

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT JUNE 30, 2023
TOGETHER WITH LIMITED REVIEW REPORT

(Convenience Translation of Publicly Announced
Consolidated Interim Financial Statements and Limited Review Report
Originally Issued in Turkish)



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Convenience Translation of the Auditor's Review Report Originally Issued in Turkish
Independent Auditors' Review Report on 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, 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Group management is responsible for the preparation and fair presentation of these consolidated of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards 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 stated in section 5, II.7 of Explanations and Footnotes Related to the consolidated Financial Statements the accompanying consolidated financial statements as of June 30, 2023, include a free provision amounting to TL 6,750,000 thousand, of which TL 19,000,000 thousand was provided in prior years and TL 12,250,000 thousand was reversed in the current period by the Group management, due to the possible effects of negative circumstances in the economy and markets, 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, 2023 and of the results of its operations and its 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.

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



Damla Harman, SMMM
Partner

August 9, 2023
İstanbul, Türkiye

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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The consolidated financial report as at and for the six-month period ended June 30, 2023 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
- LIMITED 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	Birleşim Varlık Yönetim 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, related disclosures and footnotes which have been limited 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 9, 2023

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:

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**

(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 the Republic of Türkiye (“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 Ministry of Treasury and Finance of the Republic of Türkiye (The Ministry of Treasury and Finance), in addition to its A Group and B Group shares, is indirectly the controlling shareholder in the Parent Bank’s capital when the shares of the Türkiye Wealth Fund (D Group) are included.

As of June 30, 2023 the Parent Bank’s paid-in capital is TL 9,915,922; (December 31, 2022: TL 7,111,364) divided into 991,592,152,254 shares with each has a nominal value of Kr 1 (December 31, 2022: 711,136,411,675).

The Parent Bank’s shareholders structure as at June 30, 2023 and December 31, 2022 are stated below:

Shareholders June 30, 2023	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Wealth Fund (Group D)	7,415,921,523	7,415,922	74.79
The Ministry of Treasury and Finance (Group A)	1,075,058,640	1,075,058	10.84
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	4.06
The Ministry of Treasury and Finance (Group B)	387,673,328	387,673	3.91
Other appendant foundations (Group B)	2,591,250	2,591	0.03
Other real persons and legal entities (Group C)	1,527,393	1,528	0.02
Publicly traded (Group D)	630,596,723	630,597	6.35
Total	9,915,921,523	9,915,922	100.00

Shareholders December 31, 2022	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Wealth Fund (Group D)	4,611,364,117	4,611,364	64.85
The Ministry of Treasury and Finance (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
The Ministry of Treasury and Finance (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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**

(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 Foundations per share value of share is determined.

In accordance with the relevant provisions of the Law No. 6219, the provisions of the Capital Market Law, including the obligation to propose shares regarding the transfer transactions regarding the shares specified in the Presidential Decree of 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 Türkiye.

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 ("CMB"), the Banking Regulation and Supervision Agency ("BRSA") and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Türkiye 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 TL 1, 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 May 20, 2020, the shares were sold to Türkiye 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 Türkiye 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 TL 1 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 3,205,742 issued by the Parent Bank was sold to the Türkiye 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 AND ITS FINANCIAL SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**

(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)**

On March 21, 2023, the Bank's Board of Directors decided to increase the Bank's paid-in capital of TL 7,111,364 by allotted and cash capital increase with a total sales proceeds of TL 32,000,000 by fully restricting the pre-emptive rights of the existing shareholders, provided that it remains within the Bank's registered capital ceiling, 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 ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and the Procedure for Wholesale Transactions of Borsa Istanbul, it has been decided to sell the shares to the Türkiye Wealth Fund through private placement without a public offering.

On March 28, 2023, the Parent Bank announced that the sale price of the shares to be issued was determined as TL 11.41 per share with a nominal value of TL 1 and that the paid-in capital would be increased from TL 7,111,364 to TL 9,915,922 as a result of the capital increase.

The shares with a nominal value of TL 2,804,557 issued by the Parent Bank were sold to the Türkiye Wealth Fund through a wholesale transaction in the equity market on March 28, 2023, through the allocated sales method with a total sales revenue of TL 32,000,000 at a price of TL 11.41 per share with a nominal value of TL 1 and the capital increase transactions were completed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**

(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	29 years
Dr. Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	25 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	32 years
Dr. Adnan ERTEM	Member	October 28, 2010	PhD	35 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	37 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	4 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	4 years
Haydar Kemal KURT	Member	March 25, 2022	Bachelor’s	1 years
Abdullah Erdem CANTİMUR	Member	August 2, 2023	Master’s	22 years
Audit Committee				
Abdülkadir AKSU	Member	March 25, 2022	Bachelor’s	4 years
Sadık YAKUT	Member	March 25, 2022	Bachelor’s	4 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	39 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	4 years
Assistant General Managers				
Metin Recep ZAFER	Credit, Customer and Account Operations Department, Core Banking Software Development Department, Digital Channels, Business Intelligence and Payment Systems Department, Banking Operations 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	28 years
Muhammet Lütfü ÇELEBİ	Human Resources Department, Organisation Development Performance Management and Academy Department	October 23, 2013	Bachelor’s	28 years
Şuayyip İLBİLGİ	General Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	26 years
Mikail HIDIR	Office of Chief Legal Counsel Department, Credit Risk Liquidation Department, Legal Affairs Department	December 26, 2018	Bachelor’s	20 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	29 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, Public Institutions and Local Governments Banking Marketing	May 31, 2019	Bachelor’s	28 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	26 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	23 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Financial Analysis and Rating Department	July 8, 2020	Bachelor’s	28 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master’s	26 years
Mustafa TURAN	Individual Banking Marketing, Deposit Management and Marketing Department, Payment Systems Marketing Department	January 4, 2022	Bachelor’s	20 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**

(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.

At the Parent Bank’s Board of Directors Meeting held on August 2, 2023, in accordance with the Related Articles of our Bank's Articles of Association:

- Mr. Mustafa Saydam has been elected as the Chairman of the Board,
- Mr. Cemil Ragıp Ertem has been elected as the Deputy Chairman of the Board of Directors,
- Mr. Abdi Serdar Üstünsalih has been elected as the General Manager

by unanimous vote.

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Current Period - June 30, 2023

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Wealth Fund (Group D)	7,415,922	74.79	7,415,922	-
The Ministry of Treasury and Finance (Group A)	1,075,058	10.84	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve				
Sağlık Yardım Sandığı Vakfı (Group C)	402,553	4.06	402,553	-
The Ministry of Treasury and Finance (Group B)	387,673	3.91	387,673	-

Prior Period - December 31, 2022

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Wealth Fund (Group D)	4,611,364	64.85	4,611,364	-
The Ministry of Treasury and Finance (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	-
The Ministry of Treasury and Finance (Group B)	387,673	5.45	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 and March 21, 2023 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
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
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(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, 2023, The Parent Bank has 939 domestic, 4 foreign, in total 943 branches (December 31, 2022: 945 domestic, 4 foreign, in total 949 branches). As of June 30, 2023, The Parent Bank has 16,792 employees (December 31, 2022: 16,961 employees).

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2023**

(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, 2023, 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, 2023, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası AŞ and Birleşim Varlık Yönetim 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 Otelcilik 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 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**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT JUNE 30, 2023**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Current Period June 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		148,118,924	419,844,934	567,963,858	159,588,166	388,649,309	548,237,475
1.1 Cash and cash equivalents	V-I-1	33,557,646	259,109,072	292,666,718	60,622,683	249,196,605	309,819,288
1.1.1 Cash and balances at Central Bank	V-I-1	30,231,180	199,241,744	229,472,924	48,395,442	220,579,872	268,975,314
1.1.2 Banks	V-I-3	3,324,333	59,884,451	63,208,784	143,920	28,616,758	28,760,678
1.1.3 Receivables from Money Markets		2,686	-	2,686	12,096,010	-	12,096,010
1.1.4 Allowance for expected credit losses (-)	V-I-16	553	17,123	17,676	12,689	25	12,714
1.2 Financial assets at fair value through profit or loss	V-I-2	4,577,430	25,025,682	29,603,112	504,753	16,862,130	17,366,883
1.2.1 Public debt securities		-	24,416,342	24,416,342	115,680	16,478,799	16,594,479
1.2.2 Equity instruments		132,102	609,340	741,442	190,053	383,331	573,384
1.2.3 Other financial assets		4,445,328	-	4,445,328	199,020	-	199,020
1.3 Financial assets at fair value through other comprehensive income	V-I-4	71,022,984	131,995,476	203,018,460	84,231,073	119,452,406	203,683,479
1.3.1 Public debt securities		68,706,248	128,650,460	197,356,708	81,886,540	116,584,580	198,471,120
1.3.2 Equity instruments		154,452	15,703	170,155	124,461	10,128	134,589
1.3.3 Other financial assets		2,162,284	3,329,313	5,491,597	2,220,072	2,857,698	5,077,770
1.4 Derivative financial assets	V-I-2	38,960,864	3,714,704	42,675,568	14,229,657	3,138,168	17,367,825
1.4.1 Derivative financial assets at fair value through profit or loss		38,960,864	3,714,704	42,675,568	14,229,657	3,138,168	17,367,825
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,078,353,049	441,418,757	1,519,771,806	755,139,843	334,290,143	1,089,429,986
2.1 Loans	V-I-5	878,837,103	398,676,433	1,277,513,536	646,001,138	296,228,477	942,229,615
2.2 Receivables from leasing transactions	V-I-10	7,720,925	5,336,710	13,057,635	4,317,489	4,106,488	8,423,977
2.3 Factoring receivables		24,483,343	602,968	25,086,311	22,125,575	538,086	22,663,661
2.4 Financial assets measured at amortised cost	V-I-6	203,829,415	47,682,977	251,512,392	124,556,209	34,036,643	158,592,852
2.4.1 Public debt securities		203,770,465	47,393,659	251,164,124	124,497,259	33,829,671	158,326,930
2.4.2 Other financial assets		58,950	289,318	348,268	58,950	206,972	265,922
2.5 Allowance for expected credit losses (-)		36,517,737	10,880,331	47,398,068	41,860,568	619,551	42,480,119
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-14	215,868	-	215,868	410,978	-	410,978
3.1 Held for sale purpose		215,868	-	215,868	410,978	-	410,978
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		5,459,218	3	5,459,221	5,028,623	3	5,028,626
4.1 Investments in associates (Net)	V-I-7	4,570,180	3	4,570,183	4,139,585	3	4,139,588
4.1.1 Associates accounted by using equity method		1,554,372	-	1,554,372	1,116,825	-	1,116,825
4.1.2 Unconsolidated associates		3,015,808	3	3,015,811	3,022,760	3	3,022,763
4.2 Investments in subsidiaries (Net)	V-I-8	889,038	-	889,038	889,038	-	889,038
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		889,038	-	889,038	889,038	-	889,038
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)		13,563,874	97,373	13,661,247	11,632,986	50,261	11,683,247
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		659,778	14,619	674,397	459,233	10,643	469,876
6.1 Goodwill		14,631	-	14,631	14,631	-	14,631
6.2 Other		645,147	14,619	659,766	444,602	10,643	455,245
VII. INVESTMENT PROPERTIES (Net)	V-I-12	1,248,534	-	1,248,534	1,307,194	-	1,307,194
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	V-I-13	3,583,249	519,681	4,102,930	2,840,206	221,208	3,061,414
X. OTHER ASSETS	V-I-15	108,842,435	4,885,108	113,727,543	39,254,646	8,148,415	47,403,061
TOTAL ASSETS		1,360,044,929	866,780,475	2,226,825,404	975,661,875	731,369,982	1,707,031,857

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**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT JUNE 30, 2023**

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

LIABILITIES AND EQUITY	Notes	Current Period June 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	823,762,344	586,885,585	1,410,647,929	678,221,429	453,876,314	1,132,097,743
II. BORROWINGS	V-II-3	29,917,614	172,427,761	202,345,375	14,481,137	124,887,682	139,368,819
III. MONEY MARKET FUNDS		140,976,378	48,543,265	189,519,643	56,775,981	82,298,008	139,073,989
IV. MARKETABLE SECURITIES ISSUED (Net)	V-II-3	3,364,565	84,114,306	87,478,871	7,537,971	63,540,148	71,078,119
4.1 Bills		2,353,411	-	2,353,411	5,977,873	1,411,042	7,388,915
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		1,011,154	84,114,306	85,125,460	1,560,098	62,129,106	63,689,204
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	2,179,351	7,082,454	9,261,805	207,781	4,511,816	4,719,597
7.1 Derivative financial liabilities at fair value through profit or loss		2,179,351	7,082,454	9,261,805	207,781	4,511,816	4,719,597
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		765	1,190	1,955	5,468	-	5,468
IX. LEASE PAYABLES (Net)	V-II-5	2,000,548	4,601	2,005,149	1,020,639	4,080	1,024,719
X. PROVISIONS	V-II-7	12,315,650	311,984	12,627,634	23,225,345	150,999	23,376,344
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		4,686,491	16,449	4,702,940	3,754,831	12,879	3,767,710
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		7,629,159	295,535	7,924,694	19,470,514	138,120	19,608,634
XI. CURRENT TAX LIABILITIES	V-II-8	2,843,545	15,849	2,859,394	5,390,526	19,871	5,410,397
XII. DEFERRED TAX LIABILITIES	V-II-8	100,862	-	100,862	56,404	-	56,404
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	9,857,983	20,124,457	29,982,440	9,567,360	14,475,926	24,043,286
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		9,857,983	20,124,457	29,982,440	9,567,360	14,475,926	24,043,286
XV. OTHER LIABILITIES	V-II-4	108,934,562	29,645,524	138,580,086	45,171,865	15,076,574	60,248,439
XVI. SHAREHOLDERS' EQUITY	V-II-11	140,118,766	1,292,490	141,411,256	105,154,480	1,371,048	106,525,528
16.1 Paid-in capital	V-II-11	9,915,922	-	9,915,922	7,111,364	-	7,111,364
16.2 Capital reserves		44,816,061	358,361	45,174,422	16,277,467	128,856	16,406,323
16.2.1 Equity shares premiums		45,589,989	-	45,589,989	16,469,500	-	16,469,500
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(773,928)	358,361	(415,567)	(192,033)	128,856	(63,177)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		5,777,779	-	5,777,779	5,504,921	-	5,504,921
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		6,721,072	(224,778)	6,496,294	11,670,632	294,149	11,964,781
16.5 Profit reserves		37,541,580	447,897	37,989,477	37,034,559	446,150	37,480,709
16.5.1 Legal reserves		4,384,462	28,297	4,412,759	3,973,387	26,550	3,999,937
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		31,437,847	415,985	31,853,832	31,488,616	415,985	31,904,601
16.5.4 Other profit reserves		1,712,934	3,615	1,716,549	1,566,219	3,615	1,569,834
16.6 Profit or loss		32,851,389	706,340	33,557,729	25,753,468	497,223	26,250,691
16.6.1 Prior years' profits or losses		25,691,934	(23,561)	25,668,373	345,471	93,771	439,242
16.6.2 Current period net profit or loss		7,159,455	729,901	7,889,356	25,407,997	403,452	25,811,449
16.7 Minority interests		2,494,963	4,670	2,499,633	1,802,069	4,670	1,806,739
TOTAL LIABILITIES AND EQUITY		1,276,375,938	950,449,466	2,226,825,404	946,819,391	760,212,466	1,707,031,857

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**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT JUNE 30, 2023**

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

	Notes	Current Period June 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)							
I. GUARANTEES AND SURETIES	V-III-2	566,158,898	987,761,659	1,553,920,557	362,476,271	666,875,897	1,029,352,168
1.1. Letters of guarantee	V-III-1	163,996,236	127,405,503	291,401,739	123,541,954	97,329,707	220,871,661
1.1.1. Guarantees subject to state tender law		6,032,284	51,262,902	57,295,186	4,903,928	35,090,731	39,994,659
1.1.2. Guarantees given for foreign trade operations		7,755,969	-	7,755,969	5,938,641	-	5,938,641
1.1.3. Other letters of guarantee		150,207,983	76,142,601	226,350,584	112,699,385	62,238,976	174,938,361
1.2. Bank acceptances		49,258	3,638,736	3,687,994	49,258	3,630,388	3,679,646
1.2.1. Import letter of acceptance		-	862,392	862,392	-	873,407	873,407
1.2.2. Other bank acceptances	V-III-4	49,258	2,776,344	2,825,602	49,258	2,756,981	2,806,239
1.3. Letters of credit	V-III-4	293,761	62,341,876	62,635,637	1,714,806	47,594,116	49,308,922
1.3.1. Documentary letters of credit		293,761	62,341,876	62,635,637	1,714,806	47,594,116	49,308,922
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Pre-financings given as guarantee		-	20,724	20,724	-	14,896	14,896
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for securities issued		-	-	-	-	-	-
1.7. Factoring guarantees		1,491,304	2,348,092	3,839,396	1,127,137	1,707,246	2,834,383
1.8. Other guarantees		356,904	459,348	816,252	161,529	316,843	478,372
1.9. Other warranties		1,475,000	2,050,183	3,525,183	730,001	1,438,350	2,168,351
II. COMMITMENTS		306,825,896	174,059,824	480,885,720	196,350,452	149,570,373	345,920,825
2.1. Irrevocable commitments	V-III-1	274,003,482	27,604,816	301,608,298	167,179,222	52,771,984	219,951,206
2.1.1. Asset purchase and sales commitments		19,917,628	25,798,135	45,715,763	5,100,287	51,092,262	56,192,549
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		13,908	-	13,908	-	-	-
2.1.4. Loan granting commitments	V-III-1	82,466,758	3,374	82,470,132	60,802,246	2,754	60,805,000
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		9,949,220	-	9,949,220	6,916,438	-	6,916,438
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	146,397,971	-	146,397,971	81,979,697	-	81,979,697
2.1.10. Commitments for credit cards and banking services promotions		4,838,950	-	4,838,950	5,676,476	-	5,676,476
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		10,419,047	1,803,307	12,222,354	6,704,078	1,676,968	8,381,046
2.2. Revocable commitments		32,822,414	146,455,008	179,277,422	29,171,230	96,798,389	125,969,619
2.2.1. Revocable loan granting commitments		32,822,414	146,455,008	179,277,422	29,171,230	96,798,389	125,969,619
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		91,670,539	615,437,373	707,107,912	38,801,134	365,273,978	404,075,112
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		91,670,539	615,437,373	707,107,912	38,801,134	365,273,978	404,075,112
3.2.1. Forward foreign currency purchase and sale transactions		18,218,550	22,246,188	40,464,738	1,031,528	1,153,908	2,185,436
3.2.1.1. Forward foreign currency purchase transactions		6,529,002	14,380,529	20,909,531	933,919	249,366	1,183,285
3.2.1.2. Forward foreign currency sales		11,689,548	7,865,659	19,555,207	97,609	904,542	1,002,151
3.2.2. Currency and interest rate swaps		71,138,385	439,507,294	510,645,679	25,130,648	280,115,374	305,246,022
3.2.2.1. Currency swap purchase transactions		5,088,975	159,202,906	164,291,881	1,203,410	80,360,744	81,564,154
3.2.2.2. Currency swap sale transactions		64,599,410	97,237,491	161,836,901	22,417,238	55,865,357	78,282,595
3.2.2.3. Interest rate swap purchase transactions		725,000	91,533,449	92,258,449	755,000	71,944,637	72,699,637
3.2.2.4. Interest rate swap sale transactions		725,000	91,533,448	92,258,448	755,000	71,944,636	72,699,636
3.2.3. Currency, interest rate and security options		1,143,850	2,077,171	3,351,021	10,648,322	11,846,306	22,494,628
3.2.3.1. Currency purchase options		1,143,850	507,660	1,651,510	10,648,322	716,531	11,364,853
3.2.3.2. Currency sale options		-	1,699,511	1,699,511	-	11,129,775	11,129,775
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		-	-	-	820,882	655,550	1,476,432
3.2.4.1. Currency purchase futures		-	-	-	-	655,550	655,550
3.2.4.2. Currency sales futures		-	-	-	820,882	-	820,882
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		1,169,754	151,476,720	152,646,474	1,169,754	71,502,840	72,672,594
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		18,541,941,939	17,366,634,478	35,908,576,417	14,030,466,860	12,053,825,441	26,084,292,301
IV. ITEMS HELD IN CUSTODY		220,423,361	169,093,318	389,516,679	162,969,413	72,430,393	235,399,806
4.1. Customer fund and portfolio balances		12,227,144	-	12,227,144	8,967,602	-	8,967,602
4.2. Securities held in custody		54,650,907	94,298,402	148,949,309	60,034,179	23,547,755	83,581,934
4.3. Checks received for collection		62,164,954	4,491,683	66,656,637	44,976,704	2,032,540	47,009,244
4.4. Commercial notes received for collection		33,309,574	6,404,299	39,713,873	21,891,692	4,640,850	26,532,542
4.5. Other assets received for collection		2,152	1,042	3,194	2,152	749	2,901
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		646,583	55,499,770	56,146,353	1,006,161	36,811,019	37,817,180
4.8. Custodians		57,422,047	8,398,122	65,820,169	26,090,923	5,397,480	31,488,403
V. PLEDGED ITEMS		3,559,821,223	896,119,293	4,455,940,516	2,228,692,422	619,386,476	2,848,078,898
5.1. Marketable securities		421,645	4,569,138	4,990,783	1,137,763	1,876,845	3,014,608
5.2. Guarantee notes		14,664,034	8,537,279	23,201,313	5,376,514	6,818,656	12,195,170
5.3. Commodity		227,057,526	11,296,659	238,354,185	168,878,389	8,073,124	176,951,513
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		2,817,163,568	718,370,245	3,535,533,813	1,783,113,213	504,987,569	2,288,100,782
5.6. Other pledged items		500,131,159	153,167,086	653,298,245	269,844,038	97,432,224	367,276,262
5.7. Depositories receiving pledged items		383,291	178,886	562,177	342,505	198,058	540,563
VI. ACCEPTED GUARANTEES AND WARRANTS		14,761,697,355	16,301,421,867	31,063,119,222	11,638,805,025	11,362,008,572	23,000,813,597
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		19,108,100,837	18,354,396,137	37,462,496,974	14,392,943,131	12,720,701,338	27,113,644,469

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**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

	Notes	Current Period January 1, 2023- June 30, 2023	Current Period April 1, 2023- June 30, 2023	Prior Period January 1, 2022- June 30, 2022	Prior Period April 1, 2022- June 30, 2022
I. INTEREST INCOME	V-IV-1	98,460,671	53,947,397	59,480,470	34,224,130
1.1 Interest on loans	V-IV-1	64,922,811	35,958,553	36,196,893	19,684,356
1.2 Interest received from reserve deposits		664,748	340,339	273,019	38,933
1.3 Interest received from banks	V-IV-1	677,496	233,645	51,144	32,339
1.4 Interest received from money market transactions		117,338	62,631	1,221	460
1.5 Interest received from marketable securities portfolio	V-IV-1	30,066,241	15,989,323	22,462,600	14,135,708
1.5.1 Financial assets at fair value through profit or loss		261,687	146,388	197,556	104,110
1.5.2 Financial assets at fair value through other comprehensive income		10,827,317	5,683,401	9,929,042	5,916,372
1.5.3 Financial assets measured at amortised cost		18,977,237	10,159,534	12,336,002	8,115,226
1.6 Finance lease interest income		1,282,581	789,132	355,490	209,006
1.7 Other interest income		729,456	573,774	140,103	123,328
II. INTEREST EXPENSES (-)	V-IV-2	87,862,990	50,883,371	35,108,799	19,326,327
2.1 Interest on deposits	V-IV-2	72,042,684	41,902,062	22,033,197	12,306,637
2.2 Interest on funds borrowed	V-IV-2	6,170,591	3,717,699	1,735,270	960,222
2.3 Interest on money market transactions		4,559,564	2,756,369	6,868,746	3,691,106
2.4 Interest on securities issued	V-IV-2	4,109,833	2,253,890	3,694,501	1,941,251
2.5 Leasing interest income		267,944	149,254	103,051	54,673
2.6 Other interest expenses		712,374	104,097	674,034	372,438
III. NET INTEREST INCOME/EXPENSE (I - II)		10,597,681	3,064,026	24,371,671	14,897,803
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		8,877,344	5,075,027	3,953,029	2,284,532
4.1 Fees and commissions received		11,174,375	6,408,058	5,106,241	2,935,202
4.1.1 Non-cash loans		1,367,650	747,055	787,016	428,154
4.1.2 Other		9,806,725	5,661,003	4,319,225	2,507,048
4.2 Fees and commissions paid (-)		2,297,031	1,333,031	1,153,212	650,670
4.2.1 Non-cash loans		29,757	18,402	21,804	15,762
4.2.2 Other		2,267,274	1,314,629	1,131,408	634,908
V. DIVIDEND INCOME		12,027	9,746	53,387	27,466
VI. TRADING PROFIT/LOSS (Net)	V-IV-3	12,731,311	10,397,186	1,967,675	711,983
6.1 Profit/losses from capital market transactions	V-IV-3	1,668,104	611,928	614,497	82,744
6.2 Profit/losses from derivative financial transactions	V-IV-3	2,664,042	2,743,581	(722,117)	(678,281)
6.3 Foreign exchange profit/losses	V-IV-3	8,399,165	7,041,677	2,075,295	1,307,520
VII. OTHER OPERATING INCOME	V-IV-4	31,184,314	6,102,103	5,660,723	2,265,453
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		63,402,677	24,648,088	36,006,485	20,187,237
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-5	22,174,535	8,750,689	11,745,712	5,053,072
X. OTHER PROVISION EXPENSES (-)	V-IV-5	70,263	(22,826)	2,426,442	2,011,728
XI. PERSONNEL EXPENSES (-)		6,600,893	3,570,515	3,091,771	1,688,749
XII. OTHER OPERATING EXPENSES (-)	V-IV-6	23,440,840	6,354,392	4,095,344	2,260,026
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI)		11,116,146	5,995,318	14,647,216	9,173,662
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		282,011	155,280	129,897	77,915
XVI. NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	V-IV-7	11,398,157	6,150,598	14,777,113	9,251,577
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-10	(3,049,319)	(3,286,702)	(3,779,857)	(1,624,907)
18.1 Current tax provision	V-IV-10	(1,665,622)	(372,102)	(10,601,450)	(724,445)
18.2 Expense effect of deferred tax (+)	V-IV-10	(7,593,334)	(7,085,971)	(3,878,204)	(2,882,537)
18.3 Income effect of deferred tax (-)	V-IV-10	6,209,637	4,171,371	10,699,797	1,982,075
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-9	8,348,838	2,863,896	10,997,256	7,626,670
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	8,348,838	2,863,896	10,997,256	7,626,670
25.1 Group's profit/(loss)		7,889,356	2,549,765	10,769,072	7,509,442
25.2 Profit/(Loss) from Minority shares (-)		459,482	314,131	228,184	117,228
Profit/Loss per 100 shares (full TL)	III-XXIV	0.9232	0.2888	1.8329	1.0724

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**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period January 1, 2023- June 30, 2023	Prior Period January 1, 2022- June 30, 2022
I.	PROFIT (LOSS)	8,348,838	10,997,256
II.	OTHER COMPREHENSIVE INCOME	(5,190,108)	4,747,203
2.1.	Other comprehensive income that will not be reclassified to profit or loss	278,379	(87,926)
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	15,694	(2,499)
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(5,674)	15,554
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	30,732	(57,617)
2.1.5.	Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	237,627	(43,364)
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(5,468,487)	4,835,129
2.2.1.	Exchange Differences on Translation	657,472	169,470
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(7,964,659)	5,969,661
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	(315,288)	290,433
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	2,153,988	(1,594,435)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	3,158,730	15,744,459

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**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

(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			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity	
Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6							
Current Period June 30, 2023																	
I.	Prior Period End Balance	7,111,364	16,469,500	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	26,250,691	-	104,718,789	1,806,739	106,525,528
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)	7,111,364	16,469,500	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	26,250,691	-	104,718,789	1,806,739	106,525,528
IV.	Total Comprehensive Income	-	-	-	-	245,969	(4,276)	31,165	657,472	(5,971,515)	(154,444)	-	-	7,889,356	2,693,727	465,003	3,158,730
V.	Capital Increase by Cash	2,804,558	29,120,489	-	-	-	-	-	-	-	-	-	-	-	31,925,047	-	31,925,047
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	-	-	-	(352,390)	-	-	-	-	-	-	160,402	(231,588)	-	(423,576)	227,891	(195,685)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	348,366	(350,730)	-	(2,364)	-	(2,364)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(1,087)	-	(1,087)	-	(1,087)
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	336,195	(336,201)	-	(6)	-	(6)
11.3.	Other	-	-	-	-	-	-	-	-	-	-	12,171	(13,442)	-	(1,271)	-	(1,271)
	Ending Balance	9,915,922	45,589,989	-	(415,567)	3,627,023	(804,855)	2,955,611	2,148,125	4,830,702	(482,533)	37,989,477	25,668,373	7,889,356	138,911,623	2,499,633	141,411,256

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).

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

(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, 2022																		
I. Prior Period End Balance		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. 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	6,303,367	-	(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. Total Comprehensive Income		-	-	-	-	(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. Capital Increase by Cash		3,205,742	10,164,718	-	-	-	-	-	-	-	-	-	-	-	13,370,460	-	13,370,460	
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		-	1,366	-	59,183	-	-	-	-	-	-	538,750	(936,264)	-	(336,965)	29,912	(307,053)	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	4,140,192	(4,140,227)	-	(35)	(965)	(1,000)	
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	(19)	-	(19)	(965)	(984)	
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	4,136,579	(4,136,595)	-	(16)	-	(16)	
11.3. Other		-	-	-	-	-	-	-	-	-	-	3,613	(3,613)	-	-	-	-	
Ending Balance		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
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

	Notes	Current Period June 30, 2023	Prior Period June 30, 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating profit before changes in operating assets and liabilities		35,920,365	22,984,563
1.1.1 Interest received		98,417,887	48,169,291
1.1.2 Interest paid		(86,945,837)	(34,160,865)
1.1.3 Dividends received		12,027	53,387
1.1.4 Fee and commissions received		4,993,171	4,158,168
1.1.5 Other income		2,692,941	981,693
1.1.6 Collections from previously written off loans and other receivables		2,115,175	2,139,672
1.1.7 Cash payments to personnel and service suppliers		(7,250,942)	(3,296,768)
1.1.8 Taxes paid		(851,136)	(274,251)
1.1.9 Other		22,737,079	5,214,236
I.2 Changes in operating assets and liabilities subject to banking operations		34,392,127	3,965,378
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(6,548,518)	1,135,589
1.2.2 Net decrease (increase) in due from banks		27,036,064	(22,252,457)
1.2.3 Net decrease (increase) in loans		(225,796,794)	(122,762,057)
1.2.4 Net decrease (increase) in other assets		(12,156,162)	(11,470,698)
1.2.5 Net increase (decrease) in bank deposits		(20,747,069)	12,230,062
1.2.6 Net increase (decrease) in other deposits		187,838,767	125,789,453
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		13,338,792	(998,325)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		71,427,047	22,293,811
I. Net cash provided from banking operations		70,312,492	26,949,941
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(87,738,558)	(25,839,891)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(119,285)	(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		(2,610,083)	(2,626,350)
2.4 Cash obtained from the sale of tangible and intangible asset		733,662	1,126,259
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(21,900,057)	(10,551,778)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		6,170,285	1,381,334
2.7 Cash paid for the purchase of financial assets at amortized cost		(83,696,110)	(16,072,760)
2.8 Cash obtained from sale of financial assets at amortized cost		13,930,409	1,159,603
2.9 Other		(247,379)	(95,723)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		22,072,787	8,665,414
3.1 Cash obtained from funds borrowed and securities issued		29,568,888	17,585,499
3.2 Cash outflow from funds borrowed and securities issued		(8,513,353)	(9,268,038)
3.3 Equity instruments issued		1,378,970	601,060
3.4 Dividends paid		-	-
3.5 Payments for finance lease liabilities		(361,718)	(253,107)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		5,225,116	(2,001,125)
V. Net increase/decrease in cash and cash equivalents		9,871,837	7,774,339
VI. Cash and cash equivalents at beginning of the period		129,679,153	98,987,321
VII. Cash and cash equivalents at end of the period		139,550,990	106,761,660

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 Türkiye Accounting Standard 34 ("TAS 34"), Interim Financial Reporting Standard and Türkiye Financial Reporting Standards ("TFRS") enforced by Public Oversight, Accounting and Auditing Standards Authority ("POA") (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, communiqués, 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

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. As of June 30, 2023, the Parent Bank has no hedging transactions based on the benchmark interest rate.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 identifies characteristics that may indicate an economy is a hyperinflationary. At the same time, according to TAS 29, all entities reporting in the currency of a hyperinflationary economy are required to apply this standard from the same date. From this basis, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 simultaneously, with the announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority (POA) in order to ensure consistency in practice across the country. Nevertheless, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on June 30, 2023. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of June 30, 2023.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Tensions between Russia and Ukraine have turned into a crisis and heated conflict within Ukraine. The Parent 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.

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

Information on foreign currency transactions

Exchange differences arising on amortized cost of financial assets at fair value through profit or loss are recognized in the profit or loss 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 profit or loss 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 profit or loss 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.

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

On 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, 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, net investment 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 profit or loss statement as long as the hedging transaction is effective. In this context, as of June 30, 2023, the foreign exchange income presented in the profit or loss statement is TL 643,376. 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, 2023, 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, 2023, 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.

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

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

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

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at June 30, 2023 and December 31, 2022 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, 2023 and December 31, 2022, 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, 2023, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ and Birleşim Varlık Yönetim 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.

Birleşim Varlık Yönetim AŞ was established in 2016. It carries out activities such as buying, selling, collecting, converting into cash, or restructuring the receivables and assets of banks, participation banks and other financial institutions, as well as purchasing, leasing or selling movable and real estate properties. The head office of the company is in Istanbul. Consolidation has started as of the current period.

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ACCOUNTING POLICIES (Continued)

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

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

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

The 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 "IFRS 9 – Financial Instruments".

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

Derivative transactions are valued at their fair values subsequent to their acquisition and in accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the profit or loss 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 is 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 profit or loss 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 IFRS 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 January 19, 2017 by the Public Oversight Accounting and Auditing Standards Authority (POA). 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 (eg liquidity risk and management costs) for the credit risk and other underlying credit risks and profit margin associated with the principal amount over a period of time.

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

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

At the time of initial recognition, each financial asset is classified as measured at fair value through profit or loss, at amortized cost or at fair value 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 profit or loss 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 profit or loss 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 profit or loss 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 way 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 profit or loss 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 CPI Indexed Bonds Investor Guide of the Ministry of Treasury and Finance, 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 parallel to this. The rate, which is estimated by taking into account the expectations of the Central Bank of the Republic of Türkiye and the Bank, is updated when deemed necessary during the year.

Derivative Financial Assets

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

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

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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. In accordance with TFRS 9, in order to differentiate according to different risk characteristics, individual and corporate segments are separated into LGD pools, taking into account the collateral status of the receivable and the change in risk balance.

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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, point in time PD values have been established by taking into account the macroeconomic forecasts in the change of the default probability.

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 2022 and June 30, 2023. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Parent 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.

In addition to the aid provided to the region due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February 2023, the Bank monitors the possible effects of the earthquake disaster on its loan portfolio by taking into account current regulations and data.

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 principals 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 42,144 for which 100% provision has been made (December 31, 2022: 3,186,885).

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, 2023 and December 31, 2022 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 profit or loss 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, 2023, the goodwill amount is TL 14,631 (December 31, 2022: 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.

The Parent Bank, 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.

Tangible fixed assets followed at fair value in 2022 are revalued in the current period and reflected in the financial statements.

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 profit or loss 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". 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.

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES (Continued)

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 profit or loss statement.

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

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, 2023 is TL 19,983 (full TL) (December 31, 2022: TL 15,371 (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 Türkiye 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 9, 2018.

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, 2022 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at June 30, 2023.

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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 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 Türkiye 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 January 29, 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)

With Law No. 7338 published in the Official Gazette dated October 26, 2021, and numbered 31640, the revaluation of immovables and economic assets subject to depreciation has been introduced in the repeated Article 298, paragraph (Ç) and provisional Article 32 added to the Tax Procedure Law. With the Tax Procedure Law General Communiqués numbered 537 and 547 published in the Official Gazette on May 14, 2022, and January 14, 2023, the procedures and principles regarding the implementation were determined. The immovables and depreciable economic assets that meet the conditions under the reiterated paragraph (Ç) of Article 298 of the Tax Procedure Law No. 213 and the temporary article 32 were first revalued within the scope of the temporary article 32 and then in accordance with the repeated article 298/Ç. In accordance with the relevant legislation, the value increase amounts arising as a result of the revaluation are monitored in a special fund account in the liabilities of the balance sheet. Within the scope of temporary Article 32 of the Tax Procedure Law No. 213, the increase in value is taxed at a rate of 2%.

Law No. 7440 on the Restructuring of Certain Receivables and Amending Some Laws, published in the Official Gazette dated March 12, 2023, and numbered 32130, was enacted. With this law, tax at the rate of 10% is calculated by corporate taxpayers on the exemptions and deductions made the subject of deduction from corporate earnings following the regulations contained in Law No. 5520 and other Laws by showing in the corporate tax return for the year 2022 and on their basis subject to reduced corporate tax within the scope of Article 32/A of the same Law, without being associated with the period earnings. 5% additional tax is calculated on the exemption regulated in subparagraph (a) of the first paragraph of Article 5 of Law No. 5520 and on the exempt earnings obtained from abroad and certified to carry a tax burden of at least 15%. The first installment of this tax shall be paid within the payment period of the corporate tax and the second installment shall be paid in the fourth month following this period.

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 Türkiye 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 differed 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 Türkiye.

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.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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.

Transfer Pricing

In Türkiye, 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 EQUIVALENT

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of the Republic of Türkiye (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 Türkiye 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.

On March 21, 2023, the Parent Bank's Board of Directors decided to increase the Parent Bank's paid-in capital of TL 7,111,364 by allotted and cash capital increase with a total sales proceeds of TL 32,000,000 by fully restricting the pre-emptive rights of the existing shareholders, provided that it remains within the Parent Bank's registered capital ceiling, 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 ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and the Procedure for Wholesale Transactions of Borsa İstanbul, it has been decided to sell the shares to the Türkiye Wealth Fund through private placement without a public offering.

On March 28, 2023, the Parent Bank announced that the sale price of the shares to be issued was determined as TL 11.41 per share with a nominal value of TL 1 and that the paid-in capital would be increased from TL 7,111,364 to TL 9,915,922 as a result of the capital increase.

The shares with a nominal value of TL 2,804,557 issued by the Parent Bank were sold to the Türkiye Wealth Fund through a wholesale transaction in the equity market on March 28, 2023, through the allocated sales method with a total sales revenue of TL 32,000,000 at a price of TL 11.41 per share with a nominal value of TL 1 and the capital increase transactions were completed.

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ACCOUNTING POLICIES (Continued)

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.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

None.

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 Türkiye, 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, 2023, earnings per 100 shares are full TL 0.9232 (June 30, 2022: full TL 1.8329).

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

Adjustments were made in the previous period of the cash flow statement to be compatible 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 through other comprehensive income".

Pursuant to the BRSA's letter no.10496 dated January 31, 2023, the exchange rates announced by the CBRT as of December 31, 2022, were used in the calculation of the amount based on credit risk.

As of June 30, 2023 Group's equity amount TL 187,353,772 (December 31, 2022: TL 142,255,854) and capital adequacy ratio is 14.67 % (December 31, 2022: 14.34 %).

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	9,915,922	7,111,364
Share Premium	45,589,989	16,469,500
Reserves	37,989,477	37,480,709
Income recognized under equity in accordance with TAS	17,059,865	20,250,745
Profit	33,557,729	26,250,691
Current Period's Profit	7,889,356	25,811,449
Prior Period's Profit	25,668,373	439,242
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	116,799	(63,177)
Minority shares	2,496,393	1,803,499
Common Equity Tier 1 Capital Before Deductions	146,726,174	109,303,331
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	2,383,960	1,311,258
Leasehold Improvements on Operational Leases	238,234	207,555
Goodwill netted with deferred tax liability	14,631	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	409,016	449,004
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	149,762	-
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	3,195,603	1,982,448
Common Equity Tier 1 capital (CET1)	143,530,571	107,320,883
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	24,929,505	18,979,365
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital -	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	24,929,505	18,979,365
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK
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 1capital	24,929,505	18,979,365
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	168,460,076	126,300,248
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	4,145,000	4,145,000
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)	3,240	3,240
Provisions (Article 8 of the Regulation on the Equity of Banks)	14,773,944	11,829,968
Tier 2 Capital Before Deductions	18,922,184	15,978,208
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	18,922,184	15,978,208
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	187,382,260	142,278,456
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 (-)	28,488	22,602
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	187,353,772	142,255,854
Total Risk Weighted Amounts	1,277,077,248	991,995,262
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	11.24	10.82
Consolidated Tier 1 Capital Adequacy Ratio (%)	13.19	12.73
Consolidated Capital Adequacy Ratio (%)	14.67	14.34
BUFFERS		
Total buffer requirement (a+b+c)	4.031	4.024
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.031	0.024
c) Systemically important banks buffer requirement (%) ^(*)	1.500	1.500
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 (%)	6.700	6.300
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)	29,822,565	25,944,071
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	14,773,944	11,829,968
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(*) 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, 2023						
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.)	TRSVKFB92719	TRSVKFB0043	XS1984644812	TRSVKFB92925	TRSVKFB3217	TRSVKFB3225
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	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	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)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	420	4,994	19,936	725	1,750	1,250
Par value of instrument (in million)	420	4,994	19,936	725	1,750	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	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.	Early call date at the end of five years.	Early call date at the end of five years.
Subsequent call dates, if applicable	Only one call option is available.	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	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)

Current Period – June 30, 2023		Coupons / dividends				
Fixed or floating dividend/coupon	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	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity “Indicator Government Debt Security” +350 basis points	% 12.62 fixed interest rate	% 5.076 fixed interest rate	TLREF + 150 basis points	CPI (Annual Real Interest Rate 160 basis points)	17,50 % (Annual simple interest)
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)	Available. Revoking the business activity of Bank according to 71 clauses 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 clauses 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. Revoking the business activity of Bank according to 71 clauses of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no 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.	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	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 7	Possess Article 7	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Possess Article 7	Not Possess Article 7

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period – December 31, 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.
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Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	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)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
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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, 2022		Coupons / dividends				
Fixed or floating dividend/coupon	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	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
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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
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If write-down, permanent or temporary	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no 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.	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	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 7	Possess Article 7	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Possess Article 7	Not Possess Article 7

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period June 30, 2023	Prior Period December 31, 2022
Shareholders’ equity	141,411,256	106,525,528
Valuation differences of the marketable securities (*)	2,401,832	1,469,785
Stocks Acquired by Buyback from the Market (**)	382,604	-
Leasehold improvements on operational leases	(238,234)	(207,555)
Goodwill and intangible assets	(423,647)	(463,635)
General provision (1.25% of the amount that subject to credit risk) (**)	14,773,944	11,829,968
Subordinated debt	29,074,505	23,124,365
Deductions from shareholders’ equity	(28,488)	(22,602)
Capital	187,353,772	142,255,854

(*) 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 regulation dated 14 February 2023 and numbered 10508, in the calculation of the capital adequacy ratio, the shares acquired by the banks through buyback from the market after 6/2/2023 will not be considered as a discount item from the core capital until 1/1/2024.

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

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

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

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

As at June 30, 2023 and December 31, 2022, 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	26.0567	28.4799
<u>Foreign currency purchase rates for the days before balance sheet date:</u>		
Day 1	25.6841	28.0239
Day 2	25.0555	27.2930
Day 3	24.3937	26.7770
Day 4	23.5497	25.7786
Day 5	23.5630	25.6884
	US Dollar	Euro
Last 30-days arithmetical average rate	22.1461	23.9467

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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, 2023	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Türkiye	82,666,373	101,084,189	15,491,182	199,241,744
Banks	11,770,473	45,566,221	2,547,757	59,884,451
Financial assets at fair value through profit or loss ⁽⁷⁾	481,722	609,339	23,934,621	25,025,682
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	31,184,143	100,811,333	-	131,995,476
Loans ⁽¹⁾⁽²⁾	210,514,585	194,702,507	355,767	405,572,859
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	26,962,018	20,720,959	-	47,682,977
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	4,306	88,294	4,773	97,373
Intangible assets	12,722	1,897	-	14,619
Other assets ⁽³⁾	(2,684,411)	(496,686)	(773)	(3,181,870)
Total assets	360,911,934	463,088,053	42,333,327	866,333,314
<i>Liabilities:</i>				
Bank deposits	21,060,417	11,417,249	1,684,279	34,161,945
Foreign currency deposits	213,078,715	267,962,426	71,682,499	552,723,640
Interbank money market takings	8,307,799	40,235,466	-	48,543,265
Other funding	65,415,241	95,649,801	11,362,719	172,427,761
Securities issued ⁽⁴⁾	31,573,719	72,140,859	524,185	104,238,763
Miscellaneous payables	9,543,595	4,827,181	4,549	14,375,325
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities ⁽³⁾	7,331,417	11,011,996	1,792,429	20,135,842
Total liabilities	356,310,903	503,244,978	87,050,660	946,606,541
Net 'on balance sheet' position	4,601,031	(40,156,925)	(44,717,333)	(80,273,227)
Net 'off-balance sheet' position	2,032,662	45,721,986	44,889,607	92,644,255
Derivative assets ⁽⁵⁾	32,071,740	129,389,803	51,795,087	213,256,630
Derivative liabilities ⁽⁵⁾	30,039,078	83,667,817	6,905,480	120,612,375
Non-cash loans ⁽⁶⁾	83,900,118	107,340,273	7,024,071	198,264,462
Prior Period - December 31, 2022	Euro	US Dollar	Other FC	Total
Total assets	327,639,655	368,269,393	35,760,830	731,669,878
Total liabilities	282,942,927	417,469,968	57,943,732	758,356,627
Net 'on balance sheet' position	44,696,728	(49,200,575)	(22,182,902)	(26,686,749)
Net 'off-balance sheet' position	(42,046,627)	46,410,073	22,094,690	26,458,136
Derivative assets ⁽⁵⁾	15,793,714	73,133,107	26,028,604	114,955,425
Derivative liabilities ⁽⁵⁾	57,840,341	26,723,034	3,933,914	88,497,289
Non-cash loans ⁽⁶⁾	65,249,257	81,687,766	5,094,523	152,031,546

⁽¹⁾ Foreign currency indexed loans amounting to TL 461,662 (December 31, 2022: TL 462,190) 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 495,086 (December 31, 2022: TL 397,931) presented in TL column in the accompanying consolidated balance sheet is included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 185,300 (December 31, 2022: TL 72,291), Prepaid Expenses TL 698,928 (December 31, 2022: TL 512,039), deferred tax assets TL 519,681 (December 31, 2022: TL 221,208). Derivative financial instruments currency expense accruals of TL 1,980,189 (December 31, 2022: TL 135,989), unearned income TL 570,246 (December 31, 2022: TL 348,802) and shareholders' equity TL 1,292,490 (December 31, 2022: TL 1,371,048) are not taken into consideration in the currency risk calculation. Other assets also include expected loss provisions calculated in accordance with TFRS9.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 11,457,735 (December 31, 2022: TL 25,503,640) and asset sales commitments amounting to TL 14,340,400 (December 31, 2022: TL 25,588,622) 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, 2023 and June 30, 2022 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, 2023		Prior Period- June 30, 2022	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	547,487	547,487	(91,431)	(91,431)
Euro	661,666	1,120,709	283,283	579,040
Other currencies	16,750	16,750	(8,535)	(8,535)
Total, net ^(**)	1,225,903	1,684,946	183,317	479,074

^(*) 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 profit or loss 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, 2023 and June 30, 2022 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, 2023		Prior Period- June 30, 2022	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(547,487)	(547,487)	91,431	91,431
Euro	(661,666)	(1,120,709)	(283,283)	(579,040)
Other currencies	(16,750)	(16,750)	8,535	8,535
Total, net ^(**)	(1,225,903)	(1,684,946)	(183,317)	(479,074)

^(*) 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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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, 2023	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	-	-	-	-	-	229,472,924	229,472,924
Banks	6,355,910	7,547,584	-	71	-	49,305,219	63,208,784
Financial assets at fair value through profit/loss	2,439	12,948	22,339,229	2,086,397	-	5,162,099	29,603,112
Interbank money market placements	555	1,065	1,066	-	-	-	2,686
Financial assets at fair value through other comprehensive income	81,449,233	20,933,968	17,306,488	50,849,538	32,309,078	170,155	203,018,460
Loans ⁽¹⁾	403,682,232	266,046,582	416,274,807	117,856,597	89,278,968	22,518,296	1,315,657,482
Financial assets measured at amortized cost	98,899,884	617,578	25,201,722	94,731,579	32,061,629	-	251,512,392
Other assets ⁽²⁾	11,814,280	29,789,790	5,010,084	60,166	782,201	86,893,043	134,349,564
Total assets	602,204,533	324,949,515	486,133,396	265,584,348	154,431,876	393,521,736	2,226,825,404
<i>Liabilities:</i>							
Bank deposits	40,297,583	11,716,362	1,105,034	-	-	4,617,646	57,736,625
Other deposits	756,894,899	191,843,460	47,979,863	5,763,313	75,568	350,354,201	1,352,911,304
Interbank money market takings	150,406,529	22,308,503	4,063,764	12,740,847	-	-	189,519,643
Miscellaneous payables	-	-	-	-	-	56,009,955	56,009,955
Securities issued ⁽³⁾	1,736,171	3,332,642	49,216,995	57,411,836	5,763,667	-	117,461,311
Funds borrowed	8,004,811	122,151,933	16,378,689	30,814,502	14,204,888	10,790,552	202,345,375
Other liabilities ⁽⁴⁾	3,497,295	7,167,069	4,304,170	1,392,738	2,178,054	232,301,865	250,841,191
Total liabilities	960,837,288	358,519,969	123,048,515	108,123,236	22,222,177	654,074,219	2,226,825,404
On balance sheet long position	-	-	363,084,881	157,461,112	132,209,699	-	652,755,692
On balance sheet short position	(358,632,755)	(33,570,454)	-	-	-	(260,552,483)	(652,755,692)
Off-balance sheet long position	6,874,729	34,774,871	955,672	594,997	-	-	43,200,269
Off-balance sheet short position	-	-	-	-	(1,967,586)	-	(1,967,586)
Net position	(351,758,026)	1,204,417	364,040,553	158,056,109	130,242,113	(260,552,483)	41,232,683

(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, 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	-	-	-	-	-	268,975,314	268,975,314
Banks	3,978,931	3,296,034	-	109	-	21,485,604	28,760,678
Financial assets at fair value through profit/loss	6,739	122,569	9,632	16,478,799	-	749,144	17,366,883
Interbank money market placements	12,096,010	-	-	-	-	-	12,096,010
Available-for-sale financial assets	52,734,047	18,911,363	63,970,056	50,460,070	17,473,354	134,589	203,683,479
Loans ⁽¹⁾	289,424,005	237,624,228	257,313,114	91,959,665	76,160,705	20,835,536	973,317,253
Held-to-maturity investments	92,202,765	3,392,410	1,985,174	44,033,660	16,978,843	-	158,592,852
Other assets ⁽²⁾	2,073,949	12,328,132	3,146,075	2,735,311	977,365	22,978,556	44,239,388
Total assets	452,516,446	275,674,736	326,424,051	205,667,614	111,590,267	335,158,743	1,707,031,857
<i>Liabilities:</i>							
Bank deposits	68,496,222	6,513,088	49,181	-	-	3,038,984	78,097,475
Other deposits	601,075,975	149,262,786	45,698,685	3,431,712	73,015	254,458,095	1,054,000,268
Interbank money market takings	61,719,001	63,912,568	10,343,985	3,098,435	-	-	139,073,989
Miscellaneous payables	-	-	-	-	-	42,666,111	42,666,111
Securities issued ⁽³⁾	14,995,718	5,304,856	5,822,331	63,528,037	5,470,463	-	95,121,405
Funds borrowed	11,080,507	73,954,780	18,510,170	24,694,117	5,658,719	5,470,526	139,368,819
Other liabilities ⁽⁴⁾	1,640,632	9,209,757	2,718,815	754,400	1,768,109	142,612,077	158,703,790
Total liabilities	759,008,055	308,157,835	83,143,167	95,506,701	12,970,306	448,245,793	1,707,031,857
On balance sheet long position	-	-	243,280,884	110,160,913	98,619,961	-	452,061,758
On balance sheet short position	(306,491,609)	(32,483,099)	-	-	-	(113,087,050)	(452,061,758)
Off-balance sheet long position	1,226,200	18,470,911	694,287	3,664,326	-	-	24,055,724
Off-balance sheet short position	-	-	-	-	(1,962,997)	-	(1,962,997)
Net position	(305,265,409)	(14,012,188)	243,975,171	113,825,239	96,656,964	(113,087,050)	22,092,727

⁽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)

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

Current Period- June 30, 2023	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	4.31	5.26	-	16.29
Financial assets at fair value through profit/loss	2.80	-	-	33.79
Interbank money market placements	-	-	-	37.43
Financial assets at fair value through other comprehensive income	4.36	6.44	-	21.84
Loans	7.23	9.51	-	15.91
Financial assets measured at amortized cost	4.97	5.22	-	19.57
<i>Liabilities:</i>				
Bank deposits	4.63	6.26	-	25.92
Other deposits	1.94	1.83	-	29.96
Interbank money market takings	3.06	6.12	-	15.33
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.18	6.60	-	15.02
Funds borrowed	5.83	7.47	-	11.84
<hr/>				
Prior Period - December 31, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	10.80
Financial assets at fair value through profit/loss	-	-	-	19.83
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	21.55
Loans	6.28	8.84	-	15.82
Financial assets measured at amortized cost	4.59	6.40	-	25.84
<i>Liabilities:</i>				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.81	2.33	-	17.67
Interbank money market takings	2.80	5.05	-	9.40
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.24	-	15.44
Funds borrowed	3.46	6.08	-	11.89

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

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

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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 are shown in the table below:

Current Period- June 30, 2023	Comparison		
	Carrying Value	Fair Value (*)	Market Value (*)
Stock Investments			
Stocks quoted in exchange (*)	2,145,307	2,145,307	2,145,307
1.Stocks Investments Group A	2,115,976	2,115,976	2,115,976
2.Stock Investments Group B	29,331	29,331	29,331
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange (**)	4,225,511	3,628,105	-

(*) 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, 2022 valuation reports prepared by independent valuation companies.

Prior Period - December 31, 2022	Comparison		
	Carrying Value	Fair Value (*)	Market Value (*)
Stock Investments			
Stocks quoted in exchange (*)	1,661,827	1,661,827	1,661,827
1.Stocks Investments Group A	1,572,149	1,572,149	1,572,149
2.Stock Investments Group B	89,678	89,678	89,678
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange (**)	4,074,772	3,635,057	-

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

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

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IV. CONSOLIDATED STOCK POSITION RISK (Continued)

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, 2023	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total (*)	Included in Core Capital	Total (*)	Included in Core Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	3,701,863	3,701,863	-	-
4. Total	-	3,701,863	3,701,863	-	-

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

Portfolio-Prior Period - December 31, 2022	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total (*)	Included in Core Capital	Total (*)	Included in Core Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	3,687,319	3,687,319	-	-
4. Total	-	3,687,319	3,687,319	-	-

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

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - June 30, 2023	Carrying Value	Total RWA (*)	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	2,145,307	1,973,230	157,859
3.Other Stocks	4,225,511	4,088,977	327,118
4. Total	6,370,818	6,062,207	484,977

(*) In accordance with the BRSA regulation dated January 31, 2023 and numbered 10188, the foreign exchange buying rates announced by the CBRT as of December 31, 2022 are used in the calculation of the amount subject to credit risk.

Portfolio-Prior Period- December 31, 2022	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	1,661,827	1,551,290	124,103
3.Other Stocks	4,074,772	3,881,799	310,544
4. Total	5,736,599	5,433,089	434,647

(*) In accordance with the BRSA regulation dated April 28, 2022 and numbered 10188, the foreign exchange buying rates announced by the CBRT as of December 31, 2021 are used in the calculation of the amount subject to credit risk.

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

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.

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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, 2023

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	June, 2023	126.78	June, 2023	232.11
The highest value	April, 2023	153.81	April, 2023	379.20

Liquidity Coverage Ratio

Current Period- June 30, 2023		Total unweighted value ^(*)		Total weighted value ^(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			426,075,638	255,985,877
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	564,637,531	236,664,691	50,245,749	23,666,469
3	Stable deposits	124,360,082	-	6,218,004	-
4	Less stable deposits	440,277,449	236,664,691	44,027,745	23,666,469
5	Unsecured wholesale funding, of which:	783,004,864	277,565,371	345,429,165	127,376,289
6	Operational deposits	510,227,202	172,087,303	126,981,875	43,021,826
7	Non-operational deposits	155,289,572	61,221,571	101,023,010	40,161,416
8	Other Unsecured debts	117,488,090	44,256,497	117,424,280	44,193,047
9	Secured wholesale funding			-	-
10	Other cash outflows, of which;	70,997,092	52,809,030	70,997,091	52,809,031
11	Outflows related to derivative exposures and other collateral requirements	70,983,089	52,809,030	70,983,088	52,809,031
12	Outflows related to loss of funding on debt products	14,003	-	14,003	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	138,599,288	112,682,228	6,929,964	5,634,111
15	Other contingent funding obligations	384,974,949	77,913,543	29,369,387	5,455,065
16	TOTAL CASH OUTFLOWS			502,971,356	214,940,965
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	162,337,898	64,038,478	128,603,839	56,247,531
19	Other cash inflows	71,192,923	69,656,237	71,192,923	69,656,237
20	TOTAL CASH INFLOWS	233,530,821	133,694,715	199,796,762	125,903,768
				Upper Limit Applied Values	
21	TOTAL HQLA STOCK			426,075,638	255,985,877
22	TOTAL NET CASH OUTFLOWS			303,174,594	89,037,197
23	LIQUIDITY COVERAGE RATIO (%)			140.96	303.31

^(*) 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, 2022

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	December 2022	185.81	November 2022	204.33
The highest value	November 2022	204.33	October 2022	510.11

Liquidity Coverage Ratio

Prior Period- December 31, 2022		Total unweighted value (*)		Total weighted value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			430,383,593	228,758,417
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	420,965,538	219,890,491	38,491,786	21,989,049
3	Stable deposits	72,095,357	-	3,604,768	-
4	Less stable deposits	348,870,181	219,890,491	34,887,018	21,989,049
5	Unsecured wholesale funding, of which:	585,755,388	249,697,612	246,826,129	111,713,616
6	Operational deposits	398,093,986	157,939,763	99,189,485	39,484,941
7	Non-operational deposits	111,777,133	55,418,179	71,890,111	36,011,536
8	Other Unsecured debts	75,884,269	36,339,670	75,746,533	36,217,139
9	Secured wholesale funding			-	-
10	Other cash outflows, of which:	90,393,169	42,042,518	90,393,168	42,042,519
11	Outflows related to derivative exposures and other collateral requirements	90,262,908	42,042,518	90,262,907	42,042,519
12	Outflows related to loss of funding on debt products	130,261	-	130,261	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	115,947,142	97,207,100	5,797,357	4,860,355
15	Other contingent funding obligations	257,416,963	71,670,109	20,282,549	5,112,720
16	TOTAL CASH OUTFLOWS			401,790,989	185,718,259
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	112,353,050	63,286,094	92,529,069	57,483,693
19	Other cash inflows	89,941,428	86,664,789	89,941,428	86,664,789
20	TOTAL CASH INFLOWS	202,294,478	149,950,883	182,470,497	144,148,482
Upper Limit Applied Values					
21	TOTAL HQLA STOCK			430,383,593	228,758,417
22	TOTAL NET CASH OUTFLOWS			219,320,492	46,429,565
23	LIQUIDITY COVERAGE RATIO (%)			197.64	451.86

(*) 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 Türkiye.

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, 2023	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	228,416,140	1,056,784	-	-	-	-	-	229,472,924
Banks	52,347,557	3,313,572	7,547,584	-	71	-	-	63,208,784
Financial assets at fair value through profit/loss	4,458,885	2,439	12,948	22,339,229	2,086,395	-	703,216	29,603,112
Interbank money market placements	-	555	1,065	1,066	-	-	-	2,686
Financial assets at fair value through other comprehensive	-	35,299,785	5,122,807	12,275,381	98,128,636	52,021,696	170,155	203,018,460
Loans	257	146,234,021	109,388,200	374,232,187	401,469,739	262,055,923	22,277,155	1,315,657,482
Financial assets measured at amortized cost	-	-	3,644,869	37,216,255	130,570,137	80,081,131	-	251,512,392
Other assets (3)(4)	4,747,132	19,652,205	18,132,420	6,123,540	8,476,076	11,935,184	65,283,007	134,349,564
Total assets	289,969,971	205,559,361	143,849,893	452,187,658	640,731,054	406,093,934	88,433,533	2,226,825,404
Liabilities:								
Bank deposits	4,617,646	40,297,583	11,716,362	1,105,034	-	-	-	57,736,625
Other deposits	352,564,799	754,684,301	191,843,460	47,979,863	5,763,313	75,568	-	1,352,911,304
Funds Provided	-	8,028,803	3,712,092	55,282,943	100,351,805	34,969,732	-	202,345,375
Interbank money market takings	-	147,153,673	6,279,108	13,669,651	22,417,211	-	-	189,519,643
Securities issued (2)	-	1,119,157	1,758,440	46,979,648	57,746,083	9,857,983	-	117,461,311
Miscellaneous payables	132,138	30,951,482	153,743	1,995,815	160,163	-	22,616,614	56,009,955
Other liabilities	1,649,633	3,483,244	7,525,116	1,617,883	2,592,393	3,773,869	230,199,053	250,841,191
Total liabilities	358,964,216	985,718,243	222,988,321	168,630,837	189,030,968	48,677,152	252,815,667	2,226,825,404
Liquidity gap	(68,994,245)	(780,158,882)	(79,138,428)	283,556,821	451,700,086	357,416,782	(164,382,134)	-
Net Off Balance Sheet Position	-	4,711,052	11,303,206	2,044,460	20,229,153	3,352,275	-	41,640,146
Receivables from Derivative Financial Instruments	-	93,041,410	71,920,207	23,456,606	115,726,210	70,229,596	-	374,374,029
Payables from Derivative Financial Instruments	-	88,330,358	60,617,001	21,412,146	95,497,057	66,877,321	-	332,733,883
Non-cash Loans	159,080,645	16,346,277	28,725,094	99,182,907	55,884,044	5,230,402	1,477,556	365,926,925
Prior Period – December 31, 2022								
Total assets	276,828,197	136,506,505	107,442,092	323,897,961	490,073,256	341,600,530	30,683,316	1,707,031,857
Total liabilities	260,483,000	776,349,041	229,312,874	112,944,899	132,538,094	38,302,693	157,101,256	1,707,031,857
Liquidity gap	16,345,197	(639,842,536)	(121,870,782)	210,953,062	357,535,162	303,297,837	(126,417,940)	-
Net Off Balance Sheet Position	-	199,435	825,043	19,787	7,564,155	3,113,732	-	11,722,152
Receivables from Derivative Financial Instruments	-	60,929,376	12,199,784	7,175,722	69,734,388	57,859,362	-	207,898,632
Payables from Derivative Financial Instruments	-	60,729,941	11,374,741	7,155,935	62,170,233	54,745,630	-	196,176,480
Non-cash Loans	89,941,836	48,818,805	28,134,743	65,818,642	42,177,366	3,733,046	731,793	279,356,231

(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 6.21%. Increase in balance sheet assets and Tier I Capital transactions resulted in change on leverage rate compared to previous period (December 31, 2022: 6.07%). 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⁾	1,712,577,463	1,306,594,035
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⁾	5,545,606	755,452
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⁾	(15,678,340)	(17,324,295)
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⁾	89,033,419	129,658,286
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⁾	198,178,150	143,493,359
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⁾	(686,901,236)	(626,818,901)
Total risk amount	1,991,087,778	1,610,122,744

⁽¹⁾ The balances at the end of December 31, 2022 and June 30, 2022 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, 2023 ^(*)	Prior Period - December 31, 2022 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	2,027,773,272	1,579,480,664
2. Assets deducted in determining Basel III Tier 1 capital	(713,982)	(658,766)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	2,027,059,290	1,578,821,898
Derivative exposures		
4. Replacement cost	23,643,054	13,314,756
5. Add-on amount	3,969,192	2,363,583
6. Total derivative exposures	27,612,246	15,678,339
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	13,862,481	12,426,388
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	13,862,481	12,426,388
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	823,555,786	582,274,540
11. Adjustment amounts off-balance sheet exposures with credit conversion factor	(298,803,291)	(198,113,388)
12. Total off-balance sheet exposures	524,752,495	384,161,152
Capital and total exposures		
13. Tier 1 capital	160,726,531	120,718,155
14. Total exposures	2,593,286,512	1,991,087,777
Leverage ratio		
15. Leverage ratio	6.21	6.07

^(*) 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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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	15,183,319	41,208,798	41,339,098	729,456	98,460,671
Interest Expense	25,294,763	46,602,141	15,917,570	48,516	87,862,990
Net Interest Income/Losses (Net)	(10,111,444)	(5,393,343)	25,421,528	680,940	10,597,681
Net Fees and Commissions Income	2,116,080	6,077,605	683,659	-	8,877,344
Dividend Income	-	-	12,027	-	12,027
Trading Income/ Losses (Net)	-	-	12,731,311	-	12,731,311
Other Income	-	-	-	31,184,314	31,184,314
Allowance for Expected Credit Losses	-	-	-	22,244,798	22,244,798
Other Expenses	-	-	-	30,041,733	30,041,733
Based on Equity Method	-	-	282,011	-	282,011
Profit Before Taxes	(7,995,364)	684,262	39,130,536	(20,421,277)	11,398,157
Provision for taxes	-	-	-	-	(3,049,319)
Net Profit/ Loss					8,348,838
Segment Assets	257,777,717	831,672,306	976,196,532	155,719,628	2,221,366,183
Subsidiaries and Associates (Net)	-	-	5,459,221	-	5,459,221
TOTAL ASSETS	257,777,717	831,672,306	981,655,753	155,719,628	2,226,825,404
Segment Liabilities	549,337,485	830,422,752	551,485,935	154,167,976	2,085,414,148
Equity	-	-	-	141,411,256	141,411,256
TOTAL LIABILITIES	549,337,485	830,422,752	551,485,935	295,579,232	2,226,825,404
Prior Period					
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	181,290,929	625,766,110	816,722,533	78,223,659	1,702,003,231
Subsidiaries and Associates (Net)	-	-	5,028,626	-	5,028,626
TOTAL ASSETS	181,290,929	625,766,110	821,751,159	78,223,659	1,707,031,857
Segment Liabilities	384,202,958	682,591,466	444,620,321	89,091,584	1,600,506,329
Equity	-	-	-	106,525,528	106,525,528
TOTAL LIABILITIES	384,202,958	682,591,466	444,620,321	195,617,112	1,707,031,857

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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 Communiqué 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 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
	Current Period- June 30, 2023	Prior Period - December 31, 2022	Current Period- June 30, 2023
1 Credit Risk (excluding counterparty credit risk) ^(*)	1,159,736,281	929,408,502	92,778,903
2 Standardised approach	1,159,736,281	929,408,502	92,778,903
3 Internal rating-based approach	-	-	-
4 Counterparty Credit Risk	17,842,842	16,855,252	1,427,427
5 Standardised approach for counterparty credit risk	17,842,842	16,855,252	1,427,427
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	4,336,410	133,703	346,913
9 Equity investments in funds - mandate-based approach	-	-	-
# Equity investments in funds - 1250% weighted risk approach	-	-	-
# Settlement Risk	-	-	-
# Securitization positions in banking accounts	-	-	-
# IRB ratings-based approach	-	-	-
# IRB Supervisory formula approach	-	-	-
# SA/simplified supervisory formula approach	-	-	-
# Market risk	16,357,442	9,909,960	1,308,595
# Standardised approach	16,357,442	9,909,960	1,308,595
# Internal model approaches	-	-	-
# Operational Risk	78,804,273	35,687,845	6,304,342
# Basic Indicator Approach	78,804,273	35,687,845	6,304,342
# Standardised approach	-	-	-
# Advanced measurement approach	-	-	-
# The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
# Floor adjustment	-	-	-
# Total (1+4+7+8+9+10+11+12+16+19+23+24)	1,277,077,248	991,995,262	102,166,180

^(*) 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 (Continued)

Credit Quality of Assets

Current Period- June 30, 2023	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	22,277,155	1,293,380,327	47,366,424	1,268,291,058
2 Debt Securities	-	463,431,107	3,875,176	459,555,931
3 Off-balance sheet exposure	647,409	666,887,814	51,375	667,483,848
4 Total	22,924,564	2,423,699,248	51,292,975	2,395,330,837

Prior Period -December 31, 2022	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	20,835,536	952,481,717	42,460,111	930,857,142
2 Debt Securities	-	363,788,437	909,433	362,879,004
3 Off-balance sheet exposure	583,361	498,724,076	50,421	499,257,016
4 Total	21,418,897	1,814,994,230	43,419,965	1,792,993,162

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

	Current Period- June 30, 2023	Prior Period- December 31, 2022
1 Defaulted Loans and debt securities at end of the previous reporting period	20,835,536	19,139,928
2 Loans and debt securities that have defaulted since the last reporting period	5,886,291	11,069,005
3 Returned to non-defaulted status	76	47,396
4 Amounts written-off	42,144	3,186,885
5 Other Changes	(4,402,452)	(6,139,116)
6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)	22,277,155	20,835,536

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

Credit Risk Mitigation Techniques

Current Period – June 30, 2023	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	954,587,448	313,703,610	229,609,255	74,529,641	60,817,051	-	-
2 Debt Securities	459,555,931	-	-	-	-	-	-
3 Total	1,414,143,379	313,703,610	229,609,255	74,529,641	60,817,051	-	-
4 Of which Defaulted	22,277,155	-	-	-	-	-	-

Prior Period – December 31, 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	696,341,044	234,529,412	167,428,336	49,255,181	40,352,926	-	-
2 Debt Securities	362,879,004	-	-	-	-	-	-
3 Total	1,059,220,048	234,529,412	167,428,336	49,255,181	40,352,926	-	-
4 Of which Defaulted	20,835,536	-	-	-	-	-	-

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period - June 30, 2023		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	RWA
1	Exposures to central governments or central banks	673,310,517	643,905	695,964,850	408,432	1,310,512	%0.19
2	Exposures to regional governments or local authorities	7,955,098	1,325,757	7,955,098	651,004	4,262,083	%49.52
3	Exposures to public sector entities	5,461,745	1,154,542	5,461,745	562,961	5,782,323	%95.98
4	Exposures to multilateral development banks	-	-	-	-	-	%0.00
5	Exposures to international organizations	-	-	-	-	-	%0.00
6	Exposures to institutions	58,827,371	15,457,378	58,827,372	8,715,416	20,164,129	%29.85
7	Exposures to corporates	539,936,370	422,083,595	517,282,037	175,568,963	560,217,067	%80.86
8	Retail exposures	285,472,288	233,900,787	285,472,288	27,296,801	233,478,002	%74.65
9	Exposures secured by residential property	79,499,163	5,025,010	79,499,163	2,586,775	28,730,078	%35.00
10	Exposures secured by commercial real estate	107,764,036	19,868,853	107,764,036	13,481,048	78,294,994	%64.58
11	Past-due loans	3,772,392	-	3,772,392	-	2,266,802	%60.09
12	Higher-risk categories by the Agency Board	94,313,760	559,360	94,313,760	345,885	164,420,331	%173.70
13	Exposures in the form of covered bonds	-	-	-	-	-	%0.00
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	%0.00
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	4,336,410	-	4,336,410	-	4,336,410	%100.00
16	Other assets	73,276,834	-	73,276,834	-	54,747,753	%74.71
17	Investment in equities	6,062,207	-	6,062,207	-	6,062,207	%100.00
18	Total	1,939,988,191	700,019,187	1,939,988,192	229,617,285	1,164,072,691	%53.65

Prior Period-December 31, 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	RWA
1	Exposures to central governments or central banks	565,121,687	768,779	582,762,368	550,492	723,735	%0.12
2	Exposures to regional governments or local authorities	6,232,224	1,556,289	6,232,224	771,130	3,474,083	%49.61
3	Exposures to public sector entities	756,339	407,335	756,339	170,394	884,041	%95.39
4	Exposures to multilateral development banks	-	-	-	-	-	%0
5	Exposures to international organizations	-	-	-	-	-	%0.00
6	Exposures to institutions	31,193,767	9,392,696	31,193,768	5,502,659	12,701,264	%34.61
7	Exposures to corporates	394,804,299	331,879,970	377,163,617	139,905,761	431,310,052	%83.41
8	Retail exposures	169,715,268	137,919,165	169,715,268	16,881,354	141,369,249	%75.76
9	Exposures secured by residential property	70,062,629	3,955,445	70,062,629	1,956,017	25,206,526	%35.00
10	Exposures secured by commercial real estate	79,268,087	15,507,602	79,268,087	10,325,178	58,295,720	%65.07
11	Past-due loans	4,196,453	-	4,196,453	-	3,121,794	%74.39
12	Higher-risk categories by the Agency Board	113,602,521	301,641	113,602,521	149,779	204,873,495	%180.10
13	Exposures in the form of covered bonds	74,700	-	74,700	-	7,470	%10.00
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	%0.00
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	133,703	-	133,703	-	133,703	%100.00
16	Other assets	65,566,122	-	65,566,122	-	42,007,984	%64.07
17	Investment in equities	5,433,089	-	5,433,089	-	5,433,089	%100.00
18	Total	1,506,160,888	501,688,922	1,506,160,888	176,212,764	929,542,205	%55.25

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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, 2023	Asset Classes/ Risk Weight	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	694,248,446	-	-	-	1,628,648	-	496,188	-	696,373,282
2	Exposures to regional governments or local authorities	54,567	-	45,615	-	8,505,920	-	-	-	8,606,102
3	Exposures to public sector entities	223,555	-	23,536	-	-	-	5,777,615	-	6,024,706
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	664,819	-	47,540,260	-	17,363,260	-	1,974,449	-	67,542,788
7	Exposures to corporates	25,288,935	-	99,096,167	-	56,136,128	-	512,329,770	-	692,851,000
8	Retail exposures	10,062,017	-	2,401,034	-	-	269,232,966	31,073,072	-	312,769,089
9	Exposures secured by residential property	-	-	-	82,085,938	-	-	-	-	82,085,938
10	Exposures secured by commercial real estate	-	-	-	-	85,900,180	-	35,344,904	-	121,245,084
11	Past-due loans	-	-	-	-	3,078,716	-	626,141	67,535	3,772,392
12	Higher Risk categories by the Agency Board	47,983	-	7,230	-	-	-	-	94,604,432	94,659,645
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)	-	-	-	-	-	-	4,336,410	-	4,336,410
16	Other assets	-	-	-	-	-	-	6,062,207	-	6,062,207
17	Investments in equities	18,472,339	-	70,928	-	-	-	54,733,567	-	73,276,834
18	Total	749,062,661	-	149,184,770	82,085,938	172,612,852	269,232,966	652,754,323	94,671,967	2,169,605,477

Prior Period December 31, 2022	Asset Classes/ Risk Weight	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	582,026,705	-	-	-	1,124,840	-	161,315	-	583,312,860
2	Exposures to regional governments or local authorities	54,606	-	970	-	6,947,778	-	-	-	7,003,354
3	Exposures to public sector entities	10,807	-	39,856	-	-	-	876,070	-	926,733
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	658,893	-	20,550,607	-	13,791,568	-	1,695,359	-	36,696,427
7	Exposures to corporates	10,522,300	-	71,198,458	-	36,556,517	-	398,792,103	-	517,069,378
8	Retail exposures	3,548,505	-	1,263,951	-	644	162,669,542	19,113,980	-	186,596,622
9	Exposures secured by residential property	-	-	-	72,018,646	-	-	-	-	72,018,646
10	Exposures secured by commercial real estate	-	-	-	-	62,595,091	-	26,998,174	-	89,593,265
11	Past-due loans	-	-	-	-	2,244,192	-	1,857,388	94,873	4,196,453
12	Higher Risk categories by the Agency Board	35,294	-	21,372	-	-	-	-	113,695,634	113,752,300
13	Exposures in the form of covered bonds	-	74,700	-	-	-	-	-	-	74,700
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)	-	-	-	-	-	-	133,703	-	133,703
16	Other assets	-	-	-	-	-	-	5,433,089	-	5,433,089
17	Investments in equities	11,339,150	-	437,174	-	-	-	41,678,320	12,111,478	65,566,122
18	Total	608,196,260	74,700	93,512,388	72,018,646	123,260,630	162,669,542	496,739,501	125,901,985	1,682,373,652

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(Continued)**

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

Current Period- June 30, 2023		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk- weighted amounts
1	Fair value method - KKR (for derivatives)	-	-	-	-	-	-
2	Standard approach - KKR (for derivatives)	7,123,533	1,738,313	-	1.4	12,406,584	6,683,871
3	Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4	Simple methods that can be used to mitigate credit risk- (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	165,762,762	8,495,695
5	A comprehensive method for credit risk reduction- (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
7	Total						15,179,566

Prior Period- December 31, 2022		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk- weighted amounts
1	Fair value method - KKR (for derivatives)	-	-	-	-	-	-
2	Standard approach - KKR (for derivatives)	904,832	5,319,107	-	1.4	8,713,513	4,236,405
3	Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4	Simple methods that can be used to mitigate credit risk- (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	104,611,416	9,359,917
5	A comprehensive method for credit risk reduction- (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
7	Total						13,596,322

Capital requirement for credit valuation adjustment (CVA)

Current Period - June 30, 2023		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	12,406,584	2,573,259
4	Total subject to the CVA capital obligation	12,406,584	2,573,259
Prior Period- December 31, 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	8,713,513	2,952,324
4	Total subject to the CVA capital obligation	8,713,513	2,952,324

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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 2023

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	58,900,142	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	418	-	-	-	-	-	-	-	42
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	72,063,357	-	10,083,061	-	13,054,995	-	1,421,296	-	4,291,148	10,051,229
Corporates	1,094,209	16,227,092	-	-	-	-	3,328,746	-	89,011	4,953,235
Retail portfolios	6,011	1,892,080	-	-	-	97,941	-	-	27,331	263,210
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	132,063,719	18,119,590	10,083,061	-	13,054,995	97,941	4,750,042	-	4,407,490	15,267,716

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(**) Other assets: The counterparty reported in the counter counterparty risks includes amounts not included in the credit risk.

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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 (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	35,206,699	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	427	2	-	-	-	-	-	-	43
Claims from administration and non-commercial entity	-	530	-	-	-	-	327	-	-	380
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	30,071,901	-	8,665,140	-	9,977,920	-	914,691	-	3,190,344	7,700,486
Corporates	871,011	11,108,010	9,551,382	-	-	-	1,081,557	-	22,923	4,103,093
Retail portfolios	148,831	15,634,608	2,031,224	-	-	172,145	-	-	32	2,098,815
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	66,298,442	26,743,575	20,247,748	-	9,977,920	172,145	1,996,575	-	3,213,299	13,902,817

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(**) Other assets: The counterparty reported in the counterparty risks includes amounts not included in the credit risk.

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

	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		
Current Period - June 30, 2023						
Cash-domestic currency	-	-	-	-	139,893,654	-
Cash-foreign currency	-	-	-	-	34,688,204	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	174,581,858	-

	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		
Prior Period - December 31, 2022						
Cash-domestic currency	-	-	-	-	55,456,694	-
Cash-foreign currency	-	-	-	-	60,155,920	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	115,612,614	-

Loan Derivatives

Current Period - June 30, 2023	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	11,968,814
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	11,968,814
Fair Values	73,332	2,925,589
Positive fair values (asset)	73,332	-
Negative fair values (liability)	-	2,925,589

Prior Period - December 31, 2022	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	8,531,919
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	8,531,919
Fair Values	82,104	2,386,474
Positive fair values (asset)	82,104	-
Negative fair values (liability)	-	2,386,474

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VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

Current Period - June 30, 2023		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		90,017
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	4,407,490	88,150
3	(i) OTC Derivatives	4,067,058	81,341
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	340,432	6,809
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	93,328	1,867
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, 2022		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		306,606
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	15,324,777	306,495
3	(i) OTC Derivatives	3,115,170	62,303
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	12,209,607	244,192
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	5,390	111
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

3. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

As a result of fluctuations in the financial market, the Group is exposed to market risk, depending on the exchange rates, interest rates and changes in the market prices of the shares.

In order to evaluate the market risk, liquidity risk, interest risk or condensation risk that Bank is facing or could face, with the policies and limitations that are lineup for to control the risks there is “Market Risk Management Directorate” and it carries out the market risk management. In this extent, this Directorate design the risk measurement models, measurement results and getting regular reports from the other analyzes and give notices from the report of the analyzes to the necessary departments.

Market risks get measured and monitored with the national legislation that are parallel to international applications. This market risk management process continues by including buying and selling balance sheet both internally and externally, meeting the legal necessities, being able to analyze the all risks that can be caused from buying-selling activities and by identifying the market risk that can be caused by all portfolios.

Risk management of the Parent Bank is important in order to be understood by the all-management stages and be able to get an opportunity to manage risk. In addition to that, it is similarly important to handle the loss that might cause when a risk occurs. Therefore, measurements must cover the evaluations for the fund needs near the size of the risk and evaluations of the conditions that caused it. By using the methods of scenario and stress test, it is possible to see risk levels and needs of funds that can be generated from different circumstances and risky conditions.

In addition to the results of market risk measurements using standard method, which calculated in monthly periods, other daily risk dependencies can be also calculated by using internal model. Only by using the 99% of trust range, other measurements that are subject to risk can be daily calculated by using the historical stimulation and Monte Carlo stimulation. There are daily back testings occurred in order to examine the trustworthiness and performance of the model results. Besides, there are also scenario analyzes and stress tests are happening in order to backing up the standard method and internal models. In addition to this, in order to limit the market risks, daily limit implementation and limit implementation in accordance with the early warning system can be monitored on daily basis.

Market Risk- Standardised approach

		Current Period - June 30, 2023	Prior Period - December 31, 2022
		RAT	RAT
Outright products			
1	Interest rate risk (general and specific)	2,587,900	2,110,088
2	Stock risk (general and specific)	432,698	464,219
3	Foreign exchange risk	11,352,494	6,432,658
4	Commodity risk	1,966,320	834,371
Options			
5	Simplified approach	-	-
6	Delta-plus method	18,030	68,626
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	16,357,442	9,909,960

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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, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Cash	5,309,353	17,389,254	4,766,490	8,799,152
Central Bank of the Republic of Türkiye (*)	24,852,940	180,653,079	43,544,012	211,076,405
Other	68,887	1,199,411	84,940	704,315
Total	30,231,180	199,241,744	48,395,442	220,579,872

(*) TL 111,355,193 (December 31, 2022: TL 82,537,852 TL) of the foreign currency deposit at Central Bank of the Republic of Türkiye 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.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Türkiye shall provide a reserve rate ranging from 0% to 8% (December 31, 2022: 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, 2022: ranging from 5% to 26%).

Balances with the Central Bank of the Republic of Türkiye

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Unrestricted demand deposits	24,171,829	69,297,886	42,937,215	50,293,731
Restricted demand deposits	680,325	-	606,797	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	78,244,822
Reserve Deposits	786	111,355,193	-	82,537,852
Total	24,852,940	180,653,079	43,544,012	211,076,405

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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, 2023	Prior Period- December 31, 2022
Investments subject to repurchase agreements	-	-
Collateralized/blocked investment securities	13,994,662	-
Total	13,994,662	-

Positive differences on derivative financial assets held for trading purpose

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Forward transactions	2,040,947	2,678	134,695	443
Swap transactions	36,913,083	3,685,249	14,094,488	3,085,122
Futures	-	-	-	-
Options	6,834	26,777	474	52,603
Other	-	-	-	-
Total	38,960,864	3,714,704	14,229,657	3,138,168

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 Parent 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, 2023, the fair value of this transaction is TL 2,554,521, with a nominal amount of 120 million USD and an average maturity of 1.04 years (As of December 31, 2022, the fair value of this transaction was TL 1,722,403 with a nominal amount of 120 million USD, and an average maturity of 1.54 years).

3. Information on banks

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Banks				
Domestic	3,324,333	3,562	143,920	19,799
Foreign	-	59,880,889	-	28,596,959
Foreign Head Offices and Branches	-	-	-	-
Total	3,324,333	59,884,451	143,920	28,616,758

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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, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	12,132,341	47,004,724	6,024,871	13,831,275
Other	-	-	-	-
Total	12,132,341	47,004,724	6,024,871	13,831,275

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

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	36,823,965	3,150	26,356,794	48,817,628
Treasury bills	-	-	-	-
Other debt securities	-	25,367,100	-	14,613,928
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	36,823,965	25,370,250	26,356,794	63,431,556

Information on financial assets at fair value through other comprehensive income

	Current Period- June 30, 2023	Prior Period- December 31, 2022
Debt securities	206,840,320	205,770,179
Quoted on a Stock Exchange	205,217,250	203,769,735
Unquoted	1,623,070	2,000,444
Equity securities	170,155	134,589
Quoted on a Stock Exchange	-	-
Unquoted	170,155	134,589
Provisions for impairment losses (-)	3,992,015	2,221,289
Total	203,018,460	203,683,479

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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, 2023		Prior Period - December 31, 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	1,342	-	1,187
Legal entities	-	1,342	-	1,187
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	770,474	-	602,165	-
Total	770,474	1,342	602,165	1,187

Information on loans classified as standart loans and under close monitoring loans that have been restructured

Current Period - June 30, 2023

	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	1,167,374,817	35,217,527	1,068,212	51,873,487
Loans given to enterprises	302,803,891	17,369,754	923,806	47,655,348
Export loans	113,685,854	997,610	-	-
Import loans	-	-	-	-
Loans given to financial sector	28,137,460	35,063	-	-
Consumer loans	177,758,171	1,478,300	4,776	548,471
Credit cards	97,218,657	1,141,950	139,346	-
Other	447,770,784	14,194,850	284	3,669,668
Specialized lending	-	-	-	-
Other receivables	-	37,846,284	-	-
Total	1,167,374,817	73,063,811	1,068,212	51,873,487

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 192,500,000,000,000 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 Türkiye, 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 Türkiye 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.

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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, 2022

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Contract Terms	Refinance
Cash Loans				
Non-specialized loans	844,237,049	32,644,066	1,998,708	42,787,312
Loans given to enterprises	226,182,323	17,720,897	1,835,446	38,266,353
Export loans	73,853,772	693,501	-	-
Import loans	-	-	-	-
Loans given to financial sector	15,429,267	8,685	-	-
Consumer loans	133,450,476	1,261,497	9,224	598,495
Credit cards	55,684,826	575,878	153,735	-
Other	339,636,385	12,383,608	303	3,922,464
Specialized lending	-	-	-	-
Other receivables	-	30,814,582	-	-
Total	844,237,049	63,458,648	1,998,708	42,787,312

Current Period - June 30, 2023

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	9,192,647	-
Significant Increase in Credit Risk	-	19,707,410

Prior Period - December 31, 2022

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	6,282,894	-
Significant Increase in Credit Risk	-	19,220,224

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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, 2023	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	14,010,976	127,195,552	141,206,528
Housing loans	2,534	58,007,174	58,009,708
Automobile loans	177,017	7,961,089	8,138,106
General purpose loans	13,831,425	61,227,289	75,058,714
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	225	3,493	3,718
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	225	3,493	3,718
Other	-	-	-
Retail credit cards – TL	74,246,454	73,034	74,319,488
With instalment	34,974,002	70,163	35,044,165
Without instalment	39,272,452	2,871	39,275,323
Retail credit cards – FC	210,733	-	210,733
With instalment	-	-	-
Without instalment	210,733	-	210,733
Personnel loans – TL	109	115,308	115,417
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	109	115,308	115,417
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	651,030	271	651,301
With instalment	294,574	255	294,829
Without instalment	356,456	16	356,472
Personnel credit cards – FC	5,800	-	5,800
With instalment	-	-	-
Without instalment	5,800	-	5,800
Overdraft Checking Accounts – TL (Real person)	38,461,694	-	38,461,694
Overdraft Checking Accounts – FC (Real person)	2,361	-	2,361
Total	127,589,382	127,387,658	254,977,040

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

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

Prior Period - December 31, 2022	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	7,935,009	108,752,182	116,687,191
Housing loans	4,218	54,022,879	54,027,097
Automobile loans	24,328	3,370,937	3,395,265
General purpose loans	7,906,463	51,358,366	59,264,829
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	2,577	2,577
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,577	2,577
Other	-	-	-
Retail credit cards – TL	42,288,736	101,703	42,390,439
With instalment	20,734,917	100,707	20,835,624
Without instalment	21,553,819	996	21,554,815
Retail credit cards – FC	140,198	-	140,198
With instalment	-	-	-
Without instalment	140,198	-	140,198
Personnel loans – TL	1,018	176,041	177,059
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,018	176,041	177,059
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	422,146	136	422,282
With instalment	194,148	131	194,279
Without instalment	227,998	5	228,003
Personnel credit cards – FC	2,824	-	2,824
With instalment	-	-	-
Without instalment	2,824	-	2,824
Overdraft Checking Accounts – TL (Real person)	18,450,844	-	18,450,844
Overdraft Checking Accounts – FC (Real person)	2,021	-	2,021
Total	69,242,796	109,032,639	178,275,435

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

Installment based commercial loans and corporate credit cards

Current Period - June 30, 2023	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	26,965,034	147,334,082	174,299,116
Real estate loans	28,562	1,785,906	1,814,468
Automobile loans	1,143,184	8,385,994	9,529,178
General purpose loans	24,565,738	137,162,182	161,727,920
Other	1,227,550	-	1,227,550
Instalment-based commercial loans – FC indexed	-	343,378	343,378
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	343,378	343,378
Other	-	-	-
Instalment-based commercial loans – FC	1,495,164	109,634,792	111,129,956
Real estate loans	-	-	-
Automobile loans	-	18,066	18,066
General purpose loans	1,495,164	95,240,135	96,735,299
Other	-	14,376,591	14,376,591
Corporate credit cards – TL	20,118,968	3,132,262	23,251,230
With instalment	7,904,172	2,949,440	10,853,612
Without instalment	12,214,796	182,822	12,397,618
Corporate credit cards – FC	61,401	-	61,401
With instalment	-	-	-
Without instalment	61,401	-	61,401
Overdraft Checking Accounts – TL (Corporate)	41,807,680	-	41,807,680
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	90,448,247	260,444,514	350,892,761

Prior Period - December 31, 2022	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	45,510,070	109,371,800	154,881,870
Real estate loans	19,295	1,267,176	1,286,471
Automobile loans	1,230,353	5,759,446	6,989,799
General purpose loans	43,119,018	102,345,178	145,464,196
Other	1,141,404	-	1,141,404
Instalment-based commercial loans – FC indexed	-	367,517	367,517
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	367,517	367,517
Other	-	-	-
Instalment-based commercial loans – FC	62,090	76,086,224	76,148,314
Real estate loans	-	-	-
Automobile loans	-	22,549	22,549
General purpose loans	62,090	66,692,508	66,754,598
Other	-	9,371,167	9,371,167
Corporate credit cards – TL	13,219,153	212,008	13,431,161
With instalment	5,434,928	194,897	5,629,825
Without instalment	7,784,225	17,111	7,801,336
Corporate credit cards – FC	27,535	-	27,535
With instalment	-	-	-
Without instalment	27,535	-	27,535
Overdraft Checking Accounts – TL (Corporate)	20,170,978	-	20,170,978
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	78,989,826	186,037,549	265,027,375

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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, 2023	Prior Period - December 31, 2022
Domestic loans	1,276,247,582	941,033,981
Foreign loans	17,132,745	11,447,736
Total	1,293,380,327	952,481,717

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

Loans to associates and subsidiaries

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Direct loans to associates and subsidiaries	1,137,123	126,530
Indirect loans to associates and subsidiaries	-	-
Total	1,137,123	126,530

Specific provisions accounted for loans (Stage 3)

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Loans and receivables with limited collectability	1,083,934	1,091,792
Loans and receivables with doubtful collectability	1,676,068	1,301,592
Uncollectible loans and receivables	15,706,366	14,563,609
Total	18,466,368	16,956,993

Information on non-performing loans (Net)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current period - June 30, 2023			
Gross Amounts Before the Reserves	215,081	311,696	2,168,878
Loans Which Are Restructured	215,081	311,696	2,168,878
Prior Period - December 31, 2022			
Gross Amounts Before the Reserves	129,331	401,229	2,138,138
Loans Which Are Restructured	129,331	401,229	2,138,138

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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, 2023			
Balance at the beginning of the period	2,380,890	2,174,392	16,280,254
Additions (+)	2,756,996	2,727	723,778
Transfers from other categories of loans under follow-up (+)	-	2,568,174	1,584,879
Transfers to other categories of loans under follow-up (-) (*)	2,568,174	1,584,879	-
Collections (-)	369,104	352,446	1,393,625
Write-offs (-) (**)	-	-	42,144
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	115,437
Balance at the end of the period	2,200,608	2,807,968	17,268,579
Provision (-)	1,083,934	1,676,068	15,706,366
Net balance	1,116,674	1,131,900	1,562,213

(*) 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, 2023, the Parent Bank has TL 42,144 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 1.70% to 1.69%.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2022			
Balance at the beginning of the period	1,105,580	2,154,152	15,880,196
Additions (+)	6,918,094	427,377	2,206,476
Transfers from other categories of loans under follow-up (+)	-	4,893,989	4,185,091
Transfers to other categories of loans under follow-up (-) (*)	4,898,309	4,180,771	-
Collections (-)	744,475	1,120,355	2,858,053
Write-offs (-) (**)	-	-	3,186,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	53,429
Balance at the end of the period	2,380,890	2,174,392	16,280,254
Provision (-)	1,091,792	1,301,592	14,563,609
Net balance	1,289,098	872,800	1,716,645

(*) 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, 2022, the Parent Bank has TL 3,186,885 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 2.45% to 2.13%.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - June 30, 2023			
Balance at the end of the period	1,436,127	1,395,256	6,532,455
Provision (-)	733,389	848,336	6,268,101
Net balance on balance sheet	702,738	546,920	264,354
Prior Period – December 31, 2022			
Balance at the end of the period	1,363,356	470,985	5,735,580
Specific provision (-)	618,801	328,422	5,440,474
Net balance on balance sheet	744,555	142,563	295,106

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, 2023			
Current Period (Net)	1,116,674	1,131,900	1,562,213
Consumer and Commercial Loans (Gross)	2,200,463	2,805,344	17,249,309
Provision (-)	1,083,793	1,673,456	15,687,112
Consumer and Commercial Loans (Net)	1,116,670	1,131,888	1,562,197
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	145	2,624	19,270
Provision (-)	141	2,612	19,254
Other Loans and Receivables (Net)	4	12	16

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2022			
Prior Period (Net)	1,289,098	872,800	1,716,645
Consumer and Commercial Loans (Gross)	2,378,308	2,174,370	16,260,228
Provision (-)	1,089,215	1,301,577	14,543,597
Consumer and Commercial Loans (Net)	1,289,093	872,793	1,716,631
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,582	22	20,026
Provision (-)	2,577	15	20,012
Other Loans and Receivables (Net)	5	7	14

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on interest accruals, 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, 2023	97,992	54,358	238,050
Interest accruals and valuation differences	195,829	133,558	2,394,935
Provision (-)	97,837	79,200	2,156,885
Prior Period (Net) - December 31, 2022	26,275	76,700	256,464
Interest accruals and valuation differences	47,049	185,656	2,312,090
Provision (-)	20,774	108,956	2,055,626

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	203,770,465	32,807,038	124,497,259	22,217,950
Treasury bills	-	-	-	-
Other securities issued by the governments	-	14,586,621	-	11,611,721
Total	203,770,465	47,393,659	124,497,259	33,829,671

Information on financial assets measured at amortized cost

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Debt Securities	251,512,392	158,592,852
Quoted at stock exchanges	251,223,074	158,385,880
Unquoted at stock exchanges	289,318	206,972
Impairment losses (-)	-	-
Total	251,512,392	158,592,852

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The movement table of the other financial assets measured at amortised cost

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Balances at the beginning of the period	158,592,852	73,861,983
Foreign currency differences on monetary assets	12,520,448	8,334,895
Purchases during the period	83,696,110	41,636,940
Disposals through sales/redemptions	(13,930,409)	(3,320,778)
Change in Impairment losses	-	-
Change in amortized costs of the securities ^(*)	10,633,391	38,079,812
Balances at the end of the period	251,512,392	158,592,852

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

Information on accounts related to other financial assets measured at amortized cost

Current Period - June 30, 2023	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	74,664,810	26,267,499	78,409,354	30,518,563
Investments subject to repurchase agreements	46,746,204	14,160,610	95,381,564	14,456,378
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	21,063,794	2,633,039	30,038,497	2,708,036
Total	142,474,808	43,061,148	203,829,415	47,682,977

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

Prior Period - December 31, 2022	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	26,093,414	4,521,743	27,542,748	4,621,392
Investments subject to repurchase agreements	9,141,716	13,487,932	23,258,481	14,222,483
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	36,801,278	13,203,724	73,754,980	15,192,768
Total	72,036,408	31,213,399	124,556,209	34,036,643

^(*) 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/Türkiye	9.93	9.93
2 Bankalararası Kart Merkezi AŞ ^(*)	İstanbul/Türkiye	4.75	4.75
3 KKB Kredi Kayıt Bürosu AŞ	İstanbul/Türkiye	9.09	9.09
4 Güçbirliği Holding AŞ ^(*)	İzmir/Türkiye	0.07	0.07
5 İzmir Enternasyonal Otelcilik AŞ ^(*)	İstanbul/Türkiye	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ	İstanbul/Türkiye	4.37	4.37
7 Kredi Garanti Fonu AŞ	Ankara/Türkiye	1.49	1.49
8 Türkiye Ürün İhtisas Borsası AŞ	Ankara/Türkiye	3.00	3.00
9 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ	İstanbul/Türkiye	33.33	33.33
10 JCR Avrasya Derecelendirme AŞ	İstanbul/Türkiye	2.86	2.86
11 Birleşik İpotek Finansmanı AŞ	İstanbul/Türkiye	8.33	8.33
12 Tasfiye Halinde World Vakıf UBB Ltd. ^(**)	Lefkoşa/KKTC	83.00	83.62

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	32,178,497	11,142,485	5,357,380	64,459	-	684,174	712,634	28,450,000
2	2,086,572	1,640,651	151,557	61,552	-	955,578	53,059	-
3	1,062,916	217,363	429,250	16,302	799	102,762	19,581	-
4	141,401	(256,676)	92,392	1	-	(9,763)	(13,043)	-
5	80,612	(707,846)	70,039	-	-	(26,998)	(64,605)	-
6	93,492,229	5,540,972	387,473	1,548,117	102,526	1,035,347	658,669	-
7	3,359,176	1,592,127	43,138	130,899	-	300,457	159,089	-
8	321,552	302,162	88,429	23,102	-	64,345	45,002	-
9	466,853	326,747	161,264	24,307	-	(8,029)	4,804	-
10	241,618	210,272	18,085	21,668	-	49,979	42,608	-
11	154,804	83,496	1,308	6,665	8,657	13,042	9,637	-
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, 2023.

^(**) 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 prior period. TL 270,577 of the capital increase will be covered by paid, TL 588,211 from internal resources. The remaining 3/4 of the TL 26,872 worth of shares corresponding to Parent Bank's share, TL 20,154, has been paid.

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 prior period. It has been decided that TL 270,577 of the capital increase will be covered by paid, TL 588,211 from internal resources. A portion of TL 6,718 which is 1/4 of the TL 26,872 worth share corresponding to the Parent bank's share, has been paid. After the capital increase, the share which corresponds to the Parent Bank is TL 58,417.

In the prior period, it has been decided to increase the capital of JCR Avrasya Rating AŞ from TL 1,000 to TL 30,000. After the capital increase, the share which corresponds to the Parent Bank is TL 828.

In the prior period, the Parent Bank has purchased the shares of PTT and TVF in Platform Ortak Karlı Sistemler AŞ with a share transfer agreement dated April 22, 2022. The Parent Bank's share was paid TL 700 in return for the share transfer. After the share transfer, the Parent Bank's share in the Company increased from 20% to 33.33%.

In the prior 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 TL 145,000 to TL 340,000 by means of a paid-in increase. After the capital increase, the share which corresponds to the Parent Bank is TL 64,994.

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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 (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 Enternasyonel Otelcilik 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 TFRS 9 in the consolidated financial statements.

Consolidated investments in associates

Title	Address (City/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Türkiye	8.38	8.38
3 Birleşim Varlık Yönetim AŞ	İstanbul/Türkiye	16.00	16.00

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	5,078,229	234,750	21,316	206,443	6,661	53,263	17,514	-
2	148,811,437	16,757,611	4,540,889	5,216,543	2,085,576	3,144,986	1,519,222	12,546,800
3	848,614	720,581	28,169	159,461	-	65,935	-	-

(*) The financial statement information provided for these associates is taken from the financial statements dated March 31, 2023.

In the prior period, it has been decided to increase the capital of Kıbrıs Vakıflar Bankası LTD from TL 70,000 to TL 100,000. Bonus shares amounting to TL 4,500 corresponding to the Parent Bank’s share are shown under Bonus Shares Received in the Movement table of consolidated investments in subsidiaries in consolidated financial statements.

Movement of consolidated investments in associates

	Current Period – June 30, 2023	Prior Period – December 31, 2022
Balance at the beginning of the period	1,043,941	349,103
Movements during the period	141,569	694,838
Transfers	-	-
Acquisitions	119,285	-
Bonus shares received	-	4,500
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	22,284	690,338
Impairment losses	-	-
Balance at the end of the period	1,185,510	1,043,941
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)

7. Investments in associates (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Banks	1,066,225	1,043,941
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	119,285	-
Total	1,185,510	1,043,941

Quoted associates

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	1,051,106	1,028,822
Quoted at international stock exchanges	-	-
Total	1,051,106	1,028,822

Investments in associates disposed during the period

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

In the prior 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.

Investments in associates acquired during the period

In the current period, the Parent Bank acquired Birleşim Varlık Yönetim A.Ş. with a capital of TL 75,000 on March 1, 2023, as a shareholder. Shares amounting to TL 119,285 are recognized in the Acquisitions row in the movement table of investments in subsidiaries. The Parent Bank's share in the Company is 16.00%.

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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, 2023	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	600,000	250,000	450,000	1,717,500	30,000
Share Premium	-	1,366	137	-	322,717	121
Equity shares premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	-	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	97,056	2,595	22,501	(779)	(125)
Other accumulated comprehensive income that will be reclassified in profit or loss	3,720,594	-	-	-	-	-
Profit Reserves	28,297	100,339	152,736	135,080	155,104	1,645
Legal Reserves	28,297	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	-	7,656	75,050	-	547	-
Profit/Loss	130,373	1,339,268	693,563	1,122,891	1,036,916	9,248
Prior Period's Profit/Loss	43,848	415,435	388,711	494,842	885,790	5,640
Current Period's Profit/Loss	86,525	923,833	304,852	628,049	151,126	3,608
Minority Rights	-	-	-	-	-	-
Total Core Capital	4,190,512	2,138,029	1,099,031	1,730,472	3,231,458	40,889
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	4,190,512	2,138,029	1,099,031	1,730,472	3,231,458	40,889
NET AVAILABLE EQUITY	4,190,512	2,138,029	1,099,031	1,730,472	3,231,458	40,889

(*) Reviewed BRSA financial statements as of June 30, 2023 are considered.

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Prior Period - December 31, 2022						
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	1,662	137	-	322,717	121
Equity shares premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	296	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	97,494	6,500	22,501	(665)	(43)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,512,228	-	-	-	-	-
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	190,572	415,435	388,711	494,842	885,790	5,644
Prior Period's Profit/Loss	148,344	(52,549)	5,058	(31,857)	5,221	(3)
Current Period's Profit/Loss	42,228	467,984	383,653	526,699	880,569	5,647
Minority Rights	-	-	-	-	-	-
Total Core Capital	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367
NET AVAILABLE EQUITY	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367

(*) Reviewed BRSA financial statements as of December 31, 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)

8. Investments in subsidiaries (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, 2023, 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/Türkiye	67.27	84.82
2 Taksim Otelcilik AŞ	Istanbul/ Türkiye	52.43	52.43
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ	Istanbul/ Türkiye	96.73	98.76
4 Vakıf Gayrimenkul Değerleme AŞ	Istanbul/ Türkiye	97.14	97.14
5 Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ	Istanbul/ Türkiye	100.00	100.00

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	300,230	299,713	365	4,671	-	81,089	40,828	140,984
2	912,608	854,802	105,934	70,785	-	97,585	28,114	816,136
3	407,648	153,020	147,479	18,370	208	(38)	(1,631)	180,670
4	63,860	49,903	958	7,915	-	(6,452)	41	61,154
5	116,369	109,815	4,506	13,779	-	5,686	9,486	100,000

In the prior period, it has been decided to increase the capital of Vakıf Pazarlama Sanayi ve Ticaret AŞ from TL 30,241 to TL 100,000 by an increase of TL 69,759. After the capital increase, the share which corresponds to the Parent Bank is TL 60,671.

In the prior period, it has been decided to increase the capital of Vakıf Gayrimenkul Değerleme AŞ from TL 30,000 to TL 60,000 by an increase of TL 30,000. After the capital increase, the share which corresponds to the Parent Bank is TL 29,143.

In the prior period, the 1.43% nominal share of TL 5,016 owned by Türkiye Sigorta AŞ, one of the partners of Taksim Otelcilik AŞ, has been purchased by our Bank for TL 11,695. After the capital increase, the share which corresponds to the Parent Bank is TL 11,695.

In the prior period, the entire 1.77% nominal share of TL 1,504, owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Enerji ve Madencilik AŞ, has been purchased by our Bank for a price of TL 2,494. After the capital increase, the share which corresponds to the Parent Bank is TL 2,494.

In the prior period, all of the 9.76% nominal shares of TL 9,761 owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Pazarlama Sanayi ve Ticaret AŞ, in the Company have been purchased by Parent Bank for a price of TL 17,635. After the capital increase, the share which corresponds to the Parent Bank is TL 17,635.

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/ Türkiye	92.10	94.45
2 Vakıf Finansal Kiralama AŞ	Istanbul/ Türkiye	62.05	62.05
3 Vakıf Yatırım Menkul Değerler AŞ	Istanbul/ Türkiye	99.50	99.66
4 VakıfBank International AG	Viyana/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	Istanbul/ Türkiye	33.77	33.77
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Istanbul/ Türkiye	53.31	53.31

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 27,264,091	1,785,400	4,549	2,733,095	-	631,100	159,684	1,022,000
2 21,109,249	2,274,459	101,833	1,523,821	1,826	942,598	191,205	3,079,800
3 5,743,826	1,099,032	64,643	-	5,626	304,854	121,019	839,000
4 25,316,392	4,673,247	17,113	356,862	11,568	111,572	101	2,628,125
5 41,938	40,891	109	530	6,033	3,605	2,185	842,040
6 8,338,537	5,685,567	3,910,614	134,187	-	367,907	347,381	4,345,275

(⁹) The financial statement information provided for these associates is taken from the financial statements dated March 31, 2023.

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Balance at the beginning of the period	9,278,157	4,141,635
Movements during the period	(362,408)	5,136,522
Transfers	-	-
Acquisitions	465,838	257,307
Bonus shares received	-	307,337
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	1,075,419	4,587,310
Impairment losses	(1,903,665)	(15,432)
Balance at the end of the period	8,915,749	9,278,157
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the current period, 3.66% nominal shares amounting to TL 41,865 owned by TOKİ, one of the shareholders of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, were purchased by the Parent Bank for TL 160,660. The Parent Bank's share amounting to TL 160,660 has been recognized under Purchases in the movement table of subsidiaries. In addition, it has been decided to increase the Company's paid-in capital of TL 1,145,000 by 50% rights issue to TL 1,717,500. The Parent Bank's share amounting to TL 305,178 has been recognized as Purchases in the statement of movement of subsidiaries.

In the prior period, all of the 13,71% nominal shares of TL 61,674 owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Faktoring AŞ, have been purchased by the Parent Bank for a consideration of TL 140,069. TL 140,069 share corresponding to the Bank's is shown under the Acquisitions row in the movement table of subsidiaries.

In the prior period, all of the 7,974,238 shares owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, were purchased by the Parent Bank for a price of TL 40,150. TL 40,150 shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

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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 (Continued)

In the prior period, all of the 0.25% nominal TL 625 share in the company owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Yatırım Menkul Değerler AŞ, was purchased by the Parent Bank for a price of TL 2,098. Shares amounting to TL 2,098 corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

In the prior period, 20.000.000 shares owned by Türkiye Sigorta AŞ, one of the shareholders of Vakıf Finansal Kiralama AŞ, were acquired for TL 49,000. Shares amounting to TL 49,000 corresponding to the Parent Bank's share are shown under Acquisitions in the Movement table of consolidated investments in subsidiaries in consolidated financial statements.

In the prior period, 2.522.434 shares of Türkiye Sigorta AŞ, one of the shareholders of Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ, and 2.399.981 shares of Türkiye Hayat ve Emeklilik AŞ were acquired for an amount of TL 25,990. Shares amounting to TL 25,990 corresponding to the Bank's share are shown under Acquisitions in the Movement table of consolidated investments in subsidiaries in consolidated financial statements.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 500,000 to TL 600,000. 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 prior 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 prior 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 prior 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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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Measured at cost	-	-
Measured at fair value (*)	8,915,749	9,278,157
Equity method of accounting	-	-
Total	8,915,749	9,278,157

(*) Valuation amounts of December 31, 2022 have been taken for the unquoted subsidiaries.

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period - June 30, 2023	Prior Period- December 31, 2022
Banks	2,628,125	1,843,727
Factoring companies	941,244	941,244
Leasing companies	1,910,880	1,993,897
Financing companies	-	-
Other financial subsidiaries	3,435,500	4,499,289
Total	8,915,749	9,278,157

Quoted consolidated subsidiaries

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	4,511,575	5,658,381
Quoted at international stock exchanges	-	-
Total	4,511,575	5,658,381

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 and prior period.

9. Investments in joint-ventures

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period - June 30, 2023		Prior Period – December 31, 2022	
	Gross	Net	Gross	Net
Less than 1 year	3,270,280	2,899,335	2,039,611	1,813,736
Between 1-4 years	12,607,017	9,180,104	7,001,171	5,335,389
Longer than 4 years	1,272,507	978,196	1,981,371	1,274,852
Total	17,149,804	13,057,635	11,022,153	8,423,977

Net investments in finance lease receivables

	Current Period – June 30, 2023	Prior Period – December 31, 2022
Gross finance lease receivables	17,149,804	11,022,153
Unearned income on finance lease receivables (-)	4,092,169	2,598,176
Terminated lease contracts (-)	-	-
Net finance lease receivables	13,057,635	8,423,977

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.

12. Information on investment properties

As of June 30, 2023, there are investment properties with a net balance sheet value of TL 1,248,534 (December 31, 2022: TL 1,307,194) and a fair value of TL 3,216,578 (December 31, 2022: TL 3,444,057), belonging to the Parent Bank’s subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on tax assets

a) Current tax assets

None.

b) Deferred tax assets

The deferred tax asset of the Bank as of June 30, 2023 is TL 4,102,930 (December 31, 2022: TL 3,061,414). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of June 30, 2023 and December 31, 2022 is as follows:

	Current Period – June 30, 2023	Prior Period - December 31, 2022
As of 1 January,	3,005,010	58,048
Deferred tax income/(loss)	(1,383,697)	6,397,464
Deferred tax that is accounted under Equity	2,391,615	(3,427,490)
Other	(10,860)	(23,012)
Deferred tax asset/(liability)	4,002,068	3,005,010

(*) 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, 2023, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 216,575 (December 31, 2022: TL 411,964), and the provision for impairment is TL 707 (December 31, 2022: TL 986).

15. Information on other asset

As of June 30, 2023, and December 31, 2022, “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 and financial assets measured at amortized cost financial assets measured at amortized cost

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Balances with the Central Bank	2,313	2,865
Banks	15,363	9,849
Total	17,676	12,714
Financial Assets Measured at Amortized Cost	31,643	20,008
Total	49,319	32,722

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period June 30, 2023	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	38,076,678	-	21,374,672	73,328,605	134,845,304	8,135,834	21,631,721	10,490	297,403,304
Foreign currency deposits	170,353,944	-	125,013,251	150,166,070	9,142,437	7,969,390	24,678,146	-	487,323,238
Residents in Türkiye	153,831,235	-	121,947,543	137,825,378	6,881,486	2,847,047	7,704,887	-	431,037,576
Residents in abroad	16,522,709	-	3,065,708	12,340,692	2,260,951	5,122,343	16,973,259	-	56,285,662
Public sector deposits	24,488,468	-	64,267,657	19,057,591	1,126,815	178,281	148,846	-	109,267,658
Commercial deposits	36,801,882	-	142,703,142	84,815,607	27,684,734	17,362,369	10,741,190	-	320,108,924
Other	22,472,678	-	9,471,565	39,580,935	2,226,337	195,459	89,528	-	74,036,502
Precious metal deposits	60,371,149	-	-	69,289	211,946	3,787,566	331,728	-	64,771,678
Bank deposits	4,617,646	-	37,583,818	14,705,985	829,176	-	-	-	57,736,625
Central Bank	197,041	-	-	-	-	-	-	-	197,041
Domestic banks	3,644,789	-	32,324,639	3,083,856	19,414	-	-	-	39,072,698
Foreign banks	581,570	-	5,259,179	11,622,129	809,762	-	-	-	18,272,640
Participation banks	194,246	-	-	-	-	-	-	-	194,246
Other	-	-	-	-	-	-	-	-	-
Total	357,182,445	-	400,414,105	381,724,082	176,066,749	37,628,899	57,621,159	10,490	1,410,647,929

As of June 30, 2023, TL 100,627,213 (December 31,2022: TL 48,199,010) “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 103,310,404 (December 31, 2021: TL 84,005,929) “Turkish Lira Time Deposits with Currency Conversion Protection” published in the Official Gazette by the CBRT.

Prior Period December 31, 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	27,937,402	-	19,530,716	60,001,773	69,622,445	6,537,786	10,715,796	9,674	194,355,592
Foreign currency deposits	109,203,856	-	92,576,063	132,567,215	24,934,038	7,190,817	16,485,796	-	382,957,785
Residents in Türkiye	100,494,205	-	89,342,751	127,598,756	23,317,946	3,711,618	6,880,831	-	351,346,107
Residents in abroad	8,709,651	-	3,233,312	4,968,459	1,616,092	3,479,199	9,604,965	-	31,611,678
Public sector deposits	20,775,383	-	65,983,069	13,731,218	1,170,824	298,194	44,116	-	102,002,804
Commercial deposits	43,264,005	-	95,306,557	85,140,716	35,316,784	12,282,762	6,594,846	-	277,905,670
Other	17,637,497	-	7,431,844	24,727,603	5,072,995	228,525	129,071	-	55,227,535
Precious metal deposits	37,899,180	-	-	66,407	236,087	3,040,501	308,707	-	41,550,882
Bank deposits	3,039,064	-	58,729,296	15,617,303	110,198	49,181	552,433	-	78,097,475
Central Bank	4,247	-	-	-	-	-	-	-	4,247
Domestic banks	1,339,713	-	57,597,022	3,335,949	-	49,181	-	-	62,321,865
Foreign banks	941,500	-	1,132,274	12,281,354	110,198	-	552,433	-	15,017,759
Participation banks	753,604	-	-	-	-	-	-	-	753,604
Other	-	-	-	-	-	-	-	-	-
Total	259,756,387	-	339,557,545	331,852,235	136,463,371	29,627,766	34,830,765	9,674	1,132,097,743

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, 2023		Prior Period - December 31, 2022	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	121,173,804	176,229,500	67,118,488	127,237,104
Foreign currency saving deposits	87,256,735	150,822,124	47,027,029	134,690,674
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	208,430,539	327,051,624	114,145,517	261,927,778

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

Saving deposits out of insurance coverage limits

	Current Period- June 30, 2023	Prior Period - December 31, 2022
Deposits and other accounts at foreign branches	208,231	187,327
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	43,232	31,444
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Türkiye, 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, 2023		Prior Period- December 31, 2022	
	TL	FC	TL	FC
Forwards	672,118	1,979	5,120	79
Swaps	1,500,399	7,023,102	202,661	4,458,210
Futures	-	-	-	-
Options	6,834	57,373	-	53,527
Other	-	-	-	-
Total	2,179,351	7,082,454	207,781	4,511,816

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	23,204,190	75,410	9,000,667	1,116,440
Domestic banks and institutions	6,572,743	4,173,188	5,445,312	9,805,240
Foreign banks, institutions and funds	140,681	168,179,163	35,158	113,966,002
Total	29,917,614	172,427,761	14,481,137	124,887,682

b) Maturity information of funds borrowed

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Short-term (*)	17,170,259	2,225,845	9,702,933	3,675,359
Medium and Long-term (*)	12,747,355	170,201,916	4,778,204	121,212,323
Total	29,917,614	172,427,761	14,481,137	124,887,682

(*) 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 9.70% (December 31, 2022: 8.71%) 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
November 28, 2022	367	USD	222,5	SOFR+%4,25	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C).
	367	EUR	328	E+4%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)
May 15, 2023	367	USD	189,5	SOFR+%4,25	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)
	367	EUR	575,5	E+4%	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
May 13, 2011	June 15, 2023	USD	346,5	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 / Based on treasury financing transactions
	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
February 21, 2023	March 15, 2028	USD	416,4	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2027	USD	350	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2027	USD	182	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2027	USD	540	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2028	USD	205	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2026	EUR	50	Based on international remittance flows
	March 15, 2027	EUR	25	Based on international remittance flows / Based on treasury financing transactions
March 13, 2023	March 15, 2028	USD	120	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2027	USD	100	Based on international remittance flows / Based on treasury financing transactions

As of June 30, 2023, the total securitization balance is equivalent of USD 3,845 million and EUR 310 million (December 31, 2022: USD 1,616 million and EUR 252 million).

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

Information on securities issued

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

On December 8, 2020, the first Sustainable Eurobond issuance among deposit banks in Türkiye amounting to USD 750 million with 5 years maturity, 6.50 % coupon rate and 6.625 % final return rate was realized.

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 return rate of 5.625 %.

Within the scope of the program, a total of 282 private placement transactions have been carried out with 20 different banks as of June 2013. Transactions are carried out in various currencies (US Dollar, EUR, GBP, Swiss Franc and Japanese Yen) with maturities of 3 months, 6 months, 1 year and 2 years. On February 21, 2023, one securitization-guaranteed bond with a maturity of 1849 days was issued, amounting to USD 116 million. As of June 30, 2023, the total balance of allocated sales transactions was equivalent to USD 455.2 million.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - June 30, 2023				
Nominal	2,446,349	1,000,000	-	82,698,648
Cost	2,244,073	1,000,000	-	82,384,899
Net Book Value	2,353,411	1,011,154	-	84,114,306
Prior Period - December 31, 2022				
Nominal	6,120,841	1,478,000	1,396,773	60,909,813
Cost	5,826,392	1,478,000	1,396,125	60,640,318
Net Book Value	5,977,873	1,560,098	1,411,042	62,129,106

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 (Continued)

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, 2023 and December 31, 2022 are presented below.

Current Period - June 30, 2023	Service Buildings	Vehicles	Total
Lease payables	4,834,104	99,131	4,933,235
Deferred rental expenses (-)	2,906,874	21,212	2,928,086
Lease payables (Net)	1,927,230	77,919	2,005,149
Right of use assets	1,817,200	74,861	1,892,061

Prior Period - December 31, 2022	Service Buildings	Vehicles	Total
Lease payables	2,040,143	121,465	2,161,608
Deferred rental expenses (-)	1,074,817	62,072	1,136,889
Lease payables (Net)	965,326	59,393	1,024,719
Right of use assets	856,305	49,022	905,327

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 18,912 of lease payments were made in the related period. (June 30, 2022: TL 67,673).

	Current Period-June 30, 2023		Prior Period- December 31, 2022	
	Gross	Net	Gross	Net
Under 1 year	4,631,275	1,847,275	837,410	370,323
1-4 Years	301,960	157,874	571,224	279,115
Over 4 years	0	0	752,974	375,281
Total	4,933,235	2,005,149	2,161,608	1,024,719

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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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 2,036,058 (December 31, 2022: TL 1,994,327) provision for severance pay and TL 240,037 (December 31, 2022 TL 195,642) provision for unused vacation are stated in financial statements under employee rights provision.

Provision for currency exchange loss on foreign currency indexed loans

None.

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

As of June 30, 2023 the Parent Bank has recorded TL 51,375 (December 31, 2022: TL 50,421) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of June 30, 2023, TL 12,250,000 of the free provision has been reversed in the current period which was provided in previous periods amounting to TL 19,000,000 in the financial statements. As of June 30, 2023, the free provision amount in the financial statements is TL 6,750,000 (December 31, 2022: TL 19,000,000).

8. Taxation

Current Taxes

Tax provision

As at and for the six-month period ended June 30, 2023, the tax liability of the Group is amounting to TL 917,068 (December 31, 2022: TL 4,020,030).

Information on taxes payable

	Current Period – June 30, 2023	Prior Period – December 31, 2022
Corporate taxes payable	917,068	4,020,030
Taxation on securities	698,669	464,843
Capital gains tax on property	10,742	5,540
Banking and Insurance Transaction Tax (BITT)	824,455	640,813
Taxes on foreign exchange transactions	17,135	22,623
Value added tax payable	120,330	49,505
Other	216,987	187,204
Total	2,805,386	5,390,558

Information on premiums payable

	Current Period – June 30, 2023	Prior Period – December 31, 2022
Social security premiums- employee share	3,991	2,856
Social security premiums- employer share	5,473	2,577
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	242	127
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	14,811	4,789
Unemployment insurance- employer share	29,470	9,488
Other	21	2
Total	54,008	19,839

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

Information on deferred tax liabilities

Group’s deferred tax debts as of June 30, 2023, TL 100,862(December 31, 2022: TL 56,404).

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 29,982,440 as of June 30, 2023 (December 31, 2022: TL 24,043,286).

	Current Period- June 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,142,394	20,124,457	5,145,157	14,475,926
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,142,394	20,124,457	5,145,157	14,475,926
Debt instruments to be included in the secondary capital calculation	4,715,589	-	4,422,203	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,715,589	-	4,422,203	-
Total	9,857,983	20,124,457	9,567,360	14,475,926

Detailed explanations on subordinated debts 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, 2023	Prior Period - December 31, 2022
Common stock	9,915,922	7,111,364
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 9,915,922 is divided into groups comprised of 10.84% Group (A), 3.94% Group (B), 4.08% Group (C) and 81.15 % 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	9,915,922	25,000,000

According to the decision taken at the Board of Directors Meeting dated January 26, 2023 and accepted at the 69th Ordinary General Assembly Meeting held on August 2, 2023, the registered capital ceiling of the Bank was increased from TL 10,000,000 to TL 25,000,000.

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 7,111,364 to TL 9,915,922, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated March 21, 2023. Accordingly, the amendment made in the related article of the Articles of Association was registered on April 20, 2023.

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, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	3,690,379	-	3,675,834	-
Financial assets at fair value through other comprehensive income	6,704,412	(1,871,435)	11,620,755	(816,613)
Foreign exchange differences	26,100	-	14,526	-
Total	10,420,891	(1,871,435)	15,311,115	(816,613)

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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, 2023	Prior Period - December 31, 2022
Commitments for credit card limits	146,397,971	81,979,697
Loan granting commitments	82,470,132	60,805,000
Commitments for cheque payments	9,949,220	6,916,438
Asset purchase sale commitments	45,715,763	56,192,549
Other	17,075,212	14,057,522
Total	301,608,298	219,951,206

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 51,375 (December 31, 2022: TL 50,421) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items amounting to TL 647,409 (December 31, 2022: TL 583,361).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – June 30, 2023	Prior Period - December 31, 2022
Provisional letters of guarantee	4,548,302	5,312,468
Final letters of guarantee	103,312,691	79,435,509
Letters of guarantee for advances	41,820,252	28,688,031
Letters of guarantee given to custom offices	7,755,969	5,938,641
Other letters of guarantee	133,964,525	101,497,012
Total	291,401,739	220,871,661

2. Non-cash loans

	Current Period – June 30, 2023	Prior Period - December 31, 2022
Non-cash loans given for cash loan risks	68,562,764	54,770,548
<i>With original maturity of 1 year or less</i>	9,492,725	7,674,681
<i>With original maturity of more than 1 year</i>	59,070,039	47,095,867
Other non-cash loans	297,364,161	224,585,683
Total	365,926,925	279,356,231

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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, 2023				Prior Period - December 31, 2022			
	TL	%	FC	%	TL	%	FC	%
Agricultural	361,389	0.21	469,648	0.23	244,348	0.2	472,287	0.31
Farming and Cattle	324,858	0.19	6,175	-	224,411	0.18	187,736	0.12
Forestry	17,477	0.01	-	-	8,032	0.01	-	-
Fishing	19,054	0.01	463,473	0.23	11,905	0.01	284,551	0.19
Manufacturing	57,483,446	34.29	98,328,058	49.60	49,401,506	38.8	69,019,266	45.41
Mining	1,891,319	1.13	1,740,038	0.88	1,038,377	0.82	1,482,590	0.98
Production	46,290,251	27.61	89,414,978	45.10	38,985,823	30.62	61,690,706	40.58
Electric, gas and water	9,301,876	5.55	7,173,042	3.62	9,377,306	7.36	5,845,970	3.85
Construction	31,296,855	18.67	36,413,829	18.37	23,530,449	18.48	25,771,591	16.95
Services	74,578,295	44.50	44,639,162	22.50	51,427,383	40.39	43,592,565	28.68
Wholesale and retail trade	30,260,627	18.06	19,231,782	9.70	22,972,726	18.05	16,005,899	10.53
Hotel, food and beverage Services	2,240,902	1.34	643,908	0.32	1,520,860	1.19	1,096,002	0.72
Transportation and telecommunication	11,243,108	6.71	18,918,469	9.54	8,373,286	6.58	21,195,269	13.94
Financial institutions	21,625,058	12.90	979,166	0.49	11,073,975	8.7	1,224,508	0.81
Real estate and renting Services	4,260,582	2.54	4,070,938	2.05	3,022,793	2.37	1,914,088	1.26
Self-employment services	3,664,612	2.19	685,596	0.35	3,634,382	2.85	989,576	0.65
Education services	655,015	0.39	80,145	0.04	423,681	0.33	56,232	0.04
Health and social services	628,391	0.37	29,158	0.01	405,680	0.32	1,110,991	0.73
Other	3,942,478	2.33	18,413,765	9.30	2,720,999	2.13	13,175,837	8.65
Total	167,662,463	100.00	198,264,462	100.00	127,324,685	100.00	152,031,546	100.00

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

Current Period - June 30, 2023	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	160,397,439	123,154,755	3,433,265	3,768,871
Confirmed Bills of Exchange and Acceptances	49,258	3,638,736	-	-
Letters of Credit	293,761	61,771,132	-	570,744
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	1,491,304	2,348,092	-	-
Other Guarantees and Sureties	1,831,904	2,530,255	-	-
Non-Cash Loans	164,063,666	193,442,970	3,433,265	4,339,615

Prior Period - December 31, 2022	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	120,333,159	94,087,759	2,982,982	2,884,400
Confirmed Bills of Exchange and Acceptances	49,258	3,630,388	-	-
Letters of Credit	1,714,806	47,218,307	-	375,809
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	1,127,137	1,707,246	-	-
Other Guarantees and Sureties	891,530	1,770,089	-	-
Non-Cash Loans	124,115,890	148,413,789	2,982,982	3,260,209

5. Contingent assets and liabilities

Group allocates TL 191,531 as provision for lawsuits against the Group (December 31, 2022: TL 40,057).

6. Services rendered on behalf of third parties

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1. Interest income

Information on interest income received from loans

	Current Period – June 30, 2023		Prior Period – June 30, 2022	
	TL	FC	TL	FC
Short-term Loans	26,738,126	2,061,731	12,184,909	728,587
Medium and Long-Term Loans	24,198,480	11,510,300	17,015,211	5,872,134
Non-performing Loans	413,944	230	395,938	114
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	51,350,550	13,572,261	29,596,058	6,600,835

Information on interest income received from banks

	Current Period - June 30, 2023		Prior Period - June 30, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	-	111,923	-	-
Domestic Banks	118,162	12,654	19,789	7,112
Foreign Banks	-	434,757	-	24,243
Foreign Head Office and Branches	-	-	-	-
Total	118,162	559,334	19,789	31,355

Information on interest income received from marketable securities portfolio

	Current Period – June 30, 2023		Prior Period – June 30, 2022	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	9,631	252,056	28,510	169,046
Financial assets at fair value through other comprehensive income	7,366,142	3,461,175	7,795,754	2,133,288
Financial assets measured at amortized cost	17,837,817	1,139,420	11,625,194	710,808
Total	25,213,590	4,852,651	19,449,458	3,013,142

As stated in the accounting policies, the Parent Bank makes the valuation of the Consumer Price Indexed government bonds in the securities portfolio based on the reference index on the issue date and the index calculated by taking into account the estimated inflation rate. The estimated inflation rate used in the valuation is updated during the year when deemed necessary. As of June 30, 2023, the valuation of the Consumer Price Indexed government bonds was made according to the annual 35% inflation forecast. In case the CPI forecast increases or decreases by 1%, the profit for the period before tax as of June 30, 2023 will increase by approximately TL 145.15 million (full amount) or decrease by the same amount.

Information on interest income received from associates and subsidiaries

	Current Period – June 30, 2023	Prior Period – June 30, 2022
Interest Received from Associates and Subsidiaries	10,457	5,017

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

2. Interest Expense

Interest expense on funds borrowed

	Current Period - June 30, 2023		Prior Period - June 30, 2022	
	TL	FC	TL	FC
Banks	1,406,271	4,507,055	333,085	1,345,371
Central Bank of the Republic of Türkiye	895,780	2,757	65,886	2,222
Domestic Banks	510,491	243,366	258,728	119,196
Foreign Banks	-	4,260,932	8,471	1,223,953
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	257,265	-	56,814
Total	1,406,271	4,764,320	333,085	1,402,185

Interest expense paid to associates and subsidiaries

	Current Period – June 30, 2023	Prior Period - June 30, 2022
Interests paid to the associates and subsidiaries	453,057	25,722

Interest expense on securities issued

Interest paid to securities issued as at for the period ended June 30, 2023 is TL 4,109,833 (TL 1,263,349 and FC 2,846,484). (June 30, 2022: TL 3,694,501 (TL 1,168,959 and FC 2,525,542)).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

2. Interest Expense

Maturity structure of the interest expense on deposits

Current Period - June 30, 2023	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	-	309,189	1,161,425	-	-	-	-	1,470,614
Saving deposits	61,431	2,132,852	10,832,071	9,838,363	509,125	995,907	499	24,370,248
Public sector deposits	25,654	4,351,105	1,247,212	50,061	10,838	6,562	-	5,691,432
Commercial deposits	89,570	14,538,356	13,222,881	3,327,897	948,124	479,593	-	32,606,421
Other deposits	24,825	875,899	3,556,952	333,404	13,810	3,712	-	4,808,602
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	201,480	22,207,401	30,020,541	13,549,725	1,481,897	1,485,774	499	68,947,317
<i>FC</i>								
Foreign currency deposits	338,057	563,950	1,191,715	148,512	62,859	155,456	-	2,460,549
Interbank deposits	15,822	128,448	482,496	-	-	-	-	626,766
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	104	731	6,408	809	-	8,052
Total	353,879	692,398	1,674,315	149,243	69,267	156,265	-	3,095,367
Grand Total	555,359	22,899,799	31,694,856	13,698,968	1,551,164	1,642,039	499	72,042,684

Prior 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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

3. Information on trading income/losses

	Current Period – June 30, 2023	Prior Period – June 30, 2022
Income	290,661,481	70,356,612
Income from capital market operations	22,519,862	10,293,904
Income from derivative financial instruments	175,165,906	46,110,920
Foreign exchange gains	92,975,713	13,951,788
Losses	(277,930,170)	(68,388,937)
Loss from capital market operations	(20,851,758)	(9,679,407)
Loss from derivative financial instruments	(172,501,864)	(46,833,037)
Foreign exchange loss	(84,576,548)	(11,876,493)
Net trading profit/loss	12,731,311	1,967,675

Net profit arising from changes in foreign exchange rates that relate to the Group’s derivative financial instruments based foreign exchange rate is amounting to TL 2,188,271 as at and for the six-month period ended June 30, 2023 (June 30, 2022: net loss of TL 143,255).

4. Information on other operating income

	Current Period – June 30, 2023	Prior Period – June 30, 2022
Income from reversal of the provisions for loans from prior periods	17,014,713	4,095,835
Communication income	14,213	12,329
Gain on sale of assets	276,331	636,026
Rent income	81,843	355,832
Other income	13,797,214	560,701
Total	31,184,314	5,660,723

(*) Related balance includes free provision of TL 12,250,000 canceled in the current period.

5. Expected credit loss and other provision expenses

	Current Period - June 30, 2023	Prior Period - June 30, 2022
Expected Credit Loss	22,174,535	11,745,712
12 month expected credit loss (stage 1)	7,848,856	1,863,250
Significant increase in credit risk (stage 2)	10,011,936	6,543,163
Non-performing loans (stage 3)	4,313,743	3,339,299
Marketable Securities Impairment Expense	70,168	191,004
Financial Assets at Fair Value through Profit or Loss	53,438	174,467
Financial Assets at Fair Value Through Other Comprehensive Income	16,730	16,537
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	95	7,438
Investments in Associates	95	7,438
Subsidiaries	-	-
Joint Ventures	-	-
Other^(*)	-	2,228,000
Total	22,244,798	14,172,154

(*) It is the free provision amount allocated in the relevant period. (June 30, 2022: TL2,228,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

6. Information on other operating expenses

	Current Period - June 30, 2023	Prior Period - June 30, 2022
Reserve for Employee Termination Benefits	41,510	138,473
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	393,362	279,815
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	37,471	24,381
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	7,876,855	2,341,637
<i>Leasing expenses related to TFRS 16 exceptions</i>	18,912	67,673
<i>Repair and maintenance expenses</i>	123,536	73,957
<i>Advertisement expenses</i>	381,935	247,959
<i>Other expenses</i>	7,352,472	1,952,048
Loss on sale of assets	374	435
Other ^(*)	15,091,268	1,310,603
Total	23,440,840	4,095,344

^(*) Other operating expenses amounting to TL 15,091,268 is comprised of (June 30, 2022: TL 1,310,603) AFAD Donation amounted TL 12,000,000 provision expenses for dividends to the personnel amounting to TL 746,991 (June 30, 2022: TL 351,785), TL 851,136 (June 30, 2022: TL 274,251), taxes, duties, fees and funds, TL 854,155 (June 30, 2022: TL 374,253) SDIF expenses and TL 638,986 (June 30, 2022: TL 310,314) 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 (1,665,622) (June 30, 2022: TL 10,601,450) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of June 2023, the Group’s deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 3,870,542 (June 30, 2022: TL 5,836,118), from the taxable temporary differences (Occurrence)/Closing TL (5,254,239) (June 30, 2022: (TL 985,475) has deferred tax expense.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (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 98,460,671 interest income and TL 87,862,990 interest expense, also incurred TL 8,877,344 amount of net fee and commission income from its ordinary banking operations (June 30, 2022: TL 59,480,470 interest income, TL 35,108,799 interest expense, TL 3,953,029 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, 2023	Prior Period - June 30, 2022
Income/(losses) related to non-controlling interest	459,482	228,184

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 profit or loss 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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V. DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK’S RISK GROUP

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	126,530	84,256	-	1,187	264,014	55,935
Balance at the end of the year	1,137,123	187,331	-	1,342	244,601	56,915
Interest and commission income	10,457	1,051	-	-	10,472	334

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	50,676	78,364	-	8,344	228,644	22,489
Balance at the end of the year	126,530	84,256	-	1,187	264,014	55,935
Interest and commission income	5,017	228	-	-	3,564	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	9,740,031	1,153,273	2,398,302	3,908,130	195,275	82,435
Balance at the end of the year	8,257,412	9,740,031	3,268,026	2,398,302	364,631	195,275
Interest on deposits	453,057	25,722	14	140,059	32,733	560

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, 2023, a total amount of TL 84,317 was paid to the Group top management. (June 30, 2022: TL 40,967).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK’S ACTIVITY

As per the resolution of 69th Annual General Assembly held on August 2, 2023 the net profit of year 2022 has been decided to be distributed as follows:

Profit Distribution Table of Year 2022	
Bank’s unconsolidated profit in its statutory financial statements	24,017,232
Deferred tax credits	-
Net profit of the year subject to distribution	24,017,232
Legal reserves	2,401,723
<i>First Legal Reserves</i>	1,200,862
<i>Reserves allocated according to banking law and articles of association.</i>	1,200,861
Net profit of the year subject to distribution	21,615,509
Gain on sale of immovable and shares of associates and subsidiaries	141,947
Extraordinary reserves	21,473,562
Dividends to shareholders	-

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

July 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	ns
Support Rating Floor	b-
August 2022 (*)	Moody’s Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B3
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	B3
Foreign Currency Outlook	Stable
June 2023 (*)	JCR Eurasia
Long Term International FC	BB (Negative)
Long Term International TL	BB (Negative)
Long Term NSR	AAA (tr) (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

The Bank has issued financing bonds on July 14, 2023.

According to Article 21 of the Law No. 7456 published in the Official Gazette dated July 15, 2023 and numbered 32249, starting from the declarations to be submitted as of October 1, 2023 the corporate tax rate over the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased from 25% to 30% to be applied to the earnings of the institutions in 2023 and the following taxation periods. In this context, for the first time, the rate of 30% will be applied for the temporary tax covering the period January 1, 2023-September 30, 2023 and which must be declared and paid on November 17, 2023. Furthermore, with the same law, the exemption for the gains derived from the sale of immovable properties acquired as of July 15, 2023 has been terminated.

Pursuant to the amendment in the Communiqué on Reserve Requirements published by the CBRT in the Official Gazette dated July 21, 2023 and numbered 32255, the CBRT introduced 15% reserve requirement at all maturities for all accounts (Currency Protected Deposit Accounts, Foreign Currency Indexed Deposit Accounts, Yuvam Accounts, Fatsi Accounts) for which the Central Bank provides exchange rate/price protection support, which were not previously considered as reserve requirements. The first facility for these liabilities will start on August 4, 2023 for the fiscal period of July 21, 2023.

With the decision of the Bank's Board of Directors dated July 7, 2023 and numbered 97520, the 69th Ordinary General Assembly Meeting for the 2022 accounting period was held on Wednesday, August 2, 2023 at 10:30 at the address Finanskent Mahallesi Finans Caddesi No:40/1 Ümraniye/Istanbul. It was held in the General Directorate conference hall.

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SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The Group’s consolidated financial statements and footnotes as at June 30, 2023 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the limited review report dated August 9, 2023 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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SECTION EIGHT

INFORMATION ON THE INTERIM ANNUAL REPORT

Assessments of the Chairperson of the Board

Dear Stakeholders,

Statements from the central banks of developed countries, including, in particular, the USA, were closely monitored in the second quarter of 2023. This was a period when interest rate hikes continued with the particular intention to pull down the inflation to the target levels. During this period, FED hiked the policy rate to 5%-5.25% range while ECB continued to increase its policy rate as well. While FED announced that rate hikes may continue depending on the data to be published, ECB also signalled that the policy interest rate would remain tight so that the inflation target could be met.

The US economy grew by a higher-than-expected rate of 2.4% on a quarterly basis of 2023, driven by consumer spending, non-residential fixed investments, state and local government expenditures, and contributions from federal government spending. During the same period, Euro Zone economy displayed a 0.3% growth performance on a quarterly basis according to the leading data. Chinese economy grew by 6.3% below the expectations in the second quarter of the year compared to the same period of the last year.

Turkish economy grew by 4% on an annual basis in the first quarter of 2023 thanks to a high contribution from personal consumption expenditure despite the effects of the earthquake. The Central Bank of Republic of Türkiye increased the policy interest rate to 15% from 8.5% in June. The post-meeting statement highlighted the fact that the monetary tight would be gradually strenghtened until and unless an apparent improvement is achieved in the inflationary outlook and strategic investments that would improve the current balance would be supported.

Turkish Banking sector maintained its strong structure, and continued to support the national economy during this period as well. The sector’s total assets reached TL 19,102 billion representing a 33.17% increase as of the year-end of 2022. The sector loans reached TL 10,154 billion representing a 31.79% increase compared to the year-end of 2022. Having maintained a healthy growth, Turkish banking sector achieved a capital adequacy ratio of 19.46%, which is well above international standards.

Our bank continued to support the national economy during this period as well. In the first half of the year, Vakıfbank’s total assets size reached TL 2,187 billion with a 30.10% increase while its cash loans turned out to be TL 1,270 billion with a 36.06% increase. Deposits, which represent the main funding source, rose to TL 1,402 billion with a 24.34% increase. We will continue to support the sustainable growth of the strong Turkish economy in near future as well. In light of the foregoing, I would like to thank to our esteemed customers, our shareholders and investors for their trust as well as our employees for their efforts.

Sincerely yours,

**Mustafa SAYDAM
Chairperson of the Board**

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS AT JUNE 30, 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Assessments of the General Manager

Our dear Stakeholders,

The first half of 2023 was a period when growth and employment data, including inflation data, as well as central bank statements were closely followed up. The World Bank and OECD Global Economic Outlook Report published in June states that the growth expectations for 2023 might be a little bit higher, given the improvements in global markets.

The US Central Bank did not change its interest rates in its June meeting in line with the market expectations. The fact that interest rates left unchanged at 5.00%-5.25%, the peak of the last 16 years, was regarded an opportunity to take advantage of the current conditions. Notwithstanding the foregoing, the US economy displayed a 2.4% growth above the expectations according to the second quarter’s leading indicators. In its June meeting, the European Central Bank hiked its interest rates by 25 basis points in line with expectations. The meeting emphasized that interest increases would continue to pull down the inflation to its target levels. Moreover, according to the leading data for the second quarter, Euro zone grew by 0.6%. The Japanese Central Bank left the interest rates unchanged in its June meeting and revised the growth rate of the Japanese economy to 2.7% according to the published data.

Türkiye economy, on the other hand, grew by 4% in first half of 2023 and that figure was above the expectations. According to OECD and World Bank reports, growth forecasts for Türkiye were revised upwards based on the expectation that the growth in domestic demand would continue to be the driving force of the economic growth. Moreover, in its June meeting, the Central Bank of Republic of Türkiye rose its policy interest rate to 15% in order to secure the disinflation as soon as possible, curb down inflationist expectations and control the deterioration in pricing behaviours. The Bank stated that tight monetary policy would remain in place in near future.

In Vakıfbank, we were adamant in our support to our national economy this quarter as well. Our asset size rose by 30.10%, reaching TL 2,187 billion. This way we maintained our position as one of the two biggest banks in Türkiye. We managed to raise our cash loans to TL 1,270 billion by a 36.06% increase in the second quarter of the year as well. We have always stood by national companies that manufacture and compete in international markets for our country, and continued to support investments, production and exports. Thanks to our products and services we offer to our customers, our support for our national economy totalled to TL 1,629 billion in the form of cash and non-cash loans

Deposits continue to be the main funding source for our Bank during this quarter just like in the past. We managed to increase our total deposits to TL 1,402 billion owing to our diverse product and service range, representing 24.34% growth. Thanks to international sources that we have secured in addition to deposits, we maintained our strong and leading position in the sector as well. During this period, we successfully borrowed a syndicated loan amounting USD 825 million in total, including USD 189.5 million and EUR 575.5 million, thanks to a participation of 36 banks from 20 countries.

Notwithstanding the foregoing, we continued to strengthen our Bank's equity. Our capital adequacy ratio turned out to be 14.85% in the second quarter of 2023.

On the other hand, we continue to offer practical solutions in e-transformation paths of businesses by launching e-Transformation products as we have been a bank that carry its customers towards future thanks to innovative products and services since the first day. Accordingly, we will continue to stand by our customers including well-institutionalized ones and SMEs and micro and small-sized businesses in their journey towards e-Transformation thanks to our seven products offered by us, including e-Invoice, e-Book, e-Bookkeeping, e-Archive, e-self employment voucher, e-Waybill and e-Producer Receipt.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Assessment of the General Manager (Continued)

VakıfBank will continue to contribute to the sustainable and strong growth of Turkish national economy now and in the future as well thanks to our strong technological infrastructure and with more than 17 thousand employees under our belt. 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 all other stakeholders who never shied away from supporting us

Sincerely yours,

**Abdi Serdar ÜSTÜNSALİH
General Manager and
Board of Directors Executive Member**

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Unconsolidated)

BALANCE SHEET (TL Million)	JUNE 2023	DECEMBER 2022	CHANGE (%)
TOTAL ASSETS	2,187,079	1,681,061	30.10
SECURITIES PORTFOLIO	474,184	372,588	27.27
LOANS (*)	1,270,028	933,451	36.06
- Commercial Loans	1,015,055	755,178	34.41
- Retail Loans	254,973	178,273	43.02
DEPOSITS	1,402,198	1,127,702	24.34
- Term Deposits	1,047,124	870,035	20.35
- Demand Deposits	355,074	257,667	37.80
FUNDS BORROWED	191,455	130,746	46.43
SUBORDINATED DEBT	29,982	24,043	24.70
SECURITIES ISSUED (NET)	86,168	69,854	23.35
SHAREHOLDERS' EQUITY	137,013	106,985	28.07
NON-CASH LOANS	358,873	274,249	30.86

INCOME STATEMENT (TL Million)	JUNE 2023	JUNE 2022	CHANGE (%)
Net Profit/ Loss	5,509	10,019	-45.01

INDICATIVE RATIOS (%)	JUNE 2023	DECEMBER 2022
TOTAL LOANS/ TOTAL ASSETS (*)	58.07	55.53
LOANS/DEPOSITS (*)	90.57	82.77
NON-PERFORMING LOAN RATIO	1.64	2.13
CAPITAL ADEQUACY RATIO	14.85	15.19
RETURN ON AVERAGE ASSETS (ROAA) (**)	0.57	1.79
RETURN ON AVERAGE EQUITY (ROAE) (**)	9.03	30.22

(*) Loans excluding legal proceedings.

(**) Calculations are annualized.

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Consolidated)

BALANCE SHEET (TL Million)	JUNE 2023	DECEMBER 2022	CHANGE (%)
TOTAL ASSETS	2,226,825	1,707,032	30.45
SECURITIES PORTFOLIO	484,134	379,643	27.52
LOANS ^(*)	1,293,380	952,482	35.79
- Commercial Loans	1,038,403	774,206	34.12
- Retail Loans	254,977	178,275	43.02
DEPOSITS	1,410,648	1,132,098	24.60
- Term Deposits	1,053,466	872,342	20.76
- Demand Deposits	357,182	259,756	37.51
FUNDS BORROWED	202,345	139,369	45.19
SUBORDINATED DEBT	29,982	24,043	24.70
SECURITIES ISSUED (NET)	87,479	71,078	23.07
SHAREHOLDERS’ EQUITY	141,411	106,526	32.75
NON-CASH LOANS	365,927	279,356	30.99

INCOME STATEMENT (TL Million)	JUNE 2023	JUNE 2022	CHANGE (%)
Net Profit/ Loss	7,889	10,769	-26,74

INDICATIVE RATIOS (%)	JUNE 2023	DECEMBER 2022
TOTAL LOANS/ TOTAL ASSETS ^(*)	58.08	55.80
LOANS/DEPOSITS ^(*)	91.69	84.13
NON-PERFORMING LOAN RATIO	1.69	2.14
CAPITAL ADEQUACY RATIO	14.67	14.34
RETURN ON AVERAGE ASSETS (ROAA) ^(**)	0.80	1.89
RETURN ON AVERAGE EQUITY (ROAE) ^(**)	12.73	32.12

^(*) Loans excluding legal proceedings.

^(**) Calculations are annualized.

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Assessment of 2nd Quarter of 2023

The Group managed to grow in the second quarter of 2023 as well, and its total asset size reached TL 2,227 billion, which meant a 30.45% increase. During that period, our loans rose by 35.79% and reached TL 1,293 billion, and loans in our total assets captured a 58.08% share in total assets. When we look at the sub-distribution of loans, we see that our commercial loans reached TL 1,038 billion while retail loans reached TL 254,977 million.

During the second quarter of 2023, our Group has increased its deposits by 24.60%, reached TL 1,411 billion.

In addition to deposits, Group issued financial bills with a total nominal value of TL 3,008 million in total as of the second quarter in 2023 for marketing via public offering and qualified investors in national market. The international funding has reached USD 3,477 million during the year.

Group generated a net period profit of TL 7.889 million in the second quarter of 2023 and Group’s capital adequacy ratio turned out to be 14.67%.

As of 30 June 2023, the number of our Bank branches was 943 with 16,792 employees.

Our Bank was rated by JCR Eurasia Rating, and our Bank’s Long-term Sovereign Rating was confirmed to be “AAA (Tr)” and its Short-term Sovereign Rating “J1+(Tr)” and its outlook was confirmed as “Stable”. Its Long-term International Foreign and Local Currency Ratings were set to ‘BB’, the national cap.

Other significant developments

- Our Head Office was moved to "Finanskent Mahallesi, Finans Caddesi, N40, İç kapı No1 Ümraniye/İstanbul" on June 1st, 2023 and the registration formalities for the change were completed before Istanbul Chamber of Commerce.

Amendments to Articles of Association

Article 6 of the Articles of Incorporation entitled "Capital" was changed and the amendment was registered on April 19, 2023 and published in Turkish Trade Registry Gazette dated April 20, 2023. Attached is our Articles of Association. You can read our Articles of Incorporation by visiting the following link: <https://www.kap.org.tr/en/Bildirim/1140267>.