6,577	35	16,137	14,770	-
4	131,082	(117,987)	88,067	1	-	(13,043)	36,355	-
5	80,269	(495,132)	73,544	-	-	(64,605)	(40,031)	-
6	51,378,119	3,515,863	189,009	220,580	46,011	282,254	217,507	-
7	1,501,352	1,071,942	20,457	23,915	-	91,745	38,621	-
8	133,885	121,733	31,670	6,617	-	45,002	12,464	-
9	419,687	350,333	118,103	7,214	-	569	2,768	-
10	109,351	71,812	30,684	2,695	-	12,655	8,722	-
11	66,975	64,773	1,609	1,914	885	12,972	-	-
12	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

(*) The financial statement information provided for these associates is taken from the financial statements dated March 31, 2022.

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

It has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the current period. It has been decided that TL 270,577 of the capital increase will be covered by paid, 588,211 TL from internal resources. A portion of 6,718 TL, which is 1/4 of the 26,872 TL worth share corresponding to the bank's share, has been paid and is shown in Purchases in the movement table for subsidiaries. Bonus shares worth TL 58,417 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table for participations.

In the current period, it has been decided to increase the capital of JCR Avrasya Rating AŞ from 1,000 TL to 30,000 TL. Bonus shares amounting to TL 828 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table regarding participations.

In the current period, the Parent Bank has purchased the shares of PTT and TVF in Platform Ortak Kartlı Sistemler AŞ with a share transfer agreement dated April 22, 2022, and the paid shares worth 700 TL for the share transfer are shown under Acquisitions in the movement table for participations. After the share transfer, the Bank's share in the Company increased from 20% to 33.33%.

In the current period, it has been decided to increase the paid-in capital of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, one of the Parent Bank's subsidiaries, from 145,000 TL to 340,000 TL by means of a paid-in increase. The shares amounting to TL 64,994, which fell to the Parent Bank's share after the capital increase, are shown under Purchases in the movement table for subsidiaries.

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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, Kredi Garanti Fonu AŞ and Birleşik İpotek Finansmanı 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, İzmir Enternasyonal Otelcilik AŞ, Platform Ortak Karlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri 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	Istanbul/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 3,133,422	148,747	9,347	120,587	3,641	17,514	6,708	-
2 101,051,134	8,196,605	1,782,906	2,656,850	1,556,096	1,519,222	479,291	5,552,400

Movement of consolidated investments in associates

	Current Period – June 30, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	349,103	428,622
Movements during the period	126,668	(79,519)
Transfers	-	-
Acquisitions	-	-
Bonus shares received	-	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	126,668	-
Impairment losses	-	(79,519)
Balance at the end of the period	475,771	349,103
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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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, 2022	Prior Period - December 31, 2021
Banks	475,771	349,103
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	475,771	349,103

Quoted associates

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Quoted at domestic stock exchanges	465,151	338,484
Quoted at international stock exchanges	-	-
Total	465,151	338,484

Investments in associates disposed during the period

In the current period, all of the Parent Bank's 33.33% shares in Platform Ortak Kartlı Sistemler AŞ have been sold to Türkiye Halk Bankası AŞ as of June 21, 2022, and our Bank has no shares left in the Company. The shares sold amounting to TL 1,750 are shown in Sales in the movement table for subsidiaries.

As of January 8, 2021, all of the Bank's shares in Keskinöğlü Tavukçuluk ve Damızlık İşletmeleri Sanayi ve Ticaret AŞ, which were monitored in the subsidiaries account on the main partnership bank balance sheet in the previous period, were transferred to T.C. Ziraat Bank INC and the Main Partnership Bank had no share in the relevant company.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

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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

Current Period - June 30, 2022	Vakıfbank	Vakıf Finansal	Vakıf Yatırım Menkul	Vakıf Faktoring AŞ	Vakıf	Vakıf Menkul Kıymet
	International AG	Kiralama AŞ	Değerler AŞ		Gayrimenkul Yat. Ort. AŞ	Yat. Ort. AŞ
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	18,535	137	-	322,717	121
Equity share premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	17,169	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	21,445	10,306	5,594	(425)	22
Other accumulated comprehensive income that will be reclassified in profit or loss	2,082,593	-	-	-	-	-
Profit Reserves	26,550	92,683	152,736	135,080	155,104	1,645
Legal Reserves	26,550	20,737	53,122	29,006	19,520	478
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	1,167
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	237,040	139,307	126,077	129,263	241,887	2,185
Prior Period's Profit/Loss	148,344	(39,235)	5,058	(31,857)	5,221	(3)
Current Period's Profit/Loss	88,696	178,542	121,019	161,120	236,666	2,188
Minority Rights	-	-	-	-	-	-
Total Core Capital	2,657,431	871,970	539,256	719,937	1,864,283	33,973
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	2,657,431	871,970	539,256	719,937	1,864,283	33,973
NET AVAILABLE EQUITY	2,657,431	871,970	539,256	719,937	1,864,283	33,973

(*) Reviewed BRSA financial statements as of June 30, 2022 are considered.

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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, 2021	Vakıfbank International AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	468,895	150,000	350,000	1,000,000	30,000
Share Premium	-	13,232	137	-	322,717	121
Equity share premiums	-	-	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	13,232	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	27,067	10,720	5,594	(187)	(36)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,203,220	-	-	-	-	-
Profit Reserves	21,149	64,612	151,446	118,794	145,336	408
Legal Reserves	21,149	14,333	33,808	23,191	11,781	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	42,588	95,603	133,008	13
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	153,745	88,836	206,348	84,425	159,988	1,669
Prior Period's Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	(1,401)
Current Period's Profit/Loss	85,312	153,983	202,267	125,845	153,236	3,070
Minority Rights	-	-	-	-	-	-
Total Core Capital	2,689,362	662,642	518,651	558,813	1,627,854	32,162
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	2,689,362	662,642	518,651	558,813	1,627,854	32,162
NET AVAILABLE EQUITY	2,689,362	662,642	518,651	558,813	1,627,854	32,162

(*) Reviewed BRSA financial statements as of December 31, 2021 are considered.

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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, a subsidiary, measures the capital sufficiency status every weekly terms as an independent audit, in line with the “Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies” Serial: V, No:34 of the Capital Markets Board. According to the calculations at June 30, 2022, 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	Istanbul/ Turkey	51.00	51.00
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ ^(*)	Istanbul/ Turkey	86.97	88.89
4 Vakıf Gayrimenkul Değerleme AŞ	Istanbul/ Turkey	97.14	97.14
5 Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ	Istanbul/ Turkey	100.00	100.00

^(*)The financial statement information provided for these subsidiaries is taken from the financial statements as of March 31, 2022.

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 224,967	224,575	35,367	2,598	-	40,828	(4,213)	43,911
2 509,897	476,586	204,930	19,331	-	28,114	19,332	555,605
3 160,916	67,981	108,097	1,072	92	(5,829)	182	150,767
4 66,186	56,000	423	3,362	-	41	(5,493)	56,667
5 107,112	107,006	2,359	9,677	-	6,678	-	100,000

In the current period, it has been decided to increase the capital of Vakıf Pazarlama Sanayi ve Ticaret AŞ from 30,241 TL to 100,000 TL by an increase of 69,759 TL. 60,671 TL worth of shares corresponding to the Parent Bank's share are shown in Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Değerleme AŞ from 30,000 TL to 60,000 TL by an increase of 30,000 TL. 29,143 TL worth of shares corresponding to the Parent Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. The bonus share amounting to 8,029 corresponds to the Parent Bank's share.

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, Vakıf Gayrimenkul Değerleme AŞ and Vakıf Elektronik Para ve Ödeme Hizmetleri 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.

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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	Istanbul/ Turkey	78.39	80.62
2 Vakıf Finansal Kiralama AŞ	Istanbul/ Turkey	58.71	58.71
3 Vakıf Yatırım Menkul Değerler AŞ	Istanbul/ Turkey	99.25	99.40
4 VakıfBank International AG	Viyana/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	Istanbul/ Turkey	17.37	17.37
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Istanbul/ Turkey	48.95	48.95

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	9,398,409	750,358	3,686	728,083	-	159,684	56,361	587,367
2	9,201,294	924,435	27,324	397,880	-	191,205	45,551	1,331,400
3	2,842,629	539,256	59,140	69	10,112	121,019	113,657	499,853
4	15,549,372	2,897,365	10,570	149,570	-	(40,297)	30,996	1,566,516
5	35,352	33,973	182	166	3,763	2,185	1,357	158,880
6	6,416,645	2,788,274	2,542,794	86,550,063	-	347,381	52,947	2,350,685

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – June 30, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	4,141,635	3,272,863
Movements during the period	341,464	868,772
Transfers	-	-
Acquisitions	-	426,846
Bonus shares received	307,337	175,660
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	522,198	848,932
Impairment losses	(488,071)	(582,666)
Balance at the end of the period	4,483,099	4,141,635
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 500,000 to 600,000 TL. Bonus shares amounting to TL 58,712 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 1,000,000 to TL 1,145,000. Bonus shares amounting to TL 70,982 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 350,000 to TL 450,000 Bonus shares amounting to TL 78,393 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 150,000 to TL 250,000. Bonus shares amounting to TL 99,250 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

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

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 200,000 to TL 250,000. Bonus shares worth TL 29,356 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 250,000 to TL 500,000 by an increase of TL 250,000. Shares worth TL 146,780 corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 460,000 to TL 500,000. Bonus shares amounting to TL 18,286 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares corresponding to the Parent Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 250,000 to TL 350,000. Bonus shares amounting to TL 78,393 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Measured at cost	-	-
Measured at fair value (*)	4,483,099	4,141,635
Equity method of accounting	-	-
Total	4,483,099	4,141,635

(*) Valuation amounts of December 31, 2021 have been taken for the unquoted subsidiaries.

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period - June 30, 2022	Prior Period- December 31, 2021
Banks	1,566,516	1,369,078
Factoring companies	460,454	460,454
Leasing companies	781,694	905,048
Financing companies	-	-
Other financial subsidiaries	1,674,435	1,407,055
Total	4,483,099	4,141,635

Quoted consolidated subsidiaries

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Quoted at domestic stock exchanges	1,960,025	1,716,749
Quoted at international stock exchanges	-	-
Total	1,960,025	1,716,749

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

Consolidated subsidiaries disposed during the period

The Parent Bank has no subsidiaries that were disposed in the current period.

Investments in subsidiaries acquired during the period

The Parent Bank has no subsidiaries that were purchased in the current period.

In the current period, the Parent Bank established Vakıf Elektronik Para ve Dağıtım Hizmetleri AŞ with a capital of 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on November 25, 2021. The Parent Bank's share in the Company is 100% and shares worth 100,000 TL are shown under Purchases in the movement table for subsidiaries

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 – June 30, 2022		Prior Period – December 31, 2021	
	Gross	Net	Gross	Net
Less than 1 year	1,491,133	1,326,571	1,197,813	1,234,244
Between 1-4 years	4,650,398	3,873,481	3,555,711	3,004,845
Longer than 4 years	1,266,195	958,617	957,785	742,242
Total	7,407,726	6,158,669	5,711,309	4,981,331

Net investments in finance lease receivables

	Current Period – June 30, 2022	Prior Period – December 31, 2021
Gross finance lease receivables	7,407,726	5,711,309
Unearned income on finance lease receivables (-)	1,249,057	729,978
Terminated lease contracts (-)	-	-
Net finance lease receivables	6,158,669	4,981,331

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, 2022, there are investment properties with a net balance sheet value of TL 914,174 (December, 31 2021: TL 972,154) and a fair value of TL 1,573,144 (December, 31 2021: TL 1,594,627), belonging to the Parent Bank’s subsidiary operating in the real estate investment trust.

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

13. Information on tax assets

a) Current tax assets

As at June 30, 2022 there is no current tax asset of the Group (December 31, 2021: None).

b) Deferred tax assets

The deferred tax asset of the Group as of June 30, 2022 is TL 5,244,774 (December 31, 2021: TL 72,767). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of June 30, 2022 and December 31, 2021 is as follows:

	Current Period – June 30, 2022	Prior Period – December 31, 2021
As of 1 January	58,048	1,177,204
Deferred tax income/(loss)	6,821,593	(896,058)
Deferred tax that is accounted under Equity	(1,637,799)	(241,344)
Other	2,932	18,246
Deferred tax asset/(liability)	5,244,774	58,048

(*) Deferred tax assets and liabilities balances have been netted off.

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

As of June 30, 2022, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 503,206 (December 31, 2021: TL 756,999), and the provision for impairment is TL 1,649 (December 31, 2021: TL 1,746).

15. Information on other asset

As of June 30, 2022, and December 31, 2021, “Other Asset” item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

16. Information on expected loss provisions for financial assets

	Current Period – June 30, 2022	Prior Period – December 31, 2021
Balances with the Central Bank	1,675	1,532
Banks	13,536	12,853
Total	15,211	14,385
Financial Assets Measured at Amortized Cost	13,284	8,247
Total	28,495	22,632

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II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period June 30, 2022	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	20,048,492	-	11,343,461	20,474,487	72,152,095	4,419,839	2,571,189	9,754	131,019,317
Foreign currency deposits	84,908,030	-	54,644,522	150,945,649	31,588,258	7,785,606	15,253,872	-	345,125,937
Residents in Turkey	79,044,290	-	53,692,491	145,488,061	29,988,611	4,958,829	6,320,467	-	319,492,749
Residents in abroad	5,863,740	-	952,031	5,457,588	1,599,647	2,826,777	8,933,405	-	25,633,188
Public sector deposits	19,648,928	-	33,171,090	11,108,519	1,169,164	304,547	66,607	-	65,468,855
Commercial deposits	17,182,167	-	34,775,991	29,145,276	3,180,285	43,035,004	2,456,031	-	129,774,754
Other	13,873,410	-	3,844,788	18,409,598	2,822,886	586,337	161,862	-	39,698,881
Precious metal deposits	32,141,304	-	-	6,598	-	2,945,817	273,747	-	35,367,466
Bank deposits	5,638,960	-	18,287,814	21,022,354	13,646	-	487,145	-	45,449,919
Central Bank	1,989,129	-	-	-	-	-	-	-	1,989,129
Domestic banks	1,707,023	-	17,244,326	8,454,869	12,630	-	-	-	27,418,848
Foreign banks	365,678	-	1,043,488	12,567,485	1,016	-	487,145	-	14,464,812
Participation banks	1,577,130	-	-	-	-	-	-	-	1,577,130
Other	-	-	-	-	-	-	-	-	-
Total	193,441,291	-	156,067,666	251,112,481	110,926,334	59,077,150	21,270,453	9,754	791,905,129

Prior Period December 31, 2021	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	15,231,477	-	11,559,594	46,268,755	10,470,493	1,432,528	1,827,314	9,738	86,799,899
Foreign currency deposits	67,643,026	-	51,026,724	149,584,017	7,492,896	5,620,206	14,354,238	-	295,721,107
Residents in Turkey	63,112,972	-	50,374,815	144,540,887	6,023,351	3,303,784	5,794,328	-	273,150,137
Residents in abroad	4,530,054	-	651,909	5,043,130	1,469,545	2,316,422	8,559,910	-	22,570,970
Public sector deposits	13,816,572	-	8,028,818	8,796,107	920,075	372,760	125,928	-	32,060,260
Commercial deposits	10,981,552	-	29,169,742	34,593,719	2,239,806	917,073	138,202	-	78,040,094
Other	11,570,970	-	4,063,921	20,653,480	3,433,962	445,265	336,249	-	40,503,847
Precious metal deposits	26,593,579	-	-	14,891	-	2,585,813	262,572	-	29,456,855
Bank deposits	1,887,223	-	17,814,826	13,011,031	-	67,299	447,537	-	33,227,916
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,251	-	17,098,189	2,192,613	-	-	-	-	20,406,053
Foreign banks	529,713	-	716,637	10,818,418	-	67,299	447,537	-	12,579,604
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
Total	147,724,399	-	121,663,625	272,922,000	24,557,232	11,440,944	17,492,040	9,738	595,809,978

As of June 30, 2022, TL 60,237,304 (December 31, 2021: TL 8,958,208) “Turkish Lira Time Deposits with Currency Protection” deposit instrument opened in the Parent Bank’s deposit accounts within the scope of the announcement of the Ministry of Treasury and Finance dated December 24, 2021, dated December 21, 2021 and no. 31696 There is a TL 61,797,189 (December 31, 2021: TL 1,231,731) “Turkish Lira Time Deposits with Currency Conversion Protection” published in the Official Gazette by the CBRT.

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, 2022		Prior Period – December 31, 2021	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	55,190,701	75,828,616	38,157,515	48,642,384
Foreign currency saving deposits	43,395,618	136,440,554	35,113,479	119,335,680
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	98,586,319	212,269,170	73,270,994	167,978,064

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

Saving deposits out of insurance coverage limits

	Current Period – June 30, 2022	Prior Period – December 31, 2021
Deposits and other accounts at foreign branches	155,654	127,496
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	26,253	17,472
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, 2022		Prior Period- December 31, 2021	
	TL	FC	TL	FC
Forwards	256,276	834	1,167,111	3,555
Swaps	614,130	4,351,317	428,039	3,702,220
Futures	-	-	-	-
Options	3,260	111,620	14,062	175,291
Other	-	-	-	-
Total	873,666	4,463,771	1,609,212	3,881,066

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period – June 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	1,990,646	2,060,652	484,900	1,791,814
Domestic banks and institutions	3,481,481	8,500,413	2,839,703	9,120,177
Foreign banks, institutions and funds	170,776	97,672,755	182,724	84,017,353
Total	5,642,903	108,233,820	3,507,327	94,929,344

b) Maturity information of funds borrowed

	Current Period – June 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Short-term (*)	5,307,156	5,089,406	2,953,951	4,334,216
Medium and Long-term (*)	335,747	103,144,414	553,376	90,595,128
Total	5,642,903	108,233,820	3,507,327	94,929,344

(*) 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, 2021: 10.10 %) of the Group’s liabilities. There is no risk concentration on funding sources of the Group.

On December 21, 2021, the Bank signed a contract to obtain a 3-year loan worth CNY 3.5 Million from the Development Bank of China, to be used within the framework of general financing needs along with the financing of foreign trade.

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**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
December 9, 2021	367	USD	296	Libor + 2.15%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C).
	367	EUR	313,5	Euribor+1.75%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)
May 12, 2022	368	USD	199,5	SOFR+2.75%	Abu Dhabi Commercial Bank, Emirates NBD Bank (P.J.S.C), Mashreqbank (P.S.C.)	Emirates NBD Bank (P.J.S.C)
	368	EUR	738,65	Euribor+2.10%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.)	Emirates NBD Bank (P.J.S.C)

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions) (*)	Loan Type
May13, 2011	June 15, 2023	USD	346,5	Based on international remittance flows
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
March 22, 2021	March 15, 2027	USD	461,5	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	EUR	200	Based on international remittance flows
	September 15, 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	EUR	50	Based on international remittance flows
	March 15, 2026	USD	115,4	Based on international remittance flows / Based on treasury financing transactions

(*) In the table, the relevant loan amounts are stated over each foreign currency amount.

(**) In the table, the amounts in the relevant credit tranches are given in USD.

As of June 30, 2022, the total securitization balance is equivalent of USD 1,671 million and EUR 288 million. (December 31, 2021: USD 1,689 million and EUR 337 million).

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
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Information on securities issued

On February, 5 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 bank, US \$ 4.3 billion has been collected worldwide.

As of December 8, 2020 with 5 year maturity date, the yield and the coupon rate has been set at 6.625% and 6.5% respectively amounting to USD 750 Million which is the first Sustainable Eurobond issuance among deposit banks in Turkey.

The Bank completed its second Sustainable bond issuance on September 16, 2021, within its sustainable finance program. The transaction was made with an amount of USD 500 million, maturity of 5 years, coupon rate of 5.50 and final rate of return of 5.625 percent.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - June 30, 2022				
Nominal	6,870,023	4,144,000	1,668,986	53,991,450
Cost	6,616,143	4,144,000	1,667,747	53,754,733
Net Book Value	6,756,431	4,349,484	1,679,591	55,032,220
Prior Period - December 31, 2021				
Nominal	6,124,552	5,180,500	870,290	49,466,408
Cost	5,922,474	5,180,500	869,722	49,272,954
Net Book Value	6,031,337	5,301,471	871,154	50,333,665

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.

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**II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES
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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

The amounts recognized under TFRS 16 as of June 30, 2022 and December 31, 2021 are presented below.

Current Period - June 30, 2022	Service Buildings	Vehicles	Total
Lease payables	1,816,021	69,604	1,885,625
Deferred rental expenses	827,481	12,643	840,124
Lease payables (Net)	988,540	56,961	1,045,501
Right of use assets	889,588	52,418	942,006

Prior Period - December 31, 2021	Service Buildings	Vehicles	Total
Lease payables	1,436,078	60,517	1,496,595
Deferred rental expenses	527,727	10,275	538,002
Lease payables (Net)	908,351	50,242	958,593
Right of use assets	817,913	47,750	865,663

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 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, TL 67,673 of lease payments were made in the related period. (June 30, 2021: TL 40,588).

	Current Period-June 30, 2022		Prior Period- December 31, 2022	
	Gross	Net	Gross	Net
Under 1 year	71,229	63,974	50,901	46,361
1-4 Years	366,996	286,961	367,671	300,266
Over 4 years	1,447,400	694,566	1,078,023	611,966
Total	1,885,625	1,045,501	1,496,595	958,593

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.

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

7. Information on provisions

Information on employee rights

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of June 30, 2022, TL 1,139,097 (December 31, 2021: TL 998,880) provision for severance pay and TL 155,838 (December 31, 2021 TL 104,852) provision for unused vacation are stated in financial statements under employee rights provision.

Provision for currency exchange loss on foreign currency indexed loans

	Current Period – June 30, 2022	Prior Period – December 31, 2021
Provision for currency exchange loss on foreign currency indexed loans	1,448	8,963

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

As of June 30, 2022 the Parent Bank has recorded TL 46,736 (December 31, 2021: TL 44,305) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of June 30, 2022, the free provision in the financial statements amounted to a total of TL 4,000,000, of which is constituted by TL 2,228,000 in the current period and TL 1,772,000 in the prior periods. (December 31, 2021: TL 1,772,000).

8. Taxation

Current Taxes

As at and for the six-month period ended June 30, 2022, the tax liability of the Group is amounting to TL 845,185 (December 31, 2021: TL 127,147).

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

Information on taxes payable

	Current Period – June 30, 2022	Prior Period – December 31, 2021
Corporate taxes payable	845,185	127,147
Taxation on securities	449,829	372,700
Capital gains tax on property	4,576	5,763
Banking and Insurance Transaction Tax (BITT)	447,431	59,585
Taxes on foreign exchange transactions	23,921	359,635
Value added tax payable	29,725	31,105
Other	89,887	133,366
Total	1,890,554	1,089,301

Information on premiums payable

	Current Period – June 30, 2022	Prior Period - December 31, 2021
Social security premiums- employee share	905	695
Social security premiums- employer share	900	642
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	41	32
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	2,981	3,153
Unemployment insurance- employer share	5,926	6,284
Other	1	260
Total	10,754	11,066

Information on deferred tax liabilities

The Group does not have deferred tax debts as of June 30, 2022 (December 31, 2021: TL 14,719).

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

None.

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 33,067,403 as of June 30, 2022 (December 31, 2021: TL 28,968,427).

	Current Period- June 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,142,648	12,295,408	5,145,230	11,018,134
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,142,648	12,295,408	5,145,230	11,018,134
Debt instruments to be included in the additional capital calculation	1,258,991	14,370,356	1,259,521	11,545,542
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,258,991	14,370,356	1,259,521	11,545,542
Total	6,401,639	26,665,764	6,404,751	22,563,676

(*) Detailed explanations on subordinated loans are given in the Section IV, "Information on Instruments to be Included in Equity Calculation".

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

11. Information on shareholders’ equity

Paid-in capital

	Current Period - June 30, 2022	Prior Period - December 31, 2021
Common stock	7,111,364	3,905,622
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 7,111,364 is divided into groups comprised of 15.12% Group (A), 5.49 % Group (B), 5.68% Group (C) and 73.71 % 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	7,111,364	10,000,000

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

In the current period, the Parent Bank increased its paid-in capital from TL 3,905,622 to TL 7,111,364, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated February 9, 2022. Accordingly, the amendment made in the related article of the Articles of Association was registered on March 21 2022.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and the general purpose of these commitments and the estimated resources required for these 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, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	1,756,841	-	1,720,269	-
Financial assets at fair value through other comprehensive income	9,451,346	(3,398,699)	1,263,629	440,429
Foreign exchange differences	11,410	-	8,748	-
Total	11,219,597	(3,398,699)	2,992,646	440,429

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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, 2022	Prior Period – December 31, 2021
Commitments for credit card limits	42,242,993	30,687,962
Loan granting commitments	46,665,247	34,017,673
Commitments for cheque payments	7,396,698	7,029,711
Asset purchase sale commitments	48,868,371	13,030,758
Other	7,839,576	5,625,932
Total	153,012,885	90,392,036

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 569,349 (December 31, 2021: TL 507,691) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 46,736 (December 31, 2021: TL 44,305).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – June 30, 2022	Prior Period - December 31, 2021
Provisional letters of guarantee	3,760,764	3,239,783
Final letters of guarantee	57,907,425	51,344,606
Letters of guarantee for advances	23,810,967	14,848,052
Letters of guarantee given to custom offices	4,235,275	2,542,604
Other letters of guarantee	84,408,658	62,104,990
Total	174,123,089	134,080,035

2. Non-cash loans

	Current Period – June 30, 2022	Prior Period - December 31, 2021
Non-cash loans given for cash loan risks	55,752,693	44,781,413
<i>With original maturity of 1 year or less</i>	17,475,211	8,896,727
<i>With original maturity of more than 1 year</i>	38,277,482	35,884,686
Other non-cash loans	187,619,812	148,674,513
Total	243,372,505	193,455,926

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

3. Sectoral risk concentrations of non-cash loans

	Current Period – June 30, 2022				Prior Period – December 31, 2021			
	TL	%	FC	%	TL	%	FC	%
Agricultural	167,844	0.19	348,668	0.23	139,996	0.23	615,401	0.47
Farming and Cattle	153,497	0.18	10,875	0.01	124,298	0.20	537,647	0.41
Forestry	4,235	-	-	-	12,157	0.02	-	-
Fishing	10,112	0.01	337,793	0.22	3,541	0.01	77,754	0.06
Manufacturing	30,266,040	34.85	84,545,360	54.01	19,502,805	31.22	71,808,891	54.82
Mining	644,979	0.74	986,018	0.63	436,029	0.70	1,021,326	0.78
Production	22,173,555	25.53	77,675,653	49.62	12,775,324	20.45	65,154,049	49.74
Electric, gas and water	7,447,506	8.58	5,883,689	3.76	6,291,452	10.07	5,633,516	4.30
Construction	16,832,369	19.38	25,981,628	16.60	14,800,027	23.70	17,549,761	13.40
Services	36,905,110	42.51	35,239,463	22.52	26,382,572	42.25	33,902,378	25.88
Wholesale and retail trade	16,422,420	18.92	21,155,906	13.52	11,533,354	18.48	13,427,929	10.25
Hotel, food and beverage Services	930,893	1.07	1,189,242	0.76	599,846	0.96	863,562	0.66
Transportation and telecommunication	6,985,697	8.04	8,423,480	5.38	5,179,687	8.29	16,557,952	12.64
Financial institutions	6,914,438	7.96	2,100,249	1.34	4,841,677	7.75	1,352,144	1.03
Real estate and renting Services	2,887,670	3.33	1,310,635	0.84	2,180,150	3.49	1,323,085	1.01
Self-employment services	2,127,617	2.45	1,000,543	0.64	1,721,447	2.76	315,385	0.24
Education services	396,302	0.46	49,083	0.03	124,387	0.20	49,930	0.04
Health and social services	240,073	0.28	10,325	0.01	202,024	0.32	12,391	0.01
Other	2,673,863	3.07	10,412,160	6.64	1,632,327	2.60	7,121,768	5.43
Total	86,845,226	100.00	156,527,279	100.00	62,457,727	100.00	130,998,199	100.00

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

Current Period - June 30, 2022	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	81,055,823	86,982,253	2,418,950	3,096,714
Confirmed bills of exchange and acceptances	4,258	6,951,103	-	-
Letters of credit	845,862	56,207,628	-	465,045
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	1,681,824	1,470,494	-	-
Other guarantees and sureties	596,529	1,026,673	-	-
Non-Cash Loans	84,184,296	152,638,151	2,418,950	3,561,759

Prior Period - December 31, 2021	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	59,422,198	70,763,599	1,737,613	1,649,347
Confirmed bills of exchange and acceptances	4,258	9,575,050	-	-
Letters of credit	568,389	47,986,477	-	290,283
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	117,441	277,393	-	-
Other guarantees and sureties	360,411	195,776	-	-
Non-Cash Loans	60,472,697	128,798,295	1,737,613	1,939,630

5. Contingent assets and liabilities

Group allocates TL 42,817 as provision for lawsuits against the Group (December 31, 2021: TL 43,729).

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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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, 2022		Prior Period – June 30, 2021	
	TL	FC	TL	FC
Short-term Loans	12,184,909	728,587	5,725,065	367,358
Medium and Long-Term Loans	17,015,211	5,872,134	13,919,500	3,329,913
Non-performing Loans	395,938	114	339,076	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	29,596,058	6,600,835	19,983,641	3,697,271

Information on interest income received from banks

	Current Period – June 30, 2022		Prior Period – June 30, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	19,789	7,112	8,685	1,649
Foreign Banks	-	24,243	-	4,476
Foreign Head Office and Branches	-	-	-	-
Total	19,789	31,355	8,685	6,125

Information on interest income received from marketable securities portfolio

	Current Period - June 30, 2022		Prior Period - June 30, 2021	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	28,510	169,046	13,044	66,788
Financial assets at fair value through other comprehensive income	7,795,754	2,133,288	2,483,596	942,772
Financial assets measured at amortized cost	11,625,194	710,808	3,117,194	366,285
Total	19,449,458	3,013,142	5,613,834	1,375,845

The estimated inflation rate used in the valuation is updated when deemed necessary during the year. As of June 30, 2022, the valuation of Consumer Price Indexed (CPI) government bonds was valued according to the annual inflation forecast of 42.80%. If the CPI estimate increases or decreases by 1%, the profit for the pre-tax period will increase or decrease by approximately TL 105,67 million (Full TL) as of June 30, 2022.

Information on interest income received from associates and subsidiaries

	Current Period – June 30, 2022	Prior Period – June 30, 2021
Interest Received from Associates and Subsidiaries	5,017	-

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

2. Interest Expense

Interest expense on funds borrowed

	Current Period – June 30, 2022		Prior Period – June 30, 2021	
	TL	FC	TL	FC
Banks	333,085	1,345,371	139,959	619,997
Central Bank of the Republic of Turkey	65,886	2,222	8,170	4,740
Domestic Banks	258,728	119,196	115,753	112,487
Foreign Banks	8,471	1,223,953	16,036	502,770
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	56,814	-	30,130
Total	333,085	1,402,185	139,959	650,127

Interest expense paid to associates and subsidiaries

	Current Period – June 30, 2022	Prior Period – June 30, 2021
Interests paid to the associates and subsidiaries	25,108	73,212

Interest expense on securities issued

Interest paid to securities issued as at for the period ended June 30, 2022 is TL 3,694,501 (TL 1,168,959 and 2,525,542 FC). (June 30, 2021: TL 2,744,943 (TL 1,307,443 and 1,437,500 FC)).

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

Maturity structure of the interest expense on deposits

Current Period – June 30, 2022	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		
<i>TL</i>								
Interbank deposits	-	430,200	466,943	1,461	-	-	-	898,604
Saving deposits	2,710	720,288	2,317,759	3,690,966	287,306	162,033	506	7,181,568
Public sector deposits	22,305	1,272,394	566,578	49,641	28,163	2,323	-	1,941,404
Commercial deposits	4,854	2,692,538	2,566,633	424,066	2,362,457	114,989	-	8,165,537
Other deposits	1,263	346,663	1,524,170	138,704	56,480	20,682	-	2,087,962
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	31,132	5,462,083	7,442,083	4,304,838	2,734,406	300,027	506	20,275,075
<i>FC</i>								
Foreign currency deposits	19,823	256,188	1,125,636	182,706	21,882	32,072	-	1,638,307
Interbank deposits	4,584	52,451	56,931	178	-	-	-	114,144
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	2	-	5,133	536	-	5,671
Total	24,407	308,639	1,182,569	182,884	27,015	32,608	-	1,758,122
Grand Total	55,539	5,770,722	8,624,652	4,487,722	2,761,421	332,635	506	22,033,197

Prior Period – June 30, 2021	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		
<i>TL</i>								
Interbank deposits	1	55,915	356,421	-	-	-	-	412,337
Saving deposits	1	701,484	4,452,519	151,102	64,585	77,284	360	5,447,335
Public sector deposits	14,444	570,089	557,290	49,423	24,227	4,471	-	1,219,944
Commercial deposits	-	1,970,972	2,697,467	88,655	58,164	21,045	-	4,836,303
Other deposits	-	153,023	1,296,346	165,203	143,304	62,599	-	1,820,475
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	14,446	3,451,483	9,360,043	454,383	290,280	165,399	360	13,736,394
<i>FC</i>								
Foreign currency deposits	10,962	167,443	887,879	44,389	35,160	56,612	-	1,202,445
Interbank deposits	2,117	14,631	93,252	-	-	-	-	110,000
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	22	-	3,116	424	-	3,562
Total	13,079	182,074	981,153	44,389	38,276	57,036	-	1,316,007
Grand Total	27,525	3,633,557	10,341,196	498,772	328,556	222,435	360	15,052,401

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

3. Information on trading income/losses

	Current Period – June 30, 2022	Prior Period – June 30, 2021
Income	70,356,612	44,669,177
Income from capital market operations	10,293,904	13,159,370
Income from derivative financial instruments	46,110,920	21,281,081
Foreign exchange gains	13,951,788	10,228,726
Losses	(68,388,937)	(46,544,968)
Loss from capital market operations	(9,679,407)	(12,605,223)
Loss from derivative financial instruments	(46,833,037)	(24,117,228)
Foreign exchange loss	(11,876,493)	(9,822,517)
Net trading profit/loss	1,967,675	(1,875,791)

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 (143,255) as at and for the six-month period ended June 30, 2022 (June 30, 2021: net loss of TL (2,649,872)).

4. Information on other operating income

	Current Period – June 30, 2022	Prior Period – June 30, 2021
Income from reversal of the provisions for loans from prior periods	4,095,835	4,600,866
Communication income	12,329	11,257
Gain on sale of assets	636,026	251,745
Rent income	355,832	5,883
Other income	560,701	376,964
Total	5,660,723	5,246,715

5. Expected credit loss and other provision expenses

	Current Period– June 30, 2022	Prior Period – June 30, 2021
Expected Credit Loss	11,745,712	4,507,243
12 month expected credit loss (stage 1)	1,863,250	1,172,611
Significant increase in credit risk (stage 2)	6,543,163	1,676,968
Non-performing loans (stage 3)	3,339,299	1,657,664
Marketable Securities Impairment Expense	191,004	2,645
Financial Assets at Fair Value through Profit or Loss	174,467	4
Financial Assets at Fair Value Through Other Comprehensive Income	16,537	2,641
Investments in Associates, Subsidiaries and Held-to-maturity		
Securities Value Decrease	7,438	9,321
Investments in Associates	7,438	9,321
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	2,228,000	400,000
Total	14,172,154	4,919,209

(*) Free provision balance calculated in 2022 is TL 2,228,000 (June 30, 2021, TL 400,000).

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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, 2022	Prior Period - June 30, 2021
Reserve for Employee Termination Benefits	138,473	87,757
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	279,815	234,704
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	24,381	22,391
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	2,341,637	1,207,401
<i>Leasing expenses related to TFRS 16 exceptions</i>	67,673	40,588
<i>Repair and maintenance expenses</i>	73,957	54,512
<i>Advertisement expenses</i>	247,959	89,725
<i>Other expenses</i>	1,952,048	1,022,576
Loss on sale of assets	435	687
Other (*)	1,310,603	939,347
Total	4,095,344	2,492,287

(*) Other operating expenses amounted TL 1,310,603 (June 30, 2021: TL 939,347); Dividend provision expenses to be paid to staff amounted TL 351,785 (June 30, 2021: TL 188,752), TL 274,251 (June 30, 2021: TL 170,425) taxes, duties, fees and funds, TL 374,253 (June 30, 2021: TL 245,205) SDIF expenses and TL 310,314 (June 30, 2021: TL 334,965) consists of other expenses.

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 (10,601,450) (June 30, 2021: TL 221,389) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of June 2022 the Group’s deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 5,836,118 (June 30, 2021: (TL 342,992)), from the taxable temporary differences (Occurrence)/Closing TL 985,475 (June 30, 2021: (TL 454,126)) has deferred tax expense.

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

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 59,480,470 interest income and TL 35,108,799 interest expense, also incurred TL 3,953,029 amount of net fee and commission income from its ordinary banking operations (June 30, 2021: TL 31,212,567 interest income, TL 24,996,099 interest expense, TL 1,712,260 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

	Current Period – June 30, 2022	Prior Period – June 30, 2021
Income/(losses) related to non-controlling interest	228,184	59,927

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

Group’s other commissions income mainly consists of credit card fee and commissions, insurance commissions and intelligence commissions.

Group’s other commissions expense mainly consists of credit card fee and commissions and commissions given for foreign banks credits.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
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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	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	50,676	78,364	-	8,344	228,644	22,489
Balance at the end of the year	73,739	76,476	-	1,575	133,609	21,652
Interest and commission income	5,017	228	-	-	3,564	43

Prior Period	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	33	412,813	-	32,511	63,311	64,767
Balance at the end of the year	50,676	78,364	-	8,344	228,644	22,489
Interest and commission income	-	228	-	-	3,479	43

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	1,153,273	1,718,208	3,908,130	2,237,815	82,435	117,989
Balance at the end of the year	3,753,123	1,153,273	1,507,436	3,908,130	139,905	82,435
Interest on deposits	25,722	73,212	140,059	161,148	560	5,175

Information on forwards, options and other derivative transactions held by the Parent Bank’s risk group

None.

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.

Information on Benefits Provided to Directors

In the accounting period ending on June 30, 2022, a total amount of TL 40,967 was paid to the Group top management. (June 30, 2021: TL 26,010).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK’S ACTIVITY

As per the resolution of 68th Annual General Assembly held on March 25, 2022, the net profit of year 2021 has been decided to be distributed as follows:

	Profit Distribution Table of Year 2021
Bank’s unconsolidated profit in its statutory financial statements	4,175,464
Deferred tax credits	-
Net profit of the year subject to distribution	4,175,464
Legal reserves	417,546
<i>First Legal Reserves</i>	208,773
<i>Reserves allocated according to banking law and articles of association.</i>	208,773
Net profit of the year subject to distribution	3,757,918
Gain on sale of immovable and shares of associates and subsidiaries	188,920
Extraordinary reserves	3,568,998
Dividends to shareholders	-

II. INFORMATION ON THE PARENT BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

April 2022^(*)	Fitch Ratings
Long Term Foreign Currency	B
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	B+
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term	AA (tur)
National Outlook	Stable
Support	b-
Support Rating Floor	b
December 2020^(*)	Moody’s Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B2
Foreign Currency Outlook	Negative
June 2022^(*)	JCR Eurasia
Long Term International FC Issuer Credit Rating	BB (Stable)
Short Term International FC Issuer Credit Rating	J3(Stable)
Long Term International Local Currency Issuer Credit Rating	BB
Short Term International Local Currency Issuer Credit Rating	J3
Long Term National Issuer Credit Rating	AAA(Stable)
Short Term National Issuer Credit Rating	J1 + (Stable)

^(*) The dates indicate the last grade change dates.

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OTHER DISCLOSURES (Continued)

III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE THAT ARE NOT RESULTED

None.

SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The Group’s consolidated financial statements and footnotes as at and for six-month period ended June 30, 2022, have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). It was noted in their reviewed report dated August 8, 2022 that nothing material has come to their attention that caused them to believe that the accompanying consolidated financial statements do not give a true and fair view of the Group’s financial position and results of its operations.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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SECTION EIGHT

INFORMATION ON THE INTERIM ACTIVITY REPORT

I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO’S ASSESMENTS FOR THE INTERIM ACTIVITIES

Assessment of the Chairperson of the Board

Dear stakeholders,

As the war raging before Russia and Ukraine which started in February is still on-going and China enforces strict quarantine measures due to its Covid policy in the second quarter of 2022, these two factors have further upset the disruptions in the supply chain that are already wreaking havoc globally. Moreover, because central banks of developed countries are putting an end to quantitative easing and there are spikes in the commodity price, including, in particular, energy costs, worries about economic activities have deepened. The globally omnipresent high inflation was also at the top of the agenda items to be discussed.

The interest hikes by the US Federal Reserve (Fed) to curb the inflation continued in the second quarter of the year as well. In its June meeting, the Fed raised the policy rate by 75 bps (basis points), which represents the highest interest rate increase in the last 28 years. The Fed statement noted that these hikes would continue until the end of the year. The European Central Bank (ECB), on the other hand, did not change interest rates in its June meeting in line with expectations but continued to signal that interest rate hikes were a matter of time. Moreover, the ECB announced that it would discontinue the asset purchase program on July 1st. The Japanese Central Bank kept its policy rate constant as it argues that the inflationist price pressures were temporary.

In the 2Q2022, the US economy shrunk by 0.9% on a year-over-year (YoY) basis as the national economy shrunk by in two consecutive quarters, which means that the US is currently in technical recession. In Euro zone, on the other hand, while rises in commodity prices and supply shortages due to geopolitical developments have fuelled up the inflation, the growth rate was 4% on a YoY basis in the second quarter.

Turkish economy, on the other hand, grew by 7.3% in the first quarter of 2022 compared to the same quarter of the last year. International organizations such as OECD and the World Bank updated their global growth forecasts downwards; however, they announced that their expectations for Turkey have risen.

The asset size of Turkish banking sector reached TL 11,714 billion, representing a 27.1% increase in the second quarter of 2022 compared to the same quarter of the last year. The capital adequacy ratio of the sector turned out to be 18.05% as of the end of June.

In VakıfBank, we have stood by the real sector and household communities during this period as usual, and continued to support the sustainable and strong growth of Turkish economy. Our asset size reached TL 1,282 billion while our cash loans, with the biggest share in our asset portfolio, rose by 26.53%, reaching TL 725,890 million. Our deposit accounts, our main funding source, rose to TL 787,672 million. In light of the foregoing, I would like to thank to our precious customers, our shareholders and investors for their trust as well as our employees for their efforts.

Sincerely yours,

MUSTAFA SAYDAM
Chairperson of the Board

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INFORMATION ON THE INTERIM ACTIVITY REPORT (Continued)

I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO'S ASSESSMENTS FOR THE INTERIM ACTIVITIES (Continued)

Assessment of the General Manager,

Dear Stakeholders,

The war that has been raging between Russia and Ukraine since February 2022 caused an increase in energy and food costs, leading to a global increase in inflation rates. Geopolitical risks, spikes in oil prices, supply chain problems and the current uncertainties suppressed the economic growth of numerous countries, including developed ones.

The IMF, which published the "G-20 Surveillance Notes" report before the meeting of G-20 Ministers of Finance and the Central Bank Presidents, pulled down its global growth forecast to 3.2% from 3.6%, and noted there that there would be further possible downwards revisions later this year. Moreover, stating that production shortages caused by the war would lead to more cautious financial conditions, the World Bank revised its global growth outlook to 2.9% from 3.2% for 2022 in its report titled "Global Economic Prospects".

In the 2Q2022, the US economy shrunk by 0.9% on a year-over-year basis while the European Union economy grew by 4%. Turkish economy, on the other hand, grew by 7.3% on a year-over-year basis in the 1Q2022, and thus positively stood out among many economies.

During these challenging times due to international conditions, VakıfBank continued our non-stop support to our national economy. We managed to raise our asset size by 27.29% in the second quarter of 2022, which culminated in TL 1,282,117 million. The biggest contribution to our asset growth was from our loan portfolio. Thanks to the support from our commercial loan, which rose by 27.69%, our cash loans rose by 26.53%. We supported our national economy in the amount of TL 964,563 million, including cash and non-cash loans.

During this quarter, the main funding source of our Bank continued to be deposit accounts. Thanks to a diverse portfolio of products and services in the deposits line, we managed to raise our total deposits to TL 787,672 million, which represents a 33.29% increase. We maintained our powerful and leading position in international sources that we raised in addition to deposits. During this quarter, we secured a syndicated loan in the amount of USD 1 billion in total, including USD 199.5 million and Euro 738.7 million, based on sustainability criteria. 37 banks from 16 countries participated in this syndicated loan. In addition to this loan, we continued to use other borrowing instruments effectively.

On the other hand, we further reinforced our Bank's equity thanks to our sustainable profitability. Our capital adequacy ratio turned out to be 15.55% in the second quarter of 2022.

We continued to develop sector-leading innovative products during this quarter. We launched Vibox, our digital penny box application, intended for children of our Bank customers who are younger than 18 years old. With Vibox, we plan to ensure that our children will acquire financial literacy skills and will have a more acute savings awareness thanks to its funny contents so that they learn about alternative options to invest their savings. Moreover, thanks to our "the digital makes it easier" motto, we extended the scope of our application launched last year whereby individuals may be our customers by means of distance registration so that now sole proprietorship companies are also eligible to it. This way, many free-lancers have had the chance to be a VakıfBank customer in a fast, easy and safe manner.

Moreover, we continued to contribute to the sustainable banking thanks to the more widespread use of contactless banking and the digitalization of processes that have been so far completed by means of physical documentation. We launched the "Practical Collection" application in order to offer practical solutions for financial transactions of our SME, commercial and corporate banking customers. This way, we helped our customers collect their receivables in a fast and easy way at any time at their discretion without the additional cost of software development, technical integration and reconciliation procedures.

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INFORMATION ON THE INTERIM ACTIVITY REPORT (Continued)

I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO’S ASSESMENTS FOR THE INTERIM ACTIVITIES (Continued)

Assessment of the General Manager (Continued)

In line with our sustainable banking operations, we were the first Turkish bank that applies the sustainability approach to the policies for provisions of expected credit losses under TFRS 9 in this quarter. Moreover, we were assigned a "B" grade, which is the management level, in the Carbon Disclosure Project (CDP) climate change program, which is the world's biggest environmental reporting platform, and thankfully, we managed to achieve one of our environment performance targets. Moreover, starting with this year, in addition to the Climate Change Program, we started reporting works for the Water Program as well.

On the other hand, we are deservedly proud of and happy with the fact that this season, we started to reap the rewards for our 35-season investments in volleyball. As VakıfBank Sports Club, we had set on our journey with the goal of 5 championships in 5 branches at the season beginning. We won the championship in all the tournaments we participated in this season, making it 5 out of 5. Moreover, as VakıfBank Women's Volleyball Team, we have so far become the most successful team in Turkey to win the highest number of international cups, including 4 World Championships and, 5 European Championships.

VakıfBank will continue to create added value for our stakeholders, our country and world in every possible field now and in future. For this reason, I heartily thank to our customers and shareholders thanks to their trust in us, our employees with the lion’s share in our achievements and our Board of Directors and other stakeholders who never shied away from supporting us.

Truly yours,

**Abdi Serdar ÜSTÜNSALİH
CEO and Board of Directors
Executive Member**

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I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO’S ASSESMENTS FOR THE INTERIM ACTIVITIES (Continued)

Significant Financial Indicators (Unconsolidated)

BALANCE SHEET (TL Million)	JUNE 2022	DECEMBER 2021	CHANGE (%)
TOTAL ASSETS	1,282,117	1,007,214	27.29
SECURITIES PORTFOLIO	304,335	223,737	36.02
LOANS (*)	725,890	573,700	26.53
- Commercial Loans	573,271	448,953	27.69
- Retail Loans	152,619	124,748	22.34
DEPOSITS	787,672	590,943	33.29
- Time Deposits	596,278	445,060	33.98
- Demand Deposits	191,394	145,883	31.20
FUNDS BORROWED	107,062	91,431	17.10
SUBORDINATED DEBT	33,067	28,968	14.15
SECURITIES ISSUED (NET)	67,491	61,975	8.90
SHAREHOLDERS’ EQUITY	80,517	51,953	54.98
NON-CASH LOANS	238,672	192,139	24.22

INCOME STATEMENT (TL million)	JUNE 2022	JUNE 2021	CHANGE (%)
Period's Net Profit/ Loss	10,019	1,410	610.31

INDICATIVE RATIOS (%)	JUNE 2022	DECEMBER 2021
TOTAL LOANS/ TOTAL ASSETS (*)	56.62	56.96
LOANS/DEPOSITS (*)	92.16	97.08
NON-PERFORMING LOAN RATIO	2.62	3.09
CAPITAL ADEQUACY RATIO	15.55	14.85
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.75	0.49
RETURN ON AVERAGE EQUITY (ROAE) (**)	30.25	8.48

(*) Loans excluding legal proceedings.

(**) Calculations are annualized.

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I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO’S ASSESSMENTS FOR THE INTERIM ACTIVITIES (Continued)

Significant Financial Indicators (Consolidated)

BALANCE SHEET (Million TL)	JUNE 2022	DECEMBER 2021	CHANGE (%)
TOTAL ASSETS	1,305,839	1,028,901	26.92
SECURITIES PORTFOLIO	310,743	229,407	35.45
LOANS (*)	741,512	589,615	25.76
- Commercial Loans	588,890	464,861	26.68
- Retail Loans	152,622	124,754	22.34
DEPOSITS	791,905	595,810	32.91
- Term deposits	598,464	448,086	33.56
- Demand deposits	193,441	147,724	30.95
FUNDS BORROWED	113,877	98,437	15.69
SUBORDINATED DEBT INSTRUMENTS	33,067	28,968	14.15
SECURITIES ISSUED (NET)	67,818	62,538	8.44
SHAREHOLDER’S EQUITY	83,007	54,200	53.15
NON-CASH LOANS	243,373	193,456	25.80

INCOME STATEMENT (Million TL)	JUNE 2022	JUNE 2021	CHANGE (%)
NET PROFIT/ LOSS	10,769	1,695	535.45

INDICATIVE RATIOS (%)	JUNE 2022	DECEMBER 2021
TOTAL LOANS/ ASSETS (*)	56.78	57.31
LOAN/ DEPOSIT (*)	93.64	98.96
NON-PERFORMING LOANS	2.69	3.14
CAPITAL ADEQUACY RATIO	15.20	14.72
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.85	0.59
RETURN ON AVERAGE EQUITY (ROAE) (**)	31.40	10.19

(*) Excluding non-performing loans.

(**) Calculations are annualized.

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I. INTERIM PERIOD ACTIVITY REPORT INCLUDED CHAIRMAN OF THE BOARD OF DIRECTORS AND CEO’S ASSESMENTS FOR THE INTERIM ACTIVITIES (Continued)

Assessment of 2nd Quarter of 2022

The Group managed to grow in the second quarter of 2022, and its total asset size reached TL 1,306 billion, which meant a 26.92% increase. During that period, our performing loans rose by 25.76% and reached TL 741,512 million, and performing loans in our total assets captured a 56.78% share in total assets. When we look at the sub-distribution of loans, we see that our commercial loans reached TL 588,890 million while retail loans reached TL 152,622 million.

During 1H2022, the Group has increased its deposits by 32.91%, reached TL 791,905 million.

In addition to deposits, our Bank issued financial bills with a total nominal value of TL 9,824 million in total as of the second quarter in 2022 for marketing via public offering and qualified investors in national market. The international funding has reached USD 1,610 million during the year.

Our Bank managed to borrow a two-tranche syndicated loan for a total sum of USD 1 billion including USD 199,5 million and EUR 738.7 million. 37 banks from 16 countries participated in the syndicated loan. In this sustainable syndicated loan, the roll-over ratio compared to the same period of the last year was above 100%.

The Group’s net profit in 2Q2022 was TL 10,769 million while our capital adequacy ratio was 15.20%.

As of June, 30 2022, the number of our Bank branches was 939 with 16,888 employees.

Our Bank was also rated by Fitch Rating, the international rating agency, and our Bank’s Long-term Foreign Currency Issuer Default Rating was set to be “B”, and our Long Term Local Currency Issuer Default Rating Rate to be “B+” while its outlook was confirmed to be “negative” in April, 1 2022 Fitch Ratings also revised our Bank’s Financial Capacity Rating to “b” from “b+” and removed the Negative Rating Risk

Our Bank was also rated by JCR Eurasia Rating, and our Bank’s National Long Term Rating was set to be “AAA (Trk)”, and our National Short Term Rating to “J1+(Trk)” while its outlook was confirmed to be “stable”. The agency set the Long-term International Foreign Currency and Local Currency Issuer Default Ratings to “BB”.

Other Significant Developments

- In line with our Board of Directors resolution, the entire 33.33% shareholding that our Bank holds in the capital of Platform Ortak Karthı Sistemler A.Ş., including all associated assets and liabilities was sold to Türkiye Halk Bankası AŞ at a price of TL 1,922,337.13.
- Pursuant to the resolution adopted by our Bank's Board of Directors on 07.04.2022, the General Directorate has been authorized that the space with a surface area of 25,718m² in the 52-story block of the project owned by Vakıf Gayrimenkul Yatırım Ortaklığı shall be purchased at a price of TL 930 million + VAT for use as a Head Office Service Building (this Project is currently underway under the project "Istanbul International Finance Center (IIFC)) and that all contracts and agreements related to that purchase may be signed by the General Directorate.

Amendments to Articles of Incorporation

Article 6 of the Articles of Incorporation entitled "Capital" was changed and the said amendment was registered on 21.03.2022 and published in Turkish Trade Registry Gazette dated 24.03.2022. You can read our Articles of Incorporation by visiting the following link: <https://www.kap.org.tr/en/Bildirim/1012721> .