

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIđI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT SEPTEMBER 30, 2022
TOGETHER WITH LIMITED REVIEW REPORT**

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



EY

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

Independent Auditors’ Report on Review of Consolidated Interim Financial Information

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

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at September 30, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (“BRSA”) and Turkish Accounting Standard (“TAS”) 34 “Interim Financial Reporting” for those matters not regulated by BRSA Legislation (together referred as “BRSA Accounting and Financial Reporting Legislation”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

As explained in Section Five Part II.7, the accompanying consolidated financial statements as at September 30, 2022 include a free provision at an amount of TL 9,500,000 thousands of which TL 1,772,000 thousands was provided in prior years and TL 7,728,000 thousands provided in the current period by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.



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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 September 30, 2022 and of the results of its consolidated operations and its consolidated cash flows for the nine-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Damla Harman, SMMM
Partner

November 7, 2022
İstanbul, Turkey

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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The consolidated financial report as at and for the nine-month period ended September 30, 2022 prepared in accordance with the “Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

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

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

November 7, 2022

Mustafa SAYDAM
Chairman of The Board

Abdülkadir AKSU
Board and Audit
Committee Member

Sadık YAKUT
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
and Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting
Financial Affairs

The authorized contact person for questions on this financial report:

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	Page No:
<u>SECTION ONE</u>	
General Information	
I. History of the Parent Bank including its incorporation date, initial legal status, amendments to legal status	1
II. The Parent Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the period and information on Bank's risk group	1-2
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	3-4
IV. Information on the Parent Bank's qualified shareholders	4
V. Information about the services and nature of activities of the Parent Bank	5
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	6
VII. Current of likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries	6
<u>SECTION TWO</u>	
Consolidated Financial Statements	
I. Consolidated balance sheet – Assets	8
II. Consolidated balance sheet - Liabilities and equity	9
III. Consolidated off-balance sheet items	10
IV. Consolidated statement of profit of loss	11
V. Consolidated statement of profit or loss and other comprehensive income	12
VI. Consolidated statement of changes in shareholders' equity	13-14
VII. Consolidated statement of cash flows	15
<u>SECTION THREE</u>	
Accounting Policies	
I. Basis of presentation	16-17
II. Strategy for the use of financial instruments and information on foreign currency transactions	18
III. Information on associates that are consolidated and subsidiaries that are accounted according to equity method	19-20
IV. Information on forwards, options and other derivative transactions	21
V. Information on interest income and expenses	21
VI. Information on fees and commissions	21
VII. Information on financial assets	22-24
VIII. Information on expected credit loss provisions	24-27
IX. Information on offsetting of financial instruments	27
X. Information on sales and repurchase agreements and securities lending	28
XI. Information on assets held for sale discounted operations and related liabilities	28
XII. Information on goodwill and other intangible assets	28
XIII. Information on tangible assets	29
XIV. Information on leasing activities	29
XV. Information on provisions, contingent liabilities and assets	30
XVI. Information on obligations of the Group concerning employee rights	30-31
XVII. Information on taxation	32-34
XVIII. Information on cash and cash equivalents	34
XIX. Additional information on borrowings	34
XX. Information on issuance of equity securities	35
XXI. Information on confirmed bills of exchange and acceptances	35
XXII. Information on government incentives	35
XXIII. Information on segment reporting	36
XXIV. Other matters	36
<u>SECTION FOUR</u>	
Information Related to the Consolidated Financial Position and Risk Management	
I. Information on consolidated equity items	37-43
II. Consolidated foreign currency exchange risk	43-45
III. Consolidated interest rate risk	46-48
IV. Consolidated stock position risk	49-50
V. Consolidated liquidity risk and coverage ratio	51-54
VI. Consolidated leverage ratio	55
VII. Consolidated segment reporting	56-57
VIII. Information on risk management	58
<u>SECTION FIVE</u>	
Disclosures and Footnotes on Consolidated Financial Statements	
I. Information and disclosures related to consolidated assets	59-82
II. Information and disclosures related to consolidated liabilities	83-90
III. Information and disclosures related to consolidated off-balance sheet items	91-93
IV. Information and disclosures related to consolidated statement of profit or loss	93-98
V. Information and disclosures related to Parent Bank's risk group	99-100
<u>SECTION SIX</u>	
Other Disclosures	
I. Other disclosures on the Parent Bank's activity	101
II. Information on the Parent Bank's rating given by international credit rating institutions	101
III. Significant events and matters subsequent to balance sheet date that are not resulted	102
<u>SECTION SEVEN</u>	
Independent Auditors' Review Report	
I. Information on Limited review report	102
II. Explanations and footnotes prepared by independent auditor	102
<u>SECTION EIGHT</u>	
Information on Interim Activity Report	
I. Interim period activity report included chairman of the board of directors and CEO's assessments for the interim activities	103-108

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

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

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

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

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

As at September 30, 2022, the Parent Bank’s paid-in capital is TL 7,111,364; (December 31, 2021: TL 3,905,622) divided into 711,136,411,675 shares with each has a nominal value of Kr 1 (December 31, 2021: 390,562,248,996).

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

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

	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders December 31, 2021			
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	3,905,622,490	3,905,622	100.00

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

With the Presidential Decree dated December 3, 2019, published in line with the relevant provisions of Law No. 6219, 58.51% of the total of 43.00% (A) Group and 15.51% (B) Group, managed and represented by the General Directorate of 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, 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 dedicated sales method.

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

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to 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 Turkish Wealth Fund by allocated sales method without a public offering.

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

Shares of the nominal value of TL 3,205,742 issued by the Parent Bank was sold to the Turkish Wealth Fund on March 9, 2022, through a wholesale transaction in the Stock Exchange share market with the private placement method with a total sales revenue of TL 13,400,000 at a price of TL 4.18 for a nominal value share of TL 1, and that capital increase transactions were completed.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
Board of Directors				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	28 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	24 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	31 years
Dr. Adnan ERTEM	Member	October 28, 2010	PhD	34 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	36 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	3 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	3 years
Prof.Dr.Mehmet Hüseyin BİLGİN	Member	March 25, 2022	PhD	17 years
Haydar Kemal KURT	Member	Mrsch 25, 2022	Bachelor’s	-
Audit Committee				
Abdülkadir AKSU	Member	March 25,2022	Bachelor’s	3 years
Sadık YAKUT	Member	March 25,2022	Bachelor’s	3 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	38 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	3 years
Assistant General Managers				
Metin Recep ZAFER	Credit, Customer and Account Operations Department, Core Banking Software Development Department, Treasury Operations Department, Foreign Operations Department, It System and Software Support Department, R&D, Marketing and Infrastructure Software Development Department, System Management Department, It Planning and Coordination Department	June 13, 2006	PhD	27 years
Muhammet Lütfü ÇELEBİ	Human Resources Department Organisation Development, Performance Management and Academy Department	October 23, 2013	Bachelor’s	27 years
Şuayyip İLBİLGİ	General Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	26 years
Mikail HIDİR	Office of Chief Legal Counsel Department, Credit Risk Liquidation Department	December 26,2018	Bachelor’s	19 years
Hazım AKYOL	Corporate Loans Allocation Management, Commercial Loans Allocation Management 1-2, Special Loans Management Retail and SME Loans Allocation Management	May 31, 2019	Bachelor’s	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, Corporate Branches	May 31, 2019	Bachelor’s	27 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	25 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	22 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Financial Analysis and Rating Department	July 8, 2020	Bachelor’s	27 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master’s	25 years
Mustafa TURAN	Individual Banking Marketing, Deposit Management and Marketing Department,Payment Systems Banking Marketing Department	January 4, 2022	Bachelor’s	18 years

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

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FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

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

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

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

by unanimous vote.

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Current Period - September 30, 2022

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

Prior Period - December 31, 2021

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

As at September 30, 2022, The Parent Bank has 935 domestic, 4 foreign, in total 939 branches (December 31, 2021: 936 domestic, 4 foreign, in total 940 branches). As at September 30, 2022, The Parent Bank has 16,850 employees (December 31, 2021: 16,929 employees).

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

As at and for the nine-month period ended September 30, 2022, the financial statements of T. Vakıflar Bankası T.A.O., Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the full consolidated financial statements of the Group.

As at and for the nine-month period ended September 30, 2022, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT SEPTEMBER 30, 2022**

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

ASSETS	Notes	Current Period September 30, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		114,000,134	322,215,434	436,215,568	101,130,561	248,362,721	349,493,282
1.1 Cash and cash equivalents	V-I-1	16,026,958	198,782,822	214,809,780	30,621,364	142,079,991	172,701,355
1.1.1 Cash and balances at Central Bank	V-I-1	15,282,173	150,824,817	166,106,990	29,360,024	114,812,521	144,172,545
1.1.2 Banks	V-I-3	761,360	47,958,033	48,719,393	1,272,208	20,353,088	21,625,296
1.1.3 Receivables from Money Markets		3,848	-	3,848	3,499	6,914,400	6,917,899
1.1.4 Allowance for expected credit losses (-)	V-I-16	20,423	28	20,451	14,367	18	14,385
1.2 Financial assets at fair value through profit or loss	V-I-2	469,146	15,119,976	15,589,122	365,610	16,226,214	16,591,824
1.2.1 Public debt securities		278,049	14,795,615	15,073,664	118,890	15,939,741	16,058,631
1.2.2 Equity instruments		115,998	324,361	440,359	201,998	286,473	488,471
1.2.3 Other financial assets		75,099	-	75,099	44,722	-	44,722
1.3 Financial assets at fair value through other comprehensive income	V-I-4	82,734,258	104,806,496	187,540,754	50,971,953	87,981,724	138,953,677
1.3.1 Public debt securities		82,055,707	102,270,361	184,326,068	50,435,798	85,501,032	135,936,830
1.3.2 Equity instruments		95,548	10,014	105,562	14,732	7,246	21,978
1.3.3 Other financial assets		583,003	2,526,121	3,109,124	521,423	2,473,446	2,994,869
1.4 Derivative financial assets	V-I-2	14,769,772	3,506,140	18,275,912	19,171,634	2,074,792	21,246,426
1.4.1 Derivative financial assets at fair value through profit or loss		14,769,772	3,506,140	18,275,912	19,171,634	2,074,792	21,246,426
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		603,072,519	318,379,687	921,452,206	407,001,757	249,012,309	656,014,066
2.1 Loans	V-I-5	530,485,531	282,769,245	813,254,776	377,286,644	219,413,299	596,699,943
2.2 Receivables from leasing transactions	V-I-10	3,016,484	3,888,183	6,904,667	1,340,492	3,640,839	4,981,331
2.3 Factoring receivables		9,210,016	412,938	9,622,954	6,184,214	889,603	7,073,817
2.4 Financial assets measured at amortised cost	V-I-6	93,356,404	31,770,454	125,126,858	48,417,140	25,444,843	73,861,983
2.4.1 Public debt securities		93,297,454	31,621,465	124,918,919	48,358,190	25,176,782	73,534,972
2.4.2 Other financial assets		58,950	148,989	207,939	58,950	268,061	327,011
2.5 Allowance for expected credit losses (-)		32,995,916	461,133	33,457,049	26,226,733	376,275	26,603,008
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	V-I-14	576,833	-	576,833	755,253	-	755,253
3.1 Held for sale purpose		576,833	-	576,833	755,253	-	755,253
3.2 Related to discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		3,215,457	3	3,215,460	2,825,834	3	2,825,837
4.1 Investments in associates (Net)	V-I-7	2,604,075	3	2,604,078	2,306,545	3	2,306,548
4.1.1 Associates accounted by using equity method		837,281	-	837,281	607,936	-	607,936
4.1.2 Unconsolidated associates		1,766,794	3	1,766,797	1,698,609	3	1,698,612
4.2 Investments in subsidiaries (Net)	V-I-8	611,382	-	611,382	519,289	-	519,289
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		611,382	-	611,382	519,289	-	519,289
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Unconsolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		8,158,587	46,067	8,204,654	4,110,997	30,054	4,141,051
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		434,816	9,835	444,651	298,931	474	299,405
6.1 Goodwill		14,631	-	14,631	14,631	-	14,631
6.2 Other		420,185	9,835	430,020	284,300	474	284,774
VII. INVESTMENT PROPERTIES (Net)	V-I-12	1,267,652	-	1,267,652	972,154	-	972,154
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	V-I-13	4,593,352	1,041,480	5,634,832	72,767	-	72,767
X. OTHER ASSETS (Net)	V-I-15	25,233,417	6,299,298	31,532,715	10,753,294	3,573,989	14,327,283
TOTAL ASSETS		760,552,767	647,991,804	1,408,544,571	527,921,548	500,979,550	1,028,901,098

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT SEPTEMBER 30, 2022**

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

	Notes	Current Period September 30, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	503,406,203	457,769,096	961,175,299	254,392,314	341,417,664	595,809,978
II. BORROWINGS	V-II-3	7,450,002	113,457,842	120,907,844	3,507,327	94,929,344	98,436,671
III. MONEY MARKET FUNDS		19,081,212	32,661,142	51,742,354	123,991,383	24,725,979	148,717,362
IV. MARKETABLE SECURITIES ISSUED (Net)	V-II-3	9,560,533	61,454,925	71,015,458	11,332,808	51,204,819	62,537,627
4.1 Bills		5,171,951	759,617	5,931,568	6,031,337	871,154	6,902,491
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		4,388,582	60,695,308	65,083,890	5,301,471	50,333,665	55,635,136
V. FUNDS		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	457,168	5,539,014	5,996,182	1,609,212	3,881,066	5,490,278
7.1 Derivative financial liabilities at fair value through profit or loss		457,168	5,539,014	5,996,182	1,609,212	3,881,066	5,490,278
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		525	-	525	7,309	-	7,309
IX. LEASE PAYABLES (Net)	V-II-5	978,073	4,409	982,482	954,389	4,204	958,593
X. PROVISIONS	V-II-7	12,193,028	102,780	12,295,808	3,856,308	98,808	3,955,116
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		2,245,576	11,664	2,257,240	1,772,257	11,118	1,783,375
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		9,947,452	91,116	10,038,568	2,084,051	87,690	2,171,741
XI. CURRENT TAX LIABILITIES	V-II-8	6,672,819	7,630	6,680,449	1,089,521	10,846	1,100,367
XII. DEFERRED TAX LIABILITIES	V-II-8	-	-	-	-	14,719	14,719
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	6,250,111	29,007,351	35,257,462	6,404,751	22,563,676	28,968,427
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		6,250,111	29,007,351	35,257,462	6,404,751	22,563,676	28,968,427
XV. OTHER LIABILITIES	V-II-4	38,636,915	10,843,211	49,480,126	21,444,948	7,256,670	28,701,618
XVI. SHAREHOLDERS' EQUITY	V-II-11	94,346,965	(1,339,388)	93,007,577	52,229,638	1,970,390	54,200,028
16.1 Paid-in capital	V-II-11	7,111,364	-	7,111,364	3,905,622	-	3,905,622
16.2 Capital reserves		16,344,471	77,958	16,422,429	6,192,623	-	6,192,623
16.2.1 Equity share premiums		16,469,501	-	16,469,501	6,303,367	-	6,303,367
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(125,030)	77,958	(47,072)	(110,744)	-	(110,744)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		2,190,882	-	2,190,882	2,287,039	-	2,287,039
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		13,315,659	(2,288,240)	11,027,419	1,283,355	950,864	2,234,219
16.5 Profit reserves		37,032,633	446,150	37,478,783	32,727,539	440,749	33,168,288
16.5.1 Legal reserves		3,969,143	26,550	3,995,693	3,515,810	21,149	3,536,959
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		31,491,125	415,985	31,907,110	26,510,023	415,985	26,926,008
16.5.4 Other profit reserves		1,566,028	3,615	1,569,643	2,695,369	3,615	2,698,984
16.6 Profit or loss		16,528,040	420,074	16,948,114	4,623,062	574,107	5,197,169
16.6.1 Prior years' profits or losses		335,184	93,771	428,955	1,157	30,156	31,313
16.6.2 Current period net profit or loss		16,192,856	326,303	16,519,159	4,621,905	543,951	5,165,856
16.7 Minority interests		1,823,916	4,670	1,828,586	1,210,398	4,670	1,215,068
TOTAL LIABILITIES AND EQUITY		699,036,559	709,508,012	1,408,544,571	480,822,913	548,078,185	1,028,901,098

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED OFF-BALANCE SHEET
ITEMS AS AT SEPTEMBER 30, 2022**

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

	Notes	Current Period September 30, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III)		363,568,091	664,288,920	1,027,857,011	212,228,885	498,811,450	711,040,335
I. GUARANTEES AND SURETIES		103,371,404	148,203,117	251,574,521	62,457,727	130,998,199	193,455,926
1.1. Letters of guarantee	V-III-2	101,294,935	89,148,812	190,443,747	61,406,815	72,673,220	134,080,035
1.1.1. Guarantees subject to state tender law		4,700,459	32,402,248	37,102,707	3,507,026	19,605,204	23,112,230
1.1.2. Guarantees given for foreign trade operations		5,057,461	-	5,057,461	2,542,604	-	2,542,604
1.1.3. Other letters of guarantee		91,537,015	56,746,564	148,283,579	55,357,185	53,068,016	108,425,201
1.2. Bank acceptances		4,258	5,227,351	5,231,609	4,258	9,575,050	9,579,308
1.2.1. Import letter of acceptance		-	993,142	993,142	-	969,051	969,051
1.2.2. Other bank acceptances		4,258	4,234,209	4,238,467	4,258	8,605,999	8,610,257
1.3. Letters of credit		208,901	51,117,693	51,326,594	568,802	48,276,760	48,845,562
1.3.1. Documentary letters of credit		208,901	51,117,693	51,326,594	568,802	48,276,760	48,845,562
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Pre-financings given as guarantee		-	14,729	14,729	-	10,657	10,657
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		1,191,780	1,601,976	2,793,756	117,441	277,393	394,834
1.8. Other guarantees		161,529	311,353	472,882	160,411	185,119	345,530
1.9. Other warranties		510,001	781,203	1,291,204	200,000	-	200,000
II. COMMITMENTS		160,319,223	140,486,428	300,805,651	92,374,573	75,850,537	168,225,110
2.1. Irrevocable commitments	V-III-1	138,456,271	43,551,099	182,007,370	78,922,048	11,469,988	90,392,036
2.1.1. Asset purchase and sales commitments	V-III-1	17,852,214	41,990,856	59,843,070	2,924,429	10,106,329	13,030,758
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		20,154	-	20,154	34,255	-	34,255
2.1.4. Loan granting commitments		51,684,362	2,564	51,686,926	34,013,637	4,036	34,017,673
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments	V-III-1	6,875,182	-	6,875,182	7,029,711	-	7,029,711
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	53,499,266	-	53,499,266	30,687,962	-	30,687,962
2.1.10. Commitments for credit card and banking services promotions		2,739,357	-	2,739,357	524,897	-	524,897
2.1.11. Receivables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.12. Payables for short sale commitments on marketable securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		5,785,736	1,557,679	7,343,415	3,707,157	1,359,623	5,066,780
2.2. Revocable commitments		21,862,952	96,935,329	118,798,281	13,452,525	64,380,549	77,833,074
2.2.1. Revocable loan granting commitments		21,862,952	96,935,329	118,798,281	13,452,525	64,380,549	77,833,074
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		99,877,464	375,599,375	475,476,839	57,396,585	291,962,714	349,359,299
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedging for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		99,877,464	375,599,375	475,476,839	57,396,585	291,962,714	349,359,299
3.2.1. Forward foreign currency purchase and sale transactions		2,466,680	2,298,095	4,764,775	6,266,455	8,227,370	14,493,825
3.2.1.1. Forward foreign currency purchase transactions		2,364,117	84,148	2,448,265	3,142,731	4,115,500	7,258,231
3.2.2.2. Forward foreign currency sales		102,563	2,213,947	2,316,510	3,123,724	4,111,870	7,235,594
3.2.2. Currency and interest rate swaps		71,372,504	289,341,859	360,714,363	40,183,475	216,164,627	256,348,102
3.2.2.1. Currency swap purchase transactions		1,699,035	111,554,631	113,253,666	107,989	70,293,816	70,401,805
3.2.2.2. Currency swap sale transactions		68,163,469	33,308,702	101,472,171	37,905,486	20,450,158	58,355,644
3.2.2.3. Interest rate swap purchase transactions		755,000	72,239,263	72,994,263	1,085,000	62,710,327	63,795,327
3.2.2.4. Interest rate swaps sale transactions		755,000	72,239,263	72,994,263	1,085,000	62,710,326	63,795,326
3.2.3. Currency, interest rate and security options		17,977,076	18,646,439	36,623,515	2,536,251	4,745,424	7,281,675
3.2.3.1. Currency purchase option		17,977,076	688,014	18,665,090	1,664,791	1,939,892	3,604,683
3.2.3.2. Currency sale option		-	17,958,425	17,958,425	871,460	2,805,532	3,676,992
3.2.3.3. Interest rate purchase options		-	-	-	-	-	-
3.2.3.4. Interest rate sale options		-	-	-	-	-	-
3.2.3.5. Security purchase options		-	-	-	-	-	-
3.2.3.6. Security sale options		-	-	-	-	-	-
3.2.4. Currency futures		2,225,450	2,129,800	4,355,250	-	-	-
3.2.4.1. Currency purchase futures		-	2,129,800	2,129,800	-	-	-
3.2.4.2. Currency sales futures		2,225,450	-	2,225,450	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate purchases futures		-	-	-	-	-	-
3.2.5.2. Interest rate sales futures		-	-	-	-	-	-
3.2.6. Other		5,835,754	63,183,182	69,018,936	8,410,404	62,825,293	71,235,697
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		10,974,550,669	11,238,032,718	22,212,583,387	6,551,262,425	7,947,865,967	14,499,128,392
IV. ITEMS HELD IN CUSTODY		124,934,805	67,954,217	192,889,022	89,655,684	48,710,897	138,366,581
4.1. Customer fund and portfolio balances		9,077,358	-	9,077,358	5,458,322	-	5,458,322
4.2. Securities held in custody		54,015,131	22,795,772	76,810,903	49,974,424	15,941,897	65,916,321
4.3. Checks received for collection		33,020,283	2,887,291	35,907,574	23,408,656	4,620,176	28,028,832
4.4. Commercial notes received for collection		16,271,232	4,075,231	20,346,463	7,705,143	2,408,419	10,113,562
4.5. Other assets received for collection		2,152	741	2,893	2,152	536	2,688
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		612,130	32,485,595	33,097,725	466,829	21,514,783	21,981,612
4.8. Custodians		11,936,519	5,709,587	17,646,106	2,640,158	4,225,086	6,865,244
V. PLEDGED ITEMS		1,820,228,312	587,095,429	2,407,323,741	1,176,944,808	445,151,990	1,622,096,798
5.1. Marketable securities		2,248,928	1,469,457	3,718,385	415,988	555,091	971,079
5.2. Guarantee notes		4,004,328	8,224,031	12,228,359	1,435,450	7,150,950	8,586,400
5.3. Commodity		152,671,903	7,681,734	160,353,637	129,796,090	5,966,459	135,762,549
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		1,423,632,538	483,966,654	1,907,599,192	879,409,988	363,737,452	1,243,147,440
5.6. Other pledged items		237,337,319	85,547,213	322,884,532	165,412,900	67,579,365	232,992,355
5.7. Depositories receiving pledged items		333,296	206,340	539,636	474,302	162,673	636,975
VI. ACCEPTED GUARANTEES AND WARRANTS		9,029,387,552	10,582,983,072	19,612,370,624	5,284,661,933	7,454,003,080	12,738,665,013
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		11,338,118,760	11,902,321,638	23,240,440,398	6,763,491,310	8,446,677,417	15,210,168,727

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT
OR LOSS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

	Notes	Current Period January 1, 2022- September 30, 2022	Current Period July 1, 2022- September 30, 2022	Prior Period January 1, 2021- September 30, 2021	Prior Period July 1, 2021- September 30, 2021
I. INTEREST INCOME	V-IV-1	99,215,785	39,735,315	49,680,789	18,468,222
1.1 Interest on loans	V-IV-1	60,095,082	23,898,189	37,059,740	13,378,828
1.2 Interest received from reserve deposits		273,019	-	620,443	256,211
1.3 Interest received from banks	V-IV-1	194,712	143,568	22,256	7,446
1.4 Interest received from money market transactions		7,376	6,155	3,495	462
1.5 Interest received from marketable securities portfolio	V-IV-1	37,765,977	15,303,377	11,729,116	4,739,437
1.5.1 Financial assets at fair value through profit or loss		334,317	136,761	138,979	59,147
1.5.2 Financial assets at fair value through other comprehensive income		16,033,574	6,104,532	5,728,443	2,302,075
1.5.3 Financial assets measured at amortised cost		21,398,086	9,062,084	5,861,694	2,378,215
1.6 Finance lease interest income		642,687	287,197	230,884	82,499
1.7 Other interest income		236,932	96,829	14,855	3,339
II. INTEREST EXPENSES (-)	V-IV-2	58,558,564	23,449,765	38,566,441	13,570,342
2.1 Interest on deposits	V-IV-2	39,496,768	17,463,571	22,964,775	7,912,374
2.2 Interest on funds borrowed	V-IV-2	3,051,386	1,316,116	1,211,095	421,009
2.3 Interest on money market transactions		9,221,305	2,352,559	9,950,806	3,683,976
2.4 Interest on securities issued	V-IV-2	5,830,247	2,135,746	4,248,572	1,503,629
2.5 Leasing interest income		168,781	65,730	108,420	40,326
2.6 Other interest expenses		790,077	116,043	82,773	9,028
III. NET INTEREST INCOME/EXPENSE (I - II)		40,657,221	16,285,550	11,114,348	4,897,880
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		6,887,706	2,934,677	2,814,231	1,101,971
4.1 Fees and commissions received		8,865,874	3,759,633	3,811,959	1,493,983
4.1.1 Non-cash loans		1,280,666	493,650	696,022	246,232
4.1.2 Other		7,585,208	3,265,983	3,115,937	1,247,751
4.2 Fees and commissions paid (-)		1,978,168	824,956	997,728	392,012
4.2.1 Non-cash loans		30,649	8,845	8,020	4,039
4.2.2 Other		1,947,519	816,111	989,708	387,973
V. DIVIDEND INCOME		55,953	2,566	22,995	207
VI. TRADING PROFIT/LOSS (Net)	V-IV-3	3,587,901	1,620,226	(3,718,659)	(1,842,868)
6.1 Profit/losses from capital market transactions	V-IV-3	1,164,119	549,622	627,391	73,244
6.2 Profit/losses from derivative financial transactions	V-IV-3	(965,934)	(243,817)	(4,941,123)	(2,104,976)
6.3 Foreign exchange profit/losses	V-IV-3	3,389,716	1,314,421	595,073	188,864
VII. OTHER OPERATING INCOME	V-IV-4	8,194,798	2,534,075	6,733,542	1,486,827
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		59,383,579	23,377,094	16,966,457	5,644,017
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-5	15,196,818	3,451,106	6,473,399	1,966,156
X. OTHER PROVISION EXPENSES (-)	V-IV-5	7,928,543	5,502,101	411,045	(921)
XI. PERSONNEL EXPENSES (-)		4,983,958	1,892,187	2,863,487	998,547
XII. OTHER OPERATING EXPENSES (-)	V-IV-6	6,839,961	2,744,617	3,892,500	1,400,213
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		24,434,299	9,787,083	3,326,026	1,280,022
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		224,770	94,873	68,039	26,880
XVI. NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	V-IV-7	24,659,069	9,881,956	3,394,065	1,306,902
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-10	(7,526,052)	(3,746,195)	(682,093)	(349,570)
18.1 Current tax provision	V-IV-10	(16,038,041)	(5,436,591)	(291,961)	(70,572)
18.2 Expense effect of deferred tax (+)	V-IV-10	(4,479,455)	(601,251)	(2,489,953)	(846,361)
18.3 Income effect of deferred tax (-)	V-IV-10	12,991,444	2,291,647	2,099,821	567,363
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-9	17,133,017	6,135,761	2,711,972	957,332
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	17,133,017	6,135,761	2,711,972	957,332
25.1 Group's profit/(loss)		16,519,159	5,750,087	2,614,469	919,756
25.2 Profit/(Loss) from Minority shares (-)		613,858	385,674	97,503	37,576
Profit/Loss per 100 shares (full TL)	III-XXIV	2.6957	0.8628	0.6944	0.2451

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER
30, 2022**

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

		Current Period January 1, 2022- September 30, 2022	Prior Period January 1, 2021- September 30, 2021
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
I.	PROFIT (LOSS)	17,133,017	2,711,972
II.	OTHER COMPREHENSIVE INCOME	8,696,319	(130,491)
2.1.	Other comprehensive income that will not be reclassified to profit or loss	(96,881)	(13,981)
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	(33,999)	-
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	13,558	(89)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	(56,628)	(14,673)
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(19,812)	781
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	8,793,200	(116,510)
2.2.1.	Exchange Differences on Translation	304,319	61,803
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	11,130,570	(345,247)
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	241,902	98,025
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	(2,883,591)	68,909
III.	TOTAL COMPREHENSIVE INCOME (I+II)	25,829,336	2,581,481

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			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																	
September 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	-	-	-	-	(33,757)	11,364	(73,764)	304,319	8,246,979	241,902	-	16,519,159	-	25,216,202	613,134	25,829,336
V.	Capital Increase by Cash	3,205,742	10,164,768	-	-	-	-	-	-	-	-	-	-	-	13,370,510	-	13,370,510
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	-	63,672	-	-	-	-	-	-	171,699	(629,207)	-	(392,470)	1,173	(391,297)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	4,138,796	(4,139,007)	-	(211)	(789)	(1,000)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(195)	-	(195)	(789)	(984)
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	4,135,183	(4,135,199)	-	(16)	-	(16)
11.3.	Other	-	-	-	-	-	-	-	-	-	-	3,613	(3,613)	-	-	-	-
	Ending Balance	7,111,364	16,469,501	-	(47,072)	858,912	(221,786)	1,553,756	1,281,516	9,950,760	(204,857)	37,478,783	428,955	16,519,159	91,178,991	1,828,586	93,007,577

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

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

	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity
						1	2	3	4	5	6						
Prior Period September 30, 2021																	
I.	Prior Period End Balance	3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	46,405,152	746,935	47,152,087
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	46,405,152	746,935	47,152,087
IV.	Total Comprehensive Income	-	-	-	-	-	(35)	(13,911)	61,803	(276,338)	98,025	-	-	2,614,469	2,484,013	97,468	2,581,481
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	20	-	71,869	-	-	-	-	-	-	1,029,624	(1,244,218)	-	(142,705)	230,138	87,433
XI.	Profit Distribution	-	-	-	-	726	-	-	-	-	-	5,218,798	(5,224,991)	-	(5,467)	(603)	(6,070)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(6,265)	-	(6,265)	(603)	(6,868)
11.2.	Transfers to Reserves	-	-	-	-	726	-	-	-	-	-	5,215,447	(5,215,375)	-	798	-	798
11.3.	Other	-	-	-	-	-	-	-	-	-	-	3,351	(3,351)	-	-	-	-
	Ending Balance	3,905,622	6,303,367	-	34,049	888,759	(181,185)	882,802	587,579	762,190	(86,383)	32,953,372	76,352	2,614,469	48,740,993	1,073,938	49,814,931

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

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CASH
FLOW FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

	Notes	Current Period September 30, 2022	Prior Period September 30, 2021
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	31,322,793	4,269,980
1.1.1	Interest received	78,777,513	48,576,779
1.1.2	Interest paid	(57,430,110)	(38,170,554)
1.1.3	Dividends received	55,953	22,995
1.1.4	Fee and commissions received	7,569,225	3,996,682
1.1.5	Other income	927,163	355,777
1.1.6	Collections from previously written off loans and other receivables	3,477,855	2,640,704
1.1.7	Cash payments to personnel and service suppliers	(5,377,372)	(2,865,255)
1.1.8	Taxes paid	(1,849,322)	(2,673,706)
1.1.9	Other	5,171,888	(7,613,442)
1.2	Changes in operating assets and liabilities subject to banking operations	(30,558,205)	796,961
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	926,679	(4,399,453)
1.2.2	Net decrease (increase) in due from banks	(50,374,135)	(4,460,611)
1.2.3	Net decrease (increase) in loans	(159,638,674)	(63,898,154)
1.2.4	Net decrease (increase) in other assets	(15,157,967)	9,774,391
1.2.5	Net increase (decrease) in bank deposits	21,016,349	(2,414,631)
1.2.6	Net increase (decrease) in other deposits	253,927,211	53,041,900
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	(1,996,853)	10,436,075
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	(79,260,815)	2,717,444
I.	Net cash provided from banking operations	764,588	5,066,941
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash provided from investing activities	(24,556,608)	(19,343,097)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures	(162,226)	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	1,750	-
2.3	Cash paid for the purchase of tangible and intangible asset	(5,678,173)	(1,770,591)
2.4	Cash obtained from the sale of tangible and intangible asset	1,517,572	1,275,244
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income	(19,735,969)	(32,256,326)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income	25,190,230	11,964,790
2.7	Cash paid for the purchase of financial assets at amortized cost	(27,378,526)	(1,261,761)
2.8	Cash obtained from sale of financial assets at amortized cost	1,874,785	2,748,820
2.9	Other	(186,051)	(43,273)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash flows from financing activities	15,278,839	3,743,657
3.1	Cash obtained from funds borrowed and securities issued	30,530,606	13,513,786
3.2	Cash outflow from funds borrowed and securities issued	(15,997,160)	(9,488,172)
3.3	Equity instruments issued	1,134,000	-
3.4	Dividends paid	-	(603)
3.5	Payments for finance lease liabilities	(388,607)	(281,354)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	413,900	90,768
V.	Net increase/decrease in cash and cash equivalents	(8,099,281)	(10,441,731)
VI.	Cash and cash equivalents at beginning of the period	98,979,861	55,596,047
VII.	Cash and cash equivalents at end of the period	90,880,580	45,154,316

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

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

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

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

**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 Turkish Accounting Standard 34 ("TAS 34") , Interim Financial Reporting Standard and Turkish Financial Reporting Standards (“TFRS”) enforced by Public Oversight, Accounting and Auditing Standards Authority (“POA”) and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Parent Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

The accounting policies and valuation principles applied in the preparation of the consolidated financial statements have been determined and applied by BRSA in accordance with the regulations, 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.

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March 2020. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Group has explained the effects of Covid-19, which it reflects in the financial statements dated September 30, 2022, in the following sections.

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

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

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

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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

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.

Additional paragraph for convenience translation to English

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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.

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

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

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

ACCOUNTING POLICIES (Continued)

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

In March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Türkiye Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 Million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 Million EUR, the fair value hedging strategy has been applied. In this context, 76 Million EUR portion of the securities issued by the Bank on April 24, 2019 with a nominal amount of 700 million Euros and the redemption date of April 24, 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the profit or loss statement as long as the hedging transaction is effective. In this context, as of September 30, 2022, the foreign exchange income presented in the profit or loss statement is TL 218,541. 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 September 30, 2022, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

Consolidated subsidiaries

As at and for the nine-month period ended September 30, 2022, the financial statements of T. Vakıflar Bankası T.A.O, Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

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

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at September 30, 2022 and December 31, 2021 but until the liquidation decision date its accumulated previous years’ loss has been included in the accompanying consolidated financial statements.

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

As per the resolution of the Board of Directors of the Parent Bank held on September 8, 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at September 30, 2022 and December 31, 2021, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates consolidated per equity method

As at and for the nine-month period ended September 30, 2022, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

Derivative transactions are valued at their fair values subsequent to their acquisition and in accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the 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 are recorded at finance lease receivables account in gross amounts comprising the principal amounts and interests. The interest, the difference between the total of rent amounts and the cost of the fixed assets, is recorded at unearned income account. As the rents are collected, finance lease receivables account is decreased by the rent amount; and the interest component is recorded in the consolidated statement of income as interest income.

Factoring operations

Factoring receivables are initially recorded at their historical costs less transaction costs. They are amortized using the effective interest method, taking their historical costs and future cash flows into account and the amortized amounts are recognized as "other interest income" in the consolidated 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 TFRS 15 "Revenue from Contracts with Customers" standard.

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

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

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

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 (e.g., liquidity risk and management costs) for the credit risk and other underlying credit risks and profit margin associated with the principal amount over a period of time.

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

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

At the time of initial recognition, each financial asset is classified as 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.

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

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

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

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 Treasury Undersecretary’s CPI Indexed Bonds Investor Guide, the reference indices used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI ratio of two months ago. The Bank determines the estimated inflation rate in 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. As stated in the accounting policies, the Bank makes the valuation of the Consumer Price Indexed (CPI) government bonds in its securities portfolio on the basis of the reference index on the date of issuance and the index calculated by taking into account the estimated inflation rate.

Derivative Financial Assets

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

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

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

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

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

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 approxiamate rate over the net amounts with an approximate value.

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (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, macroeconomic forecasts are taken into account in changing the probability of default.

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

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

Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect changes in economic conjuncture and are updated if needed.

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

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

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

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

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.

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

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

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

ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

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

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period, a write-off transaction has been made for non-performing loans in the amount of TL 2,154,399 for which 100% provision has been made (December 31, 2021: TL 834,885).

Asset Sales Policy

Banks that are directly or indirectly owned by the public or banks that are controlled by the public and financial institutions qualified as subsidiaries to these Banks can sell non-performing loans to asset management companies. As of September 30, 2022 and December 31, 2021 there are no transactions of this nature at the Parent Bank.

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

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

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

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

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 September 30, 2022, the goodwill amount is TL 14,631 (December 31, 2021: TL 14,631)

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

The costs of the intangible assets purchased before December 31, 2004 are restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and is recognized in the 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". The securities/properties having a right to use were capitalised by showing them under property, plant and equipment. In calculating assets having a right to use, outstanding rent amounts were discounted by a specific rate, considering the remaining term of the lease contract signed with the property owner, to determine net present value.

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

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

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

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

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

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

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 September 30, 2022 is TL 15,371 (full TL) (December 31, 2021: TL 8,285 (full TL)).

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

Other benefits to employees

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 10%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. No further tax is paid if the profit is not distributed.

75% of the profit from sales of associate shares that held at least 2 years and 50% of the profit from sales of real estates are exceptional from corporate taxes if there is a capital increase according to Corporate Tax Law or it is hold for 5 years on a special fund account. The Parent Bank follows these profits in "Other profit reserves" under the equity.

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

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

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

There is no procedure in 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.

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

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

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

ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporation tax legislation for the foreign branches

Bahrain

The Parent Bank’s branch that is operating in Bahrain is nontaxable because there is no corporate tax practice in that country. Bahrain Branch’s income is added to headquarters income and it is taxed in 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 differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

New York

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

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.

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

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

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

ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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.

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

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

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

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 TL 13,400,000 in cash and allocated, by completely restricting the pre-emption rights of the existing shareholders. and all of the shares to be issued due to this capital increase, within the framework of the relevant legislation of the Capital Markets Board, the relevant legislation of the Banking Regulation and Supervision Agency and Borsa İstanbul's Procedure on Wholesale Purchases and Sales Transactions, by the Turkish Wealth Fund by private sale method without public offering. It has been decided to sell to Türkiye Varlık Fonu.

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

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

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

XXII. INFORMATION ON GOVERNMENT INCENTIVES

There is not within current period. As of December 31, 2021, the unused investment allowances of Vakıf Finansal Kiralama AŞ, one of the Group's subsidiaries within the scope of consolidation, in the previous period was TL 36,609.

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

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

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

ACCOUNTING POLICIES (Continued)

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

XXIV. OTHER MATTERS

Earnings per shares

Earnings per share has been calculated by dividing the net profit for the period to weighted average of outstanding shares. In 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 nine-month period ended September 30, 2022, earnings per 100 shares are full TL 2.6957 (September 30, 2021: full TL 0.6944).

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

None.

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

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

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

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. 10188 dated April 28, 2022, the exchange rates announced by the CBRT as of December 31, 2021, were used in the calculation of the amount based on credit risk.

As of September 30, 2022 Group's equity amount TL 128,526,191 (December 31, 2021: TL 81,950,359) and capital adequacy ratio is 15.37 % (December 31, 2021: 14.72 %).

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	7,111,364	3,905,622
Share Premium	16,469,501	6,303,367
Reserves	37,478,783	33,168,288
Income recognized under equity in accordance with TAS	19,719,770	6,793,706
Profit	16,948,114	5,197,169
Current Period's Profit	16,519,159	5,165,856
Prior Period's Profit	428,955	31,313
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(47,072)	(110,744)
Minority shares	1,826,746	1,213,157
Common Equity Tier 1 Capital Before Deductions	99,507,206	56,470,565
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	3,340,100	403,675
Leasehold Improvements on Operational Leases	189,460	184,453
Goodwill netted with deferred tax liability	14,631	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	429,405	282,664
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	3,973,596	885,423
Common Equity Tier 1 capital (CET1)	95,533,610	55,585,142
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	17,659,788	15,638,650
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	17,659,788	15,638,650
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Current Period	Prior Period
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 Capital (AT1)	17,659,788	15,638,650
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	113,193,398	71,223,792
TIER 2 CAPITAL		
Bank’s borrowing instruments and related issuance premium	5,465,245	4,299,907
Bank’s borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties’ share in the Tier II Capital -	-	-
Third parties’ share in the Tier II Capital (Temporary Article 3)	1,840	1,911
Provisions (Article 8 of the Regulation on the Equity of Banks)	9,888,979	6,435,542
Tier 2 Capital Before Deductions	15,356,064	10,737,360
Deductions From Tier 2 Capital		
Bank’s direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	15,356,064	10,737,360
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	128,549,462	81,961,152
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other items to be defined by the BRSA (-)	23,271	10,793
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	128,526,191	81,950,359
Total Risk Weighted Amounts	836,150,616	556,845,097
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	11.43	9.98
Consolidated Tier 1 Capital Adequacy Ratio (%)	13.54	12.79
Consolidated Capital Adequacy Ratio (%)	15.37	14.72
BUFFERS		
Total buffer requirement (a+b+c)	4.019	3.515
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.019	0.015
c) Systemically important banks buffer requirement (%) (*)	1.500	1.000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.93	5.48
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	17,610,624	12,249,919
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	9,888,979	6,435,542
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 2018, 1 and January 2022, 1)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-
(*) According to the “Regulations on Systemically Important Banks” 4th paragraph of Article 4, the “systemically important banks buffer requirement (%)” is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.		

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

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period -September 30, 2022						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	-	4,215	525	4,994	12,666	725
Par value of instrument (in million)	11,416	4,215	525	4,994	12,666	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346001- Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available.

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

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period- September 30, 2022						
	Coupons / dividends					
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	8% fixed interest rate	5 years maturity "Indicator Government Debt Security" +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFB0043	XSI1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	-	3,050	525	4,994	10,645	725
Par value of instrument (in million)	8,353	3,050	525	4,994	10,645	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

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

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021						
Coupons / dividends						
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	8% fixed interest rate	5 years maturity “Indicator Government Debt Security” +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. BRSA regulation on bank’s shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks’ shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks’ shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period- September 30, 2022	Prior Period- December 31, 2021
Shareholders’ equity	93,007,577	54,200,028
Valuation differences of the marketable securities ^(*)	3,161,369	1,868,773
Leasehold improvements on operational leases	(189,460)	(184,453)
Goodwill and intangible assets	(444,036)	(297,295)
General provision (1.25% of the amount that subject to credit risk) ^(**)	9,888,979	6,435,542
Subordinated debt	23,125,033	19,938,557
Deductions from shareholders’ equity	(23,271)	(10,793)
Capital	128,526,191	81,950,359

(*) In accordance with the BRSA regulation dated December 21, 2021, and numbered 9996, in calculating the capital adequacy ratio, the equity amount calculated without taking into consideration the negative valuation differences of the securities in the “Fair Value of Financial Assets Through Other Comprehensive Income” portfolio, which was obtained before this date, was used.

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

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

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

The Parent Bank’s and all consolidated financial subsidiaries’ foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the consolidated currency risk. The net long and short positions are calculated in Turkish Lira equivalent of 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 September 30, 2022 and December 31, 2021, the Group does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	18.5200	18.09459
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	18.5326	18.0526
Day 2	18.5198	17.8096
Day 3	18.4824	17.7533
Day 4	18.4470	17.8290
Day 5	18.4116	17.9384
	US Dollar	Euro
Last 30-days arithmetical average rate	18.2749	18.1352

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

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

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

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

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- September 30, 2022	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Türkiye	68,094,722	68,799,167	13,930,928	150,824,817
Banks	7,329,997	29,982,267	10,645,769	47,958,033
Financial assets at fair value through profit or loss ⁽⁷⁾	-	324,360	14,795,616	15,119,976
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	25,258,385	79,548,111	-	104,806,496
Loans ⁽¹⁾⁽²⁾	143,462,967	144,118,297	314,396	287,895,660
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	16,818,155	14,952,299	-	31,770,454
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,804	39,739	4,524	46,067
Intangible assets	8,889	946	-	9,835
Other assets ⁽³⁾	2,158,285	6,305,048	19,954	8,483,287
Total assets	263,133,207	344,070,234	39,711,187	646,914,628
<i>Liabilities:</i>				
Bank deposits	17,742,119	11,163,103	2,696,917	31,602,139
Foreign currency deposits	164,630,604	219,091,646	42,444,707	426,166,957
Interbank money market takings	9,276,659	23,384,483	-	32,661,142
Other funding	40,846,495	64,326,579	8,284,768	113,457,842
Securities issued ⁽⁴⁾	12,948,048	75,863,380	1,650,848	90,462,276
Miscellaneous payables	4,382,849	2,582,739	2,258	6,967,846
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities ⁽³⁾	1,375,423	7,258,338	144,836	8,778,597
Total liabilities	251,202,197	403,670,268	55,224,334	710,096,799
Net 'on balance sheet' position	11,931,010	(59,600,034)	(15,513,147)	(63,182,171)
Net 'off-balance sheet' position	(7,601,383)	60,008,656	15,182,737	67,590,010
Derivative assets ⁽⁵⁾	24,055,792	96,012,071	18,844,730	138,912,593
Derivative liabilities ⁽⁵⁾	31,657,175	36,003,415	3,661,993	71,322,583
Non-cash loans ⁽⁶⁾	63,227,960	79,727,735	5,247,422	148,203,117
Prior Period - December 31, 2021	Avro	ABD Doları	Other FC	Total
Total assets	207,742,833	266,893,349	26,888,840	501,525,022
Total liabilities	194,922,482	310,651,117	39,932,687	545,506,286
Net 'on balance sheet' position	12,820,351	(43,757,768)	(13,043,847)	(43,981,264)
Net 'off-balance sheet' position	(8,878,381)	46,453,550	12,990,072	50,565,241
Derivative assets ⁽⁵⁾	10,816,208	55,713,234	21,148,983	87,678,425
Derivative liabilities ⁽⁵⁾	19,694,589	9,259,684	8,158,911	37,113,184
Non-cash loans ⁽⁶⁾	49,920,167	78,318,507	2,759,525	130,998,199

⁽¹⁾ Foreign currency indexed loans amounting to TL 465,719 (December 31, 2021: TL 522,078) which are presented in TL column in the balance sheet are included in the table above.

⁽²⁾ Foreign currency indexed factoring receivables amounted to TL 359,575 (December 31, 2021: TL 647,069) presented in TL column in the accompanying consolidated balance sheet are included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 698,746 (December 31, 2021: TL 390,124), Prepaid Expenses TL 473,066 (December 31, 2021: TL 293,022), 1st and 2nd stage expected loss provisions TL (116,425) (December 31, 2021: TL (59,471)), deferred tax asset TL 847,083 (December 31, 2021: None.). Derivative financial instruments currency expense accruals of TL 401,988 (December 31, 2021: TL 290,286), Expected Credit Loss on Non-Cash Loans amounting to TL 13,004 (December 31, 2021: 9,409), unearned income TL 335,609 (December 31, 2021: TL 287,095) and shareholders' equity TL (1,339,388) (December 31, 2021: TL 1,970,390), deferred tax liabilities (December 31, 2021: TL 14,719) are not taken into consideration in the currency risk calculation.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 15,804,209 (December 31, 2021: TL 4,512,599) and asset sales commitments amounting to TL 26,186,647 (December 31, 2021: TL 5,593,730) are included.

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

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

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

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

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

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 nine-month period ended September 30, 2022 and September 30, 2021 would have effect on consolidated equity and the consolidated profit or loss (without tax effects) by the amounts shown in the table below.

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

	Current Period- September 30, 2022		Prior Period- September 30, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	36,794	36,794	67,509	67,509
Euro	431,893	741,128	293,938	462,850
Other currencies	(33,493)	(33,493)	814	814
Total, net (**)	435,194	744,429	362,261	531,173

(*) 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 nine-month period ended September 30, 2022 and September 30, 2021 would have effect on consolidated equity and consolidated profit or loss (without tax effects) by the amounts shown in the table below.

	Current Period- September 30, 2022		Prior Period- September 30, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(36,794)	(36,794)	(67,509)	(67,509)
Euro	(431,893)	(741,129)	(293,938)	(462,850)
Other currencies	33,493	33,493	(814)	(814)
Total, net (**)	(435,194)	(744,430)	(362,261)	(531,173)

(*) 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.

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

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

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

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

III. CONSOLIDATED INTEREST RATE RISK

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

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

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

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

Current Period- September 30, 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	-	-	-	-	-	166,106,990	166,106,990
Banks	3,749,912	1,735,271	-	32	-	43,234,178	48,719,393
Financial assets at fair value through profit/loss	158,672	14,571	7,577	14,907,313	-	500,989	15,589,122
Interbank money market placements	-	3,848	-	-	-	-	3,848
Financial assets at fair value through other comprehensive income	42,880,751	14,498,038	69,702,666	50,730,778	9,622,959	105,562	187,540,754
Loans ⁽¹⁾	204,235,256	206,369,375	232,845,175	86,850,151	79,351,297	20,131,143	829,782,397
Financial assets measured at amortized cost	70,769,246	649,969	5,113,894	32,350,326	16,243,423	-	125,126,858
Other assets ⁽²⁾	4,720,593	13,797,550	966,485	1,702,832	886,766	13,600,983	35,675,209
Total assets	326,514,430	237,068,622	308,635,797	186,541,432	106,104,445	243,679,845	1,408,544,571
<i>Liabilities:</i>							
Bank deposits	36,860,073	5,731,205	499,556	-	-	11,195,314	54,286,148
Other deposits	467,351,052	179,054,568	51,170,967	3,393,944	76,011	205,842,609	906,889,151
Interbank money market takings	24,547,492	10,396,559	11,776,731	5,021,572	-	-	51,742,354
Miscellaneous payables	-	-	-	-	-	32,369,927	32,369,927
Securities issued ⁽³⁾	3,067,694	17,477,786	17,547,996	62,185,729	5,993,715	-	106,272,920
Funds borrowed	5,092,959	67,097,028	17,014,086	24,461,808	2,608,638	4,633,325	120,907,844
Other liabilities ⁽⁴⁾	1,460,110	14,447,781	1,283,273	1,299,329	2,366,652	115,219,082	136,076,227
Total liabilities	538,379,380	294,204,927	99,292,609	96,362,382	11,045,016	369,260,257	1,408,544,571
On balance sheet long position	-	-	209,343,188	90,179,050	95,059,429	-	394,581,667
On balance sheet short position	(211,864,950)	(57,136,305)	-	-	-	(125,580,412)	(394,581,667)
Off-balance sheet long position	3,928,953	18,720,937	513,276	2,129,347	-	-	25,292,513
Off-balance sheet short position	-	-	-	-	(2,264,297)	-	(2,264,297)
Net position	(207,935,997)	(38,415,368)	209,856,464	92,308,397	92,795,132	(125,580,412)	23,028,216

⁽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.

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

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

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

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

III. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,770,986	144,172,545
Banks	134,941	812,580	307,252	5	-	20,370,518	21,625,296
Financial assets at fair value through profit/loss	3,616,623	3,147	645,747	11,807,732	-	518,575	16,591,824
Interbank money market placements	-	-	3,499	-	-	6,914,400	6,917,899
Available-for-sale financial assets	11,534,612	9,995,171	40,768,230	67,098,989	9,534,697	21,978	138,953,677
Loans ⁽¹⁾	157,104,580	148,946,965	131,830,612	84,850,824	66,882,182	19,139,928	608,755,091
Held-to-maturity investments	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets ⁽²⁾	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(5,100,063)	18,022,783
Total assets	223,077,601	171,690,127	188,492,029	188,401,503	96,603,516	160,636,322	1,028,901,098
<i>Liabilities:</i>							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,223	33,227,916
Other deposits	301,949,276	90,963,725	23,174,797	2,413,723	91,591	143,988,950	562,582,062
Interbank money market takings	123,375,347	7,719,245	8,144,599	9,478,171	-	-	148,717,362
Miscellaneous payables	-	-	-	-	-	20,796,858	20,796,858
Securities issued ⁽³⁾	2,021,309	4,860,646	21,323,621	57,345,076	5,955,402	-	91,506,054
Funds borrowed	3,413,408	56,216,975	11,228,359	18,123,503	7,087,156	2,367,270	98,436,671
Other liabilities ⁽⁴⁾	1,196,457	3,700,400	1,591,568	1,031,003	2,666,436	63,448,311	73,634,175
Total liabilities	454,270,487	172,486,994	65,462,944	88,391,476	15,800,585	232,488,612	1,028,901,098
On balance sheet long position	-	-	123,029,085	100,010,027	80,802,931	-	303,842,043
On balance sheet short position	(231,192,886)	(796,867)	-	-	-	(71,852,290)	(303,842,043)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
Net position	(227,241,236)	13,500,392	122,988,798	99,310,695	79,016,734	(71,852,290)	15,723,093

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

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

⁽³⁾ Subordinated debts are shown under securities issued.

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

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

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

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

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

III. CONSOLIDATED INTEREST RATE RISK (Continued)

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

Current Period- September 30, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	-
Banks	1.85	3.05	-	13.29
Financial assets at fair value through profit/loss	-	-	-	20.04
Interbank money market placements	-	-	-	26.15
Financial assets at fair value through other comprehensive income	3.71	4.45	-	21.03
Loans	5.40	7.45	-	17.45
Financial assets measured at amortized cost	4.59	6.43	-	31.66
Liabilities:				
Bank deposits	1.88	4.02	-	15.53
Other deposits	2.22	3.00	-	15.29
Interbank money market takings	0.40	4.28	-	12.13
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.19	-	16.31
Funds borrowed	2.25	5.02	-	15.91
Prior Period - December 31, 2021				
	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	17.60
Financial assets at fair value through profit/loss	-	-	-	19.29
Interbank money market placements	-	-	-	19.50
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans	4.77	7.24	-	16.02
Financial assets measured at amortized cost	4.59	6.34	-	12.59
Liabilities:				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.43	1.07	-	16.13
Interbank money market takings	0.87	2.06	-	14.05
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.11	-	15.47
Funds borrowed	1.68	2.51	-	17.63

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

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

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

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

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

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

IV. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

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

The accounting applications regarding to share investment that qualifications in associate and 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- September 30, 2022	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange^(*)	1,203,222	1,203,222	1,203,222
1.Stocks Investments Group A	1,139,803	1,139,803	1,139,803
2.Stock Investments Group B	63,419	63,419	63,419
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	2,558,159	2,101,434	-

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

^(**) The values of stocks unquoted in exchange are determined according to December 31, 2021 valuation reports prepared by independent valuation companies.

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

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

^(**) The values of stocks unquoted in exchange are determined according to December 31, 2021 valuation reports prepared by independent valuation companies.

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

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

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

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

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 - September 30, 2022	Realized	Revaluation Surplus		Unrealized Gain and Loss	
	Gain/Loss in Current Period	Total (*)	Included in Supplementary Capital	Total (*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,874,008	1,874,008	-	-
4. Total	-	1,874,008	1,874,008	-	-

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

Portfolio-Prior Period - December 31, 2021	Realized	Revaluation Surplus		Unrealized Gain and Loss	
	Gain/Loss in Current Period	Total (*)	Included in Supplementary Capital	Total (*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,733,817	1,733,817	-	-
4. Total	-	1,733,817	1,733,817	-	-

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

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - September 30, 2022	Carrying Value	Total RWA(*)	Minimum Capital Requirement
1. Private Equity Investments	-	-	-
2. Quoted	1,203,222	1,112,306	88,984
3. Other Stocks	2,558,159	2,439,355	195,148
4. Total	3,761,381	3,551,661	284,132

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

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

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

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

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

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

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.

In line with the Covid-19 outbreak, which caused a serious slowdown in global and regional economic activities, liquidity adequacy is constantly monitored through stress tests and scenario analyzes. It is observed that the impact of the Covid-19 outbreak on the Parent Bank’s liquidity adequacy is limited.

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

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

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

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

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

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the 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- September 30, 2022

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	July 2022	176.56	July 2022	336.76
The highest value	September 2022	190.45	September 2022	511.20

Liquidity Coverage Ratio

Current Period- September 30, 2022		Total unweighted value ^(*)		Total weighted value ^(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			344,758,348	206,936,532
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	376,581,377	210,000,113	34,689,459	21,000,011
3	Stable deposits	59,373,565	-	2,968,678	-
4	Less stable deposits	317,207,812	210,000,113	31,720,781	21,000,011
5	Unsecured wholesale funding, of which:	484,453,398	210,637,899	207,799,499	94,032,117
6	Operational deposits	328,142,785	135,465,713	81,995,453	33,866,428
7	Non-operational deposits	92,732,872	48,939,890	62,334,152	34,021,478
8	Other Unsecured debts	63,577,741	26,232,296	63,469,894	26,144,211
9	Secured wholesale funding			-	-
10	Other cash outflows, of which;	56,730,673	18,083,015	56,730,672	18,083,016
11	Outflows related to derivative exposures and other collateral requirements	56,497,878	18,083,015	56,497,877	18,083,016
12	Outflows related to loss of funding on debt products	232,795	-	232,795	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	104,977,468	93,298,254	5,248,873	4,664,913
15	Other contingent funding obligations	227,631,867	74,663,828	18,102,501	5,764,750
16	TOTAL CASH OUTFLOWS			322,571,004	143,544,807
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	95,094,576	47,857,137	78,797,150	43,850,700
19	Other cash inflows	55,764,359	54,169,077	55,764,359	54,169,077
20	TOTAL CASH INFLOWS	150,858,935	102,026,214	134,561,509	98,019,777
				Upper Limit Applied Values	
21	TOTAL HQLA STOCK			344,758,348	206,936,532
22	TOTAL NET CASH OUTFLOWS			188,009,495	45,525,030
23	LIQUIDITY COVERAGE RATIO (%)			183.27	435.73

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

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

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

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

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

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

Prior Period- December 31, 2021

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

Liquidity Coverage Ratio

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

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

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

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

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

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

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 – September 30, 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Assets:								
Cash and balance with CBRT	147,491,469	18,615,521	-	-	-	-	-	166,106,990
Banks	45,965,586	1,018,504	1,735,271	-	32	-	-	48,719,393
Financial assets at fair value through profit/loss	281,432	2,685	14,571	7,577	14,907,313	-	375,544	15,589,122
Interbank money market placements	-	-	3,848	-	-	-	-	3,848
Financial assets at fair value through other comprehensive	-	112,210	3,587,152	64,894,134	83,354,016	35,487,680	105,562	187,540,754
Loans	-	63,995,465	49,711,873	200,989,467	278,952,445	216,002,004	20,131,143	829,782,397
Financial assets measured at amortized cost	-	4,378,541	-	11,266,839	54,059,424	55,422,054	-	125,126,858
Other assets ⁽³⁾⁽⁴⁾	2,287,815	7,896,823	3,788,584	1,084,721	8,466,100	9,862,696	2,288,470	35,675,209
Total assets	196,026,302	96,019,749	58,841,299	278,242,738	439,739,330	316,774,434	22,900,719	1,408,544,571
Liabilities:								
Bank deposits	11,195,314	36,860,073	5,731,205	499,556	-	-	-	54,286,148
Other deposits	207,993,509	465,329,306	179,055,189	51,028,775	3,406,361	76,011	-	906,889,151
Funds Provided	-	2,403,052	15,743,963	37,493,587	43,909,831	21,357,411	-	120,907,844
Interbank money market takings	-	23,856,694	1,846,530	13,865,204	11,838,556	335,370	-	51,742,354
Securities issued ⁽²⁾	-	2,813,044	13,152,488	13,084,405	72,867,230	4,355,753	-	106,272,920
Miscellaneous payables	84,051	20,083,323	187,319	43,612	1,288,950	-	10,682,672	32,369,927
Other liabilities	516,529	1,414,006	13,187,906	281,006	1,754,482	4,448,162	114,474,136	136,076,227
Total liabilities	219,789,403	552,759,498	228,904,600	116,296,145	135,065,410	30,572,707	125,156,808	1,408,544,571
Liquidity gap	(23,763,101)	(456,739,749)	(170,063,301)	161,946,593	304,673,920	286,201,727	(102,256,089)	-
Net Off Balance Sheet Position	-	426,853	776,173	1,024,836	8,031,055	3,059,132	-	13,318,049
Receivables from Derivative Financial Instruments	-	87,510,998	22,249,586	6,291,426	56,310,057	72,035,377	-	244,397,444
Payables from Derivative Financial Instruments	-	87,084,145	21,473,413	5,266,590	48,279,002	68,976,245	-	231,079,395
Non-cash Loans	82,362,994	9,700,339	28,161,161	94,131,113	32,666,160	4,041,131	511,623	251,574,521
Prior Period – December 31, 2021								
Total assets	165,318,205	73,069,414	41,107,035	144,697,519	372,337,505	223,965,765	8,405,655	1,028,901,098
Total liabilities	148,035,310	461,333,737	118,057,161	83,339,246	113,926,611	34,109,272	70,099,761	1,028,901,098
Liquidity gap	17,282,895	(388,264,323)	(76,950,126)	61,358,273	258,410,894	189,856,493	(61,694,106)	-
Net Off Balance Sheet Position	-	8,067,835	938,244	328,206	3,720,350	4,262,132	-	17,316,767
Receivables from Derivative Financial Instruments	-	59,643,827	9,532,720	17,848,520	28,260,382	68,052,584	-	183,338,033
Payables from Derivative Financial Instruments	-	51,575,992	8,594,476	17,520,314	24,540,032	63,790,452	-	166,021,266
Non-cash Loans	79,337,989	13,223,627	22,155,655	45,704,404	29,669,939	3,162,907	201,405	193,455,926

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

(2) Subordinated debt are shown under securities issued.

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

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

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

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

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

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

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 6.07 %. Increase in balance sheet assets and Tier I Capital transactions resulted in change on leverage rate compared to previous period (December 31, 2021: 5.56 %). The Regulation adjudicated minimum leverage rate as 3%.

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

	Current Period	Prior Period
Total asset amount in the consolidated financial statements prepared as per TAS ⁽¹⁾	1,306,594,035	1,029,250,580
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⁾	755,452	349,482
The difference between the derivative financial instruments and the loan derivatives amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	(17,324,295)	(20,287,481)
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⁾	129,658,286	105,873,624
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⁾	143,493,359	103,995,938
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⁾	(626,818,901)	(449,418,925)
Total risk amount	1,610,122,744	1,203,566,838

⁽¹⁾ June 30, 2022 and the balances at the end of December 31, 2021 prepared in accordance with Article 5, paragraph 6, of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks are included.

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

Leverage ratio common disclosure template

	Current Period - September 30, 2022 ^(*)	Prior Period- December 31, 2021 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,379,977,835	936,780,229
2. Assets deducted in determining Basel III Tier 1 capital	(585,057)	(478,249)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	1,379,392,778	936,301,980
Derivative exposures		
4. Replacement cost	11,742,895	18,000,876
5. Add-on amount	1,890,420	2,286,605
6. Total derivative exposures	13,633,315	20,287,481
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	11,721,340	12,360,212
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	11,721,340	12,360,212
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	527,364,829	338,555,893
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(167,731,827)	(103,938,729)
12. Total off-balance sheet exposures	359,633,002	234,617,164
Capital and total exposures		
13. Tier 1 capital	107,133,323	66,554,350
14. Total exposures	1,764,380,435	1,203,566,837
Leverage ratio		
15. Leverage ratio	6.07	5.56

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

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

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

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

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

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.

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

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

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

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

VII. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	15,103,347	36,788,299	47,087,207	236,932	99,215,785
Interest Expense	13,989,699	24,666,771	19,684,812	217,282	58,558,564
Net Interest Income/Losses(Net)	1,113,648	12,121,528	27,402,395	19,650	40,657,221
Net Fees and Commissions Income	1,607,300	4,788,248	492,158	-	6,887,706
Dividend Income	-	-	55,953	-	55,953
Trading Income/ Losses (Net)	-	-	3,587,901	-	3,587,901
Other Income	-	-	-	8,194,798	8,194,798
Allowance for Expected Credit Losses	-	-	-	23,125,361	23,125,361
Other Expenses	-	-	-	11,823,919	11,823,919
Based on Equity Method	-	-	224,770	-	224,770
Profit Before Taxes	2,720,948	16,909,776	31,763,177	(26,734,832)	24,659,069
Provision for taxes	-	-	-	-	(7,526,052)
Net Profit/ Loss					17,133,017
Segment Assets	161,839,466	505,090,085	678,676,847	59,722,713	1,405,329,111
Subsidiaries and Associates (Net)	-	-	3,215,460	-	3,215,460
TOTAL ASSETS	161,839,466	505,090,085	681,892,307	59,722,713	1,408,544,571
Segment Liabilities	367,190,420	548,531,630	331,358,561	68,456,383	1,315,536,994
Equity	-	-	-	93,007,577	93,007,577
TOTAL LIABILITIES	367,190,420	548,531,630	331,358,561	161,463,960	1,408,544,571
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	10,170,694	22,021,116	17,474,124	14,855	49,680,789
Interest Expense	9,409,640	13,157,081	15,927,909	71,811	38,566,441
Net Interest Income/Losses(Net)	761,054	8,864,035	1,546,215	(56,956)	11,114,348
Net Fees and Commissions Income	766,642	1,805,852	241,737	-	2,814,231
Dividend Income	-	-	22,995	-	22,995
Trading Income/ Losses (Net)	-	-	(3,718,659)	-	(3,718,659)
Other Income	-	-	-	6,733,542	6,733,542
Allowance for Expected Credit Losses	-	-	-	6,884,444	6,884,444
Other Expenses	-	-	-	6,755,987	6,755,987
Based on Equity Method	-	-	68,039	-	68,039
Profit Before Taxes	1,527,696	10,669,887	(1,839,673)	(6,963,845)	3,394,065
Provision for taxes	-	-	-	-	(682,093)
Net Profit/ Loss					2,711,972
Segment Assets	128,072,758	354,478,813	515,448,627	28,075,063	1,026,075,261
Subsidiaries and Associates (Net)	-	-	2,825,837	-	2,825,837
TOTAL ASSETS	128,072,758	354,478,813	518,274,464	28,075,063	1,028,901,098
Segment Liabilities	247,651,905	320,011,164	373,266,181	33,771,820	974,701,070
Equity	-	-	-	54,200,028	54,200,028
TOTAL LIABILITIES	247,651,905	320,011,164	373,266,181	87,971,848	1,028,901,098

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

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

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

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

VIII. INFORMATION ON RISK MANAGEMENT

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

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

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

Risk weighted amounts

	Risk Weighted Amount		Minimum Capital
	Current Period - September 30, 2022	Prior Period - December 31, 2021	Current Period - September 30, 2022
1 Credit Risk (excluding counterparty credit risk) ^(*)	773,472,738	505,046,417	61,877,819
2 Standardised approach	773,472,738	505,046,417	61,877,819
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	17,627,875	9,789,165	1,410,230
5 Standardised approach for counterparty credit risk	17,627,875	9,789,165	1,410,230
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	17,712	7,806	1,417
9 Equity investments in funds - mandate-based approach	-	-	-
10 Equity investments in funds - 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	9,344,446	9,769,976	747,556
17 Standardised approach	9,344,446	9,769,976	747,556
18 Internal model approaches	-	-	-
19 Operational Risk	35,687,845	32,231,733	2,855,028
20 Basic Indicator Approach	35,687,845	32,231,733	2,855,028
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	836,150,616	556,845,097	66,892,050

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

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

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

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

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 - September 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Cash	2,574,128	2,823,345	1,930,257	2,041,142
Central Bank of the Republic of Türkiye (*)	11,680,051	141,728,374	26,610,644	109,585,919
Other	1,027,994	6,273,098	819,123	3,185,460
Total	15,282,173	150,824,817	29,360,024	114,812,521

(*) TL 75,515,174 (December 31, 2021: TL 56,969,055) 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 3% to 8% (December 31, 2021: ranging from 3% to 8%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5% to 26% in US Dollar or Euro (December 31, 2021: ranging from 5% to 26%).

Balances with the Central Bank of the Republic of Türkiye

	Current Period - September 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Unrestricted demand deposits	11,136,029	48,118,610	25,948,962	52,616,864
Restricted demand deposits	543,918	-	375,623	-
Unrestricted time deposits	104	-	-	-
Restricted time deposits	-	18,094,590	-	-
Reserve Deposits	-	75,515,174	286,059	56,969,055
Total	11,680,051	141,728,374	26,610,644	109,585,919

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 – September 30, 2022	Prior Period - December 31, 2021
Collateralized/blocked investment securities	-	14,383,082
Investments subject to repurchase agreements	14,756,099	-
Total	14,756,099	14,383,082

Positive differences on derivative financial assets held for trading purpose

	Current Period - September 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Forward transactions	6,713	26,624	1,186,318	5,610
Swap transactions	14,762,600	3,391,116	17,972,859	1,895,937
Futures	-	-	-	-
Options	459	88,400	12,457	173,245
Other	-	-	-	-
Total	14,769,772	3,506,140	19,171,634	2,074,792

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of September 30, 2020, the fair value of this transaction is TL 1,755,665, with a nominal amount of 120 million USD and an average maturity of 1.79 years. (As of December 31, 2021, the fair value of this transaction was TL 1,079,186 with a nominal amount of 120 million USD, and an average maturity of 2.54 years.)

3. Information on banks

	Current Period - September 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Banks				
Domestic	95,360	4,479	151,858	309,039
Foreign	666,000	47,953,554	1,120,350	20,044,049
Foreign Head Offices and Branches	-	-	-	-
Total	761,360	47,958,033	1,272,208	20,353,088

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 – September 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	12,975,166	36,006,339	13,880,235	2,604,505
Other	-	-	-	-
Total	12,975,166	36,006,339	13,880,235	2,604,505

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

	Current Period – September 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Government bonds	2,025	417,601	10,777,067	56,651,084
Treasury bills	-	-	-	-
Other debt securities	-	16,048,786	-	7,615,243
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	2,025	16,466,387	10,777,067	64,266,327

Information on financial assets at fair value through other comprehensive income

	Current Period- September 30, 2022	Prior Period- December 31, 2021
Debt securities	191,815,627	140,716,197
Quoted on a Stock Exchange	191,448,781	140,442,608
Unquoted	366,846	273,589
Equity securities	105,562	21,978
Quoted on a Stock Exchange	-	-
Unquoted	105,562	21,978
Provisions for impairment losses (-)	4,380,435	1,784,498
Total	187,540,754	138,953,677

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

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

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

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 – September 30, 2022		Prior Period - December 31, 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	1,406	-	8,344
Legal entities	-	1,406	-	8,344
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	534,869	-	481,072	-
Total	534,869	1,406	481,072	8,344

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

Current Period - September 30, 2022

	Loans and other receivables under close monitoring			
	Standard loans	Agreement conditions modified		
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	720,409,044	33,338,773	2,047,375	37,677,968
Loans given to enterprises	181,134,701	16,845,797	1,888,920	36,999,044
Export loans	57,062,632	653,896	-	-
Import loans	-	-	-	-
Loans given to financial sector	11,845,034	6,857	-	-
Consumer loans	125,260,297	1,331,252	12,756	666,255
Credit cards	41,679,365	492,274	145,393	3,010
Other	303,427,015	14,008,697	306	9,659
Specialized lending	-	-	-	-
Other receivables	-	16,178,094	-	-
Total	720,409,044	49,516,867	2,047,375	37,677,968

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.

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Prior Period - December 31, 2021

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

Current Period - September 30, 2022

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,136,983	-
Significant Increase in Credit Risk	-	14,100,686
Prior Period - December 31, 2021	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,841,377	-
Significant Increase in Credit Risk	-	9,134,976

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Current Period - September 30, 2022	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	4,477,764	109,223,901	113,701,665
Housing loans	7,578	55,617,593	55,625,171
Automobile loans	14,807	2,207,477	2,222,284
General purpose loans	4,455,379	51,398,831	55,854,210
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	2,917	2,917
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,863	2,863
Other	-	54	54
Retail credit cards – TL	30,913,932	135,430	31,049,362
With instalment	14,079,619	134,556	14,214,175
Without instalment	16,834,313	874	16,835,187
Retail credit cards – FC	80,874	-	80,874
With instalment	-	-	-
Without instalment	80,874	-	80,874
Personnel loans – TL	4,411	244,330	248,741
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	4,411	244,330	248,741
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	284,572	274	284,846
With instalment	120,418	269	120,687
Without instalment	164,154	5	164,159
Personnel credit cards – FC	1,282	-	1,282
With instalment	-	-	-
Without instalment	1,282	-	1,282
Overdraft Checking Accounts – TL (Real person)	13,316,489	-	13,316,489
Overdraft Checking Accounts – FC (Real person)	748	-	748
Total	49,080,072	109,606,852	158,686,924

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Installment based commercial loans and corporate credit cards

Current Period - September 30, 2022	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	23,605,160	95,698,323	119,303,483
Real estate loans	29,710	1,339,504	1,369,214
Automobile loans	1,203,205	4,587,854	5,791,059
General purpose loans	21,498,067	89,770,965	111,269,032
Other	874,178	-	874,178
Instalment-based commercial loans – FC indexed	-	369,902	369,902
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	369,902	369,902
Other	-	-	-
Instalment-based commercial loans – FC	485,848	74,384,323	74,870,171
Real estate loans	-	-	-
Automobile loans	-	25,301	25,301
General purpose loans	28,689	66,402,305	66,430,994
Other	457,159	7,956,717	8,413,876
Corporate credit cards – TL	10,771,173	106,220	10,877,393
With instalment	4,244,970	94,017	4,338,987
Without instalment	6,526,203	12,203	6,538,406
Corporate credit cards – FC	26,285	-	26,285
With instalment	-	-	-
Without instalment	26,285	-	26,285
Overdraft Checking Accounts – TL (Corporate)	14,793,952	-	14,793,952
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	49,682,418	170,558,768	220,241,186

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

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Allocation of domestic and overseas loans ^(*)

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Domestic loans	799,687,044	580,835,414
Foreign loans	9,964,210	8,779,749
Total	809,651,254	589,615,163

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

Loans to associates and subsidiaries

	Current Period – September 30, 2022	Prior Period- December 31, 2021
Direct loans to associates and subsidiaries	72,580	50,676
Indirect loans to associates and subsidiaries	-	-
Total	72,580	50,676

Specific provisions accounted for loans (Stage 3)

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Loans and receivables with limited collectability	464,807	531,455
Loans and receivables with doubtful collectability	1,168,700	977,216
Uncollectible loans and receivables	14,570,309	13,109,737
Total	16,203,816	14,618,408

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 - September 30, 2022			
Gross Amounts Before The Reserves	153,931	432,484	2,037,837
Loans Which Are Restructured	153,931	432,484	2,037,837
Prior period - December 31, 2021			
Gross Amounts Before The Reserves	204,656	371,451	1,581,011
Loans Which Are Restructured	204,656	371,451	1,581,011

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - September 30, 2022			
Balance at the beginning of the period	1,105,581	2,154,152	15,880,195
Additions (+)	4,503,559	1,351	2,084,840
Transfers from other categories of loans under follow-up (+)	-	4,099,977	3,351,577
Transfers to other categories of loans under follow-up (-)	4,100,884	3,350,669	-
Collections (-) ^(*)	558,793	930,629	1,988,433
Write-offs (-) ^(**)	-	-	2,154,399
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	33,718
Balance at the end of the period	949,463	1,974,182	17,207,498
Provision (-)	464,807	1,168,700	14,570,309
Net balance	484,656	805,482	2,637,189

^(*) 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 September 30, 2022, the Parent Bank has TL 2,154,399 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 2.66% to 2.40%.

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

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

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

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

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 - September 30, 2022			
Balance at the end of the period	134,134	266,834	5,956,588
Provision (-)	62,900	172,422	5,393,450
Net balance on balance sheet	71,234	94,412	563,138
Prior Period - December 31, 2021			
Balance at the end of the period	11,300	437,240	5,037,148
Specific provision (-)	4,711	104,367	4,071,240
Net balance on balance sheet	6,589	332,873	965,908

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - September 30, 2022			
Current Period (Net)	484,656	805,482	2,637,189
Consumer and Commercial Loans (Gross)	947,872	1,974,166	17,184,656
Provision (-)	463,220	1,168,687	14,547,481
Consumer and Commercial Loans (Net)	484,652	805,479	2,637,175
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,591	16	22,842
Provision (-)	1,587	13	22,828
Other Loans and Receivables (Net)	4	3	14

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

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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) - September 30, 2022	27,940	76,919	423,462
Interest accruals and valuation differences	59,210	188,495	2,232,778
Provision (-)	31,270	111,576	1,809,316
Prior Period (Net) - December 31, 2021	41,802	87,321	398,494
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period – September 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Government bonds	93,297,454	19,452,929	48,358,190	15,883,492
Treasury bills	-	-	-	-
Other securities issued by the governments	-	12,168,536	-	9,293,290
Total	93,297,454	31,621,465	48,358,190	25,176,782

Information on financial assets measured at amortized cost

	Current Period - September 30, 2022	Prior Period - December 31, 2021
Debt Securities	125,126,858	73,861,983
Quoted at stock exchanges	124,977,869	73,593,922
Unquoted at stock exchanges	148,989	268,061
Impairment losses (-)	-	-
Total	125,126,858	73,861,983

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Balances at the beginning of the period	73,861,983	58,747,252
Foreign currency differences on monetary assets	6,631,262	9,987,748
Purchases during the period	27,378,526	1,418,048
Disposals through sales/redemptions	(1,874,785)	(2,975,048)
Change in Impairment losses	-	-
Change in amortized costs of the securities ^(*)	19,129,872	6,683,983
Balances at the end of the period	125,126,858	73,861,983

^(*) 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

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period - September 30, 2022				
Collateralized/blocked investment securities	14,324,628	2,882,232	15,302,019	2,777,662
Investments subject to repurchase agreements	9,517,960	11,969,296	15,355,474	12,168,536
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	35,436,553	14,603,084	62,698,911	16,824,256
Total	59,279,141	29,454,612	93,356,404	31,770,454

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

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

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

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 ^(*)	Istanbul/ Türkiye	4.75	4.75
3 KKB Kredi Kayıt Bürosu AŞ ^(*)	Istanbul/ Türkiye	9.09	9.09
4 Güçbirliği Holding AŞ ^(*)	Izmir/ Türkiye	0.07	0.07
5 İzmir Enternasyonal Otelcilik AŞ ^(*)	Istanbul/ Türkiye	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ ^(*)	Istanbul/ 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	Istanbul/ Türkiye	33.33	33.33
10 JCR Avrasya Derecelendirme AŞ	Istanbul/ Türkiye	2.86	2.86
11 Birleşik İpotek Finansmanı AŞ ^(*)	Istanbul/ Türkiye	8.33	8.33
12 Tasfiye Halinde World Vakıf UBB Ltd. ^(**)	Lefkoşa/KKTC	83.00	83.62

(*) The financial statement information provided for these associates is taken from the financial statements dated June 30, 2022.

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	18,257,555	6,051,080	1,912,117	37,276	2,929	1,969,118	551,824	15,873,364
2	601,847	494,145	107,922	28,736	-	122,202	53,975	-
3	690,984	148,119	320,069	14,206	719	19,581	26,499	-
4	130,403	(219,064)	88,065	1	-	(114,120)	24,476	-
5	80,907	(577,245)	72,652	-	-	(146,718)	(57,703)	-
6	60,377,277	3,446,370	188,246	517,739	87,997	658,669	430,626	-
7	1,975,639	1,186,043	25,815	94,539	-	205,844	87,976	-
8	255,837	223,572	39,466	15,414	-	146,841	28,767	-
9	420,964	327,342	123,853	26,266	-	(22,715)	261	-
10	156,130	138,959	31,453	9,643	-	78,817	46,508	-
11	66,975	64,773	1,609	1,914	885	12,972	-	-
12	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

It has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the current period. It has been decided that TL 270,577 of the capital increase will be covered by paid, 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 current 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 current period, the Parent Bank has purchased the shares of PTT and TVF in Platform Ortak Kartlı Sistemler AŞ with a share transfer agreement dated April 22, 2022. 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 current period, it has been decided to increase the paid-in capital of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, one of the Parent Bank's subsidiaries, from 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.

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Consolidated investments in associates

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	3,366,230	154,902	9,374	193,138	6,082	23,669	20,982	-
2	109,983,362	9,717,065	1,916,981	4,289,959	2,831,001	2,640,644	774,602	6,846,000

In the current 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 – September 30, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	349,103	428,622
Movements during the period	239,540	(79,519)
Transfers	-	-
Acquisitions	-	-
Bonus shares received	4,500	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	235,040	-
Impairment losses	-	(79,519)
Balance at the end of the period	588,643	349,103
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - September 30, 2022	Prior Period - December 31, 2021
Banks	588,643	349,103
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	588,643	349,103

Quoted associates

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Quoted at domestic stock exchanges	573,522	338,484
Quoted at international stock exchanges	-	-
Total	573,522	338,484

Investments in associates disposed during the period

In the current period, all of the Parent Bank's 33.33% shares in Platform Ortak Kartlı Sistemler AŞ have been sold to Türkiye Halk Bankası AŞ as of June 21, 2022, and our Bank has no shares left in the Company.

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

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Current Period - September 30, 2022						
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	18,476	137	-	322,717	121
Equity share premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	17,110	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	21,640	8,474	5,594	(530)	176
Other accumulated comprehensive income that will be reclassified in profit or loss	2,080,850	-	-	-	-	-
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	256,106	230,354	215,674	301,066	874,909	3,536
Prior Period's Profit/Loss	148,344	(39,235)	5,058	(31,857)	5,221	(3)
Current Period's Profit/Loss	107,762	269,589	210,616	332,923	869,688	3,539
Minority Rights	-	-	-	-	-	-
Total Core Capital	2,674,754	963,153	627,021	891,740	2,497,200	35,478
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	2,674,754	963,153	627,021	891,740	2,497,200	35,478
NET AVAILABLE EQUITY	2,674,754	963,153	627,021	891,740	2,497,200	35,478

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Prior Period - December 31, 2021	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	468,895	150,000	350,000	1,000,000	30,000
Share Premium	-	13,232	137	-	322,717	121
Equity share premiums	-	-	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	13,232	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	27,067	10,720	5,594	(187)	(36)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,203,220	-	-	-	-	-
Profit Reserves	21,149	64,612	151,446	118,794	145,336	408
Legal Reserves	21,149	14,333	33,808	23,191	11,781	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	42,588	95,603	133,008	13
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	153,745	88,836	206,348	84,425	159,988	1,669
Prior Period’s Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	(1,401)
Current Period’s Profit/Loss	85,312	153,983	202,267	125,845	153,236	3,070
Minority Rights	-	-	-	-	-	-
Total Core Capital	2,689,362	662,642	518,651	558,813	1,627,854	32,162
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	2,689,362	662,642	518,651	558,813	1,627,854	32,162
NET AVAILABLE EQUITY	2,689,362	662,642	518,651	558,813	1,627,854	32,162

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 September 30, 2022, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank's Share -If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ	Ankara/Türkiye	65.50	80.50
2 Taksim Otelcilik AŞ	Istanbul/ Türkiye	51.00	51.00
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ	Istanbul/ Türkiye	86.97	89.00
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
1 253,396	253,038	34,327	5,091	-	62,788	(4,077)	43,911
2 569,640	530,410	202,882	33,524	-	81,938	50,921	555,605
3 251,605	154,673	109,784	10,547	194	8,733	(422)	150,767
4 71,920	61,154	360	5,877	-	5,194	(8,732)	56,667
5 109,290	109,088	2,123	14,488	-	8,760	-	100,000

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

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

In the prior period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. After the capital increase, the share which corresponds to the Parent Bank is TL 8,029.

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.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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	78.39	80.75
2 Vakıf Finansal Kiralama AŞ	Istanbul/ Türkiye	62.05	62.05
3 Vakıf Yatırım Menkul Değerler AŞ	Istanbul/ Türkiye	99.25	99.41
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	48.95	48.95

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 9,833,413	920,834	3,458	1,450,589	-	330,161	84,279	587,367
2 10,314,870	1,014,708	167,688	713,015	-	281,337	61,073	1,810,200
3 3,026,636	627,020	62,658	116	15,949	210,615	140,230	499,853
4 15,845,371	3,062,147	10,746	257,563	-	4,328	75,147	1,629,020
5 36,585	35,480	141	218	3,491	3,538	2,277	167,220
6 5,008,237	3,259,090	3,317,308	147,811	39,296	818,303	93,968	3,133,865

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – September 30, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	4,141,635	3,272,863
Movements during the period	1,157,702	868,772
Transfers	-	-
Acquisitions	74,990	426,846
Bonus shares received	307,337	175,660
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	1,088,826	848,932
Impairment losses	(313,451)	(582,666)
Balance at the end of the period	5,299,337	4,141,635
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Measured at cost	-	-
Measured at fair value (*)	5,299,337	4,141,635
Equity method of accounting	-	-
Total	5,299,337	4,141,635

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

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period – September 30, 2022	Prior Period– December 31, 2021
Banks	1,629,020	1,369,078
Factoring companies	460,454	460,454
Leasing companies	1,123,149	905,048
Financing companies	-	-
Other financial subsidiaries	2,086,714	1,407,055
Total	5,299,337	4,141,635

Quoted consolidated subsidiaries

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Quoted at domestic stock exchanges	2,713,759	1,716,749
Quoted at international stock exchanges	-	-
Total	2,713,759	1,716,749

Consolidated subsidiaries disposed during the period

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

Investments in subsidiaries acquired during the period

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

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

9. Investments in joint-ventures

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
 CONSOLIDATED FINANCIAL REPORT
 FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period - September 30, 2022		Prior Period - December 31, 2021	
	Gross	Net	Gross	Net
Less than 1 year	1,752,241	1,528,331	1,197,813	1,234,244
Between 1-4 years	5,465,377	4,398,800	3,555,711	3,004,845
Longer than 4 years	1,462,925	977,536	957,785	742,242
Total	8,680,543	6,904,667	5,711,309	4,981,331

Net investments in finance lease receivables

	Current Period - September 30, 2022	Prior Period - December 31, 2021
Gross finance lease receivables	8,680,543	5,711,309
Unearned income on finance lease receivables (-)	1,775,876	729,978
Terminated lease contracts (-)	-	-
Net finance lease receivables	6,904,667	4,981,331

Finance lease agreements

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

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 September 30, 2021, there are investment properties with a net balance sheet value of TL 1,267,652 (December 31, 2021: TL 972,154) and a fair value of TL 1,939,156 (December, 31 2021: TL 1,594,627), belonging to the Parent Bank’s subsidiary operating in the real estate investment trust.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on tax assets

a) Current tax assets

None.

b) Deferred tax assets

The deferred tax asset of the Bank as of September 30, 2022 is TL 5,634,832 (December 31, 2021: TL 72,767). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

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

	Current Period – September 30, 2022	Prior Period – December 31, 2021
As of 1 January	58,048	1,177,204
Deferred tax income/(loss)	8,511,989	(896,058)
Deferred tax that is accounted under Equity	(2,903,403)	(241,344)
Other	(31,802)	18,246
Deferred tax asset/(liability)	5,634,832	58,048

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

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

As of September 30, 2022, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 577,906 (December 31, 2021: TL 756,999), and the provision for impairment is TL 1,073 (December 31, 2021: TL 1,746).

15. Information on other asset

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

16. Information on expected loss provisions for financial assets and financial assets measured at amortized cost financial assets measured at amortized cost

	Current Period – September 30, 2022	Prior Period - December 31, 2021
Balances with the Central Bank	1,726	1,532
Banks	18,725	12,853
Total	20,451	14,385
Financial Assets Measured at Amortized Cost	15,564	8,247
Total	36,015	22,632

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

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

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

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 September 30, 2022	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	22,737,866	-	11,022,802	22,795,115	91,223,595	5,816,956	9,196,737	9,885	162,802,956
Foreign currency deposits	93,404,625	-	74,064,650	162,083,911	35,118,050	7,783,187	15,419,751	-	387,874,174
Residents in Türkiye	85,793,454	-	71,893,905	157,084,426	33,227,210	4,990,572	6,617,338	-	359,606,905
Residents in abroad	7,611,171	-	2,170,745	4,999,485	1,890,840	2,792,615	8,802,413	-	28,267,269
Public sector deposits	20,652,476	-	66,474,480	13,337,928	1,092,931	321,771	39,944	-	101,919,530
Commercial deposits	20,725,791	-	62,096,286	35,381,439	31,493,393	13,105,659	4,566,414	-	167,368,982
Other	15,693,788	-	5,052,609	24,456,789	3,329,803	189,680	165,255	-	48,887,924
Precious metal deposits	34,778,963	-	-	14,532	115,731	2,830,973	295,386	-	38,035,585
Bank deposits	11,195,314	-	27,684,988	14,867,198	39,092	499,556	-	-	54,286,148
Central Bank	984,732	-	-	-	-	-	-	-	984,732
Domestic banks	1,483,407	-	23,518,265	2,345,222	36,386	-	-	-	27,383,280
Foreign banks	1,571,355	-	4,166,723	12,521,976	2,706	499,556	-	-	18,762,316
Participation banks	7,155,820	-	-	-	-	-	-	-	7,155,820
Other	-	-	-	-	-	-	-	-	-
Total	219,188,823	-	246,395,815	272,936,912	162,412,595	30,547,782	29,683,487	9,885	961,175,299

As of September 30, 2022, TL 72,433,683 (December 31, 2021: TL 8,958,208) “Turkish Lira Time Deposits with Currency Protection” deposit instrument opened in the Parent Bank’s deposit accounts within the scope of the announcement of the Ministry of Treasury and Finance dated December 24, 2021, dated December 21, 2021 and no. 31696 There is a TL 79,720,784 (December 31, 2021: TL 1,231,731) “Turkish Lira Time Deposits with Currency Conversion Protection” published in the Official Gazette by the CBRT.

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

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

	Current Period – September 30, 2022		Prior Period – December 31, 2021	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	61,965,463	100,837,493	38,157,515	48,642,384
Foreign currency saving deposits	45,185,708	152,036,378	35,113,479	119,335,680
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	107,151,171	252,873,871	73,270,994	167,978,064

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Saving deposits out of insurance coverage limits

	Current Period - September 30, 2022	Prior Period - December 31, 2021
Deposits and other accounts at foreign branches	170,148	127,496
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	31,498	17,472
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- September 30, 2022		Prior Period- December 31, 2021	
	TL	FC	TL	FC
Forwards	120,457	4	1,167,111	3,555
Swaps	336,407	5,434,635	428,039	3,702,220
Futures	-	-	-	-
Options	304	104,375	14,062	175,291
Other	-	-	-	-
Total	457,168	5,539,014	1,609,212	3,881,066

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period – September 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	4,408,155	1,689,768	484,900	1,791,814
Domestic banks and institutions	2,853,645	7,931,144	2,839,703	9,120,177
Foreign banks, institutions and funds	188,202	103,836,930	182,724	84,017,353
Total	7,450,002	113,457,842	3,507,327	94,929,344

b) Maturity information of funds borrowed

	Current Period – September 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Short-term ^(*)	5,681,381	5,550,073	2,953,951	4,334,216
Medium and Long-term ^(*)	1,768,621	107,907,769	553,376	90,595,128
Total	7,450,002	113,457,842	3,507,327	94,929,344

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 9.19 % (December 31, 2021: 10.10 %) of the Group’s liabilities. There is no risk concentration on funding sources of the Group.

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
December 9, 2021	367	USD	296	Libor + 2.15%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C).
	367	EUR	313,5	Euribor+1.75%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)
May 12, 2022	368	USD	199,5	SOFR+2.75%	Abu Dhabi Commercial Bank, Emirates NBD Bank (P.J.S.C), Mashreqbank (P.S.C.)	Emirates NBD Bank (P.J.S.C)
	368	EUR	738,65	Euribor+2.10%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.)	Emirates NBD Bank (P.J.S.C)

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions) (*)	Loan Type
May 13, 2011	June 15, 2023	USD	346,5	Based on international remittance flows
May 4, 2018	March 15, 2023	USD/EUR	380(**)	Based on international remittance flows
October 5, 2018	September 15, 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
October 15, 2019	December 15, 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions
March 22, 2021	March 15, 2027	USD	461,5	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	EUR	200	Based on international remittance flows
	September 15, 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	EUR	50	Based on international remittance flows
March 15, 2026	USD	115,4	Based on international remittance flows / Based on treasury financing transactions	

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

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

As of September 30, 2022, the total securitization balance is equivalent of USD 1,663 million and EUR 267 million. (December 31, 2021: USD 1,689 million and EUR 337 million).

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on securities issued

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

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

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

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - September 30, 2022				
Nominal	5,305,883	4,144,000	750,297	60,136,241
Cost	5,048,012	4,144,000	749,625	59,869,916
Net Book Value	5,171,951	4,388,582	759,617	60,695,308
Prior Period - December 31, 2021				
Nominal	6,124,552	5,180,500	870,290	49,466,408
Cost	5,922,474	5,180,500	869,722	49,272,954
Net Book Value	6,031,337	5,301,471	871,154	50,333,665

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 September 30, 2022 and December 31, 2021 are presented below.

Current Period - September 30, 2022	Service Buildings	Vehicles	Total
Lease payables	1,923,053	62,686	1,985,739
Deferred rental expenses	992,337	10,920	1,003,257
Lease payables (Net)	930,716	51,766	982,482
Right of use assets	844,798	47,356	892,154

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

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, TL 102,447 of lease payments were made in the related period (September 30, 2021: TL 62,987).

	Current Period – September 30, 2022		Prior Period – December 30, 2021	
	Gross	Net	Gross	Net
Under 1 year	54,396	48,068	50,901	46,361
1-4 Years	309,869	223,206	367,671	300,266
Over 4 years	1,621,474	711,208	1,078,023	611,966
Total	1,985,739	982,482	1,496,595	958,593

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

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

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

None.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 September 30, 2022, TL 1,210,211 (December 31, 2021: TL 998,880) provision for severance pay and TL 138,673 (December 31, 2021 TL 104,852) provision for unused vacation are stated in financial statements under employee rights provision.

Provision for currency exchange loss on foreign currency indexed loans

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Provision for currency exchange loss on foreign currency indexed loans	1,685	8,963

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

As of September 30, 2022 the Parent Bank has recorded TL 49,104 (December 31, 2021: TL 44,305) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of September 30, 2022, the free provision in the financial statements amounted to a total of TL 9,500,000, of which is constituted by TL 7,728,000 in the current period and TL 1,772,000 in the prior periods. (December 31, 2021: TL 1,772,000).

8. Taxation

Current Taxes

As at and for the nine-month period ended September 30, 2022, the tax liability of the Group is amounting to TL 5,528,461 (December 31, 2021: TL 127,147).

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Taxation (Continued)

Information on taxes payable

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Corporate taxes payable	5,528,461	127,147
Taxation on securities	423,366	372,700
Capital gains tax on property	7,596	5,763
Banking and Insurance Transaction Tax (BITT)	519,347	359,635
Taxes on foreign exchange transactions	26,279	59,585
Value added tax payable	32,553	31,105
Other	128,498	133,366
Total	6,666,100	1,089,301

Information on premiums payable

	Current Period - September 30, 2022	Prior Period - December 31, 2021
Social security premiums- employee share	1,585	695
Social security premiums- employer share	2,082	642
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	67	32
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	3,554	3,153
Unemployment insurance- employer share	7,058	6,284
Other	3	260
Total	14,349	11,066

Information on deferred tax liabilities

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

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

None.

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 35,257,462 as of September 30, 2022 (December 31, 2021: TL 28,968,427).

	Current Period- September 30, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	4,993,575	12,948,048	5,145,230	11,018,134
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,993,575	12,948,048	5,145,230	11,018,134
Debt instruments to be included in the additional capital calculation	1,256,536	16,059,303	1,259,521	11,545,542
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,256,536	16,059,303	1,259,521	11,545,542
Total	6,250,111	29,007,351	6,404,751	22,563,676

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
 (Continued)

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

11. Information on shareholders’ equity

Paid-in capital

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

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

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	7,111,364	10,000,000

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

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and the general purpose of these commitments and the estimated resources required for these commitments

None

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period - September 30, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	1,862,523	-	1,720,269	-
Financial assets at fair value through other comprehensive income	13,284,527	(3,336,097)	1,263,629	440,429
Foreign exchange differences	12,345	-	8,748	-
Total	15,159,395	(3,336,097)	2,992,646	440,429

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

1. Disclosures related to off-balance sheet commitments

Type and amount of consolidated irrevocable commitments

	Current Period – September 30, 2022	Prior Period - December 31, 2021
Commitments for credit card limits	53,499,266	30,687,962
Loan granting commitments	51,686,926	34,017,673
Commitments for cheque payments	6,875,182	7,029,711
Asset purchase sale commitments	59,843,070	13,030,758
Other	10,102,926	5,625,932
Total	182,007,370	90,392,036

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

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

The Parent Bank provided specific provision amounting to TL 585,283 (December 31, 2021: TL 507,691) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 49,104 (December 31, 2021: TL 44,305).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Provisional letters of guarantee	4,186,250	3,239,783
Final letters of guarantee	64,587,785	51,344,606
Letters of guarantee for advances	25,573,787	14,848,052
Letters of guarantee given to custom offices	5,057,461	2,542,604
Other letters of guarantee	91,038,464	62,104,990
Total	190,443,747	134,080,035

2. Non-cash loans

	Current Period – September 30, 2022	Prior Period - December 31, 2021
Non-cash loans given for cash loan risks	52,474,337	44,781,413
<i>With original maturity of 1 year or less</i>	13,586,436	8,896,727
<i>With original maturity of more than 1 year</i>	38,887,901	35,884,686
Other non-cash loans	199,100,184	148,674,513
Total	251,574,521	193,455,926

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Sectoral risk concentrations of non-cash loans

	Current Period – September 30, 2022				Prior Period – December 31, 2021			
	TL	%	FC	%	TL	%	FC	%
Agricultural	232,472	0.22	578,039	0.39	139,996	0.23	615,401	0.47
Farming and Cattle	219,231	0.21	175,217	0.12	124,298	0.2	537,647	0.41
Forestry	2,918	-	-	-	12,157	0.02	-	-
Fishing	10,323	0.01	402,822	0.27	3,541	0.01	77,754	0.06
Manufacturing	37,996,246	36.75	78,208,754	52.77	19,502,805	31.22	71,808,891	54.82
Mining	798,254	0.77	1,070,743	0.72	436,029	0.7	1,021,326	0.78
Production	28,501,429	27.57	70,904,591	47.84	12,775,324	20.45	65,154,049	49.74
Electric, gas and water	8,696,563	8.41	6,233,420	4.21	6,291,452	10.07	5,633,516	4.3
Construction	19,593,395	18.95	26,059,880	17.58	14,800,027	23.7	17,549,761	13.4
Services	42,882,019	41.50	31,639,085	21.34	26,382,572	42.25	33,902,378	25.88
Wholesale and retail trade	19,042,115	18.43	18,186,105	12.27	11,533,354	18.48	13,427,929	10.25
Hotel, food and beverage Services	1,423,868	1.38	984,413	0.66	599,846	0.96	863,562	0.66
Transportation and telecommunication	8,006,162	7.75	7,817,754	5.28	5,179,687	8.29	16,557,952	12.64
Financial institutions	7,848,418	7.59	1,868,770	1.26	4,841,677	7.75	1,352,144	1.03
Real estate and renting Services	3,227,160	3.12	1,782,216	1.20	2,180,150	3.49	1,323,085	1.01
Self-employment services	2,596,113	2.51	931,284	0.63	1,721,447	2.76	315,385	0.24
Education services	431,841	0.42	50,952	0.03	124,387	0.2	49,930	0.04
Health and social services	306,342	0.30	17,591	0.01	202,024	0.32	12,391	0.01
Other	2,667,272	2.58	11,717,359	7.92	1,632,327	2.6	7,121,768	5.43
Total	103,371,404	100.00	148,203,117	100.00	62,457,727	100.00	130,998,199	100.00

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

Current Period - September 30, 2022	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	98,373,839	85,834,651	2,663,881	2,986,093
Confirmed bills of exchange and acceptances	4,258	5,227,351	-	-
Letters of credit	208,901	50,702,296	-	415,397
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	1,191,780	1,601,976	-	-
Other guarantees and sureties	671,530	1,107,285	-	-
Non-Cash Loans	100,450,308	144,473,559	2,663,881	3,401,490

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

5. Contingent assets and liabilities

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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.

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 - September 30, 2022		Prior Period - September 30, 2021	
	TL	FC	TL	FC
Short-term Loans	21,213,231	1,238,803	9,483,203	565,295
Medium and Long-Term Loans	27,261,303	9,760,831	21,482,508	5,033,115
Non-performing Loans	620,800	114	495,619	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	49,095,334	10,999,748	31,461,330	5,598,410

Information on interest income received from banks

	Current Period – September 30, 2022		Prior Period – September 30, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	-	19,614	-	-
Domestic Banks	25,836	14,371	11,802	3,282
Foreign Banks	-	134,891	-	7,172
Foreign Head Office and Branches	-	-	-	-
Total	25,836	168,876	11,802	10,454

Information on interest income received from marketable securities portfolio

	Current Period - September 30, 2022		Prior Period - September 30, 2021	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	74,951	259,366	18,696	120,283
Financial assets at fair value through other comprehensive income	12,564,794	3,468,780	4,318,032	1,410,411
Financial assets measured at amortized cost	20,259,750	1,138,336	5,305,416	556,278
Total	32,899,495	4,866,482	9,642,144	2,086,972

As stated in the accounting policies, the Parent Bank calculates the valuation of the Consumer Price Indexed (CPI) 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 when deemed necessary during the year. As of September 30, 2022, the valuation of Consumer Price Indexed (CPI) government bonds was valued according to the annual inflation forecast of 42.80%. If the CPI estimate increases or decreases by 1%, the profit for the pre-tax period will increase or decrease by approximately TL 175 million (Full TL) as of September 30, 2022.

Information on interest income received from associates and subsidiaries

	Current Period – September 30, 2022	Prior Period – September 30, 2021
Interest Received from Associates and Subsidiaries	7,603	2,291

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

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

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

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 – September 30, 2022		Prior Period – September 30, 2021	
	TL	FC	TL	FC
Banks	614,887	2,328,389	210,528	957,043
Central Bank of the Republic of Türkiye	149,634	4,816	11,500	6,851
Domestic Banks	452,452	181,566	178,662	141,486
Foreign Banks	12,801	2,142,007	20,366	808,706
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	108,110	-	43,524
Total	614,887	2,436,499	210,528	1,000,567

Interest expense paid to associates and subsidiaries

	Current Period – September 30, 2022	Prior Period – September 30, 2021
Interests paid to the associates and subsidiaries	94,632	69,204

Interest expense on securities issued

Interest paid to securities issued as at for the period ended September 30, 2022 is TL 5,830,247 (TL 1,824,095 and FC 4,006,152) (September 30, 2021: TL 4,248,572 (TL 2,053,439 and FC 2,195,133)).

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

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 (Continued)

Maturity structure of the interest expense on deposits

Current Period – September 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	-	517,452	930,191	30,445	-	-	-	1,478,088
Saving deposits	4,265	1,104,835	3,280,875	7,083,692	477,732	394,943	749	12,347,091
Public sector deposits	34,454	3,263,179	944,063	85,910	38,016	4,564	-	4,370,186
Commercial deposits	9,392	4,722,250	4,206,714	1,125,502	3,565,489	239,621	-	13,868,968
Other deposits	1,594	574,421	2,466,934	283,125	66,586	26,084	-	3,418,744
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	49,705	10,182,137	11,828,777	8,608,674	4,147,823	665,212	749	35,483,077
<i>FC</i>								
Foreign currency deposits	62,480	621,688	2,341,884	519,983	56,603	58,372	-	3,661,010
Interbank deposits	8,943	116,957	210,247	6,881	-	-	-	343,028
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	208	571	8,071	803	-	9,653
Total	71,423	738,645	2,552,339	527,435	64,674	59,175	-	4,013,691
Grand Total	121,128	10,920,782	14,381,116	9,136,109	4,212,497	724,387	749	39,496,768

Prior Period – September 30, 2021	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	211,843	511,634	-	-	-	-	723,477
Saving deposits	37	1,113,756	7,006,484	268,281	130,053	140,675	589	8,659,875
Public sector deposits	24,432	723,405	868,757	75,854	43,075	7,079	-	1,742,602
Commercial deposits	-	2,960,901	3,986,748	135,026	84,567	29,635	-	7,196,877
Other deposits	-	249,313	1,924,652	295,677	258,601	141,749	-	2,869,992
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	24,469	5,259,218	14,298,275	774,838	516,296	319,138	589	21,192,823
<i>FC</i>								
Foreign currency deposits	17,046	242,186	1,179,298	66,833	49,392	80,027	-	1,634,782
Interbank deposits	4,010	37,398	90,320	-	-	-	-	131,728
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	4,792	626	-	5,442
Total	21,056	279,584	1,269,642	66,833	54,184	80,653	-	1,771,952
Grand Total	45,525	5,538,802	15,567,917	841,671	570,480	399,791	589	22,964,775

3. Information on trading income/losses

	Current Period – September 30, 2022	Prior Period – September 30, 2021
Income	88,775,036	51,541,638
Income from capital market operations	18,046,356	16,626,875
Income from derivative financial instruments	51,372,791	22,154,582
Foreign exchange gains	19,355,889	12,760,181
Losses	(85,187,135)	(55,260,297)
Loss from capital market operations	(16,882,237)	(15,999,484)
Loss from derivative financial instruments	(52,338,725)	(27,095,705)
Foreign exchange loss	(15,966,173)	(12,165,108)
Net trading profit/loss	3,587,901	(3,718,659)

Net loss arising from changes in foreign exchange rates that relate to the Group’s foreign exchange rate based derivative financial instruments is amounting to TL 727,089 as at and for the nine-month period ended September 30, 2022 (September 30, 2021: net loss of TL 4,426,084).

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Information on other operating income

	Current Period – September 30, 2022	Prior Period – December 31, 2021
Income from reversal of the provisions for loans from prior periods	6,127,535	5,736,998
Communication income	19,092	16,749
Gain on sale of assets	818,059	436,962
Rent income	9,216	12,228
Other income	1,220,896	530,605
Total	8,194,798	6,733,542

5. Expected credit loss and other provision expenses

	Current Period – September 30, 2022	Prior Period – September 30, 2021
Expected Credit Loss	15,196,818	6,473,399
12 month expected credit loss (stage 1)	2,796,263	1,546,274
Significant increase in credit risk (stage 2)	8,443,640	2,424,299
Non-performing loans (stage 3)	3,956,915	2,502,826
Marketable Securities Impairment Expense	192,871	4,441
Financial Assets at Fair Value through Profit or Loss	169,490	-
Financial Assets at Fair Value Through Other Comprehensive Income	23,381	4,441
Investments in Associates, Subsidiaries and Held-to-maturity Securities		
Value Decrease	7,672	6,604
Investments in Associates	7,672	6,604
Subsidiaries	-	-
Joint Ventures	-	-
Other^(*)	7,728,000	400,000
Total	23,125,361	6,884,444

^(*) Free provision balance calculated in 2022 is TL 7,728,000 (September 30, 2021 TL 400,000)

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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 - September 30, 2022	Prior Period - September 30, 2021
Reserve for Employee Termination Benefits	208,564	131,471
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	422,498	354,204
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	39,272	33,927
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	4,186,136	2,023,960
<i>Leasing expenses related to TFRS 16 exceptions</i>	102,447	62,987
<i>Repair and maintenance expenses</i>	126,811	81,629
<i>Advertisement expenses</i>	346,648	188,673
<i>Other expenses</i>	3,610,230	1,690,671
Loss on sale of assets	536	1,035
Other (*)	1,982,955	1,347,903
Total	6,839,961	3,892,500

(*) Other operating expenses amounted TL 1,982,955 (September 30, 2021: TL 1,347,903); Dividend provision expenses to be paid to staff amounted TL 528,492 (September, 30 2021: TL 282,976), TL 423,370 (September 30, 2021: TL 258,187) taxes, duties, fees and funds, TL 600,003 (September 30, 2021: TL 376,137) SDIF expenses and TL 431,090 (September 30, 2021: TL 430,603) 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 16,038,041 (September 30, 2021: TL 291,961) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of September, 2022, the Group's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 8,104,965 (September 30, 2021: TL 90,744), from the taxable temporary differences (Occurrence)/Closing TL 407,024 (September 30, 2021: TL (480,876)) has deferred tax expense.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

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 99,215,785 interest income and TL 58,558,564 interest expense, also incurred TL 6,887,706 amount of net fee and commission income from its ordinary banking operations (September 30, 2021: TL 49,680,789 interest income, TL 38,566,441 interest expense, TL 2,814,231 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 – September 30, 2022	Prior Period - September 30, 2021
Income/(losses) related to non-controlling interest	613,858	97,503

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.

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on the volume of transactions with the Parent Bank’s risk group, lending and deposits outstanding at year end and income and expenses in the current year

Information on loans and other receivables held by Parent Bank’s risk group

Current Period	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	72,580	82,976	-	1,406	127,039	20,291
Interest and commission income	7,603	1,530	-	-	5,135	683

Prior Period	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	33	412,813	-	32,511	63,311	64,767
Balance at the end of the year	50,676	78,364	-	8,344	228,644	22,489
Interest and commission income	2,291	228	-	-	3,571	43

Information on deposits held by the Parent Bank’s risk group

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	1,153,273	1,718,208	3,908,130	2,237,815	82,435	117,989
Balance at the end of the year	6,121,211	1,153,273	3,494,329	3,908,130	171,747	82,435
Interest on deposits	94,632	69,204	510,710	398,366	8,228	6,782

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

None.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK’S RISK GROUP (Continued)

2. Disclosures of transactions with the Parent Bank’s risk group

Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

Information on Benefits Provided to Directors

In the accounting period ending on September 30, 2022, a total amount of TL 68,471 was paid to the Group top management. (September 30, 2021: TL 39,919).

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
 (Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX
OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK’S ACTIVITY

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

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

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

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 2022*	JCR Eurasia
Long Term International FC Issuer Credit Rating	BB(Stable)
Short Term International FC Issuer Credit Rating	J3(Stable)
Long Term International Local Currency Issuer Credit Rating	BB
Short Term International Local Currency Issuer Credit Rating	J3
Long Term National Issuer Credit Rating	AAA(Stable)
Short Term National Issuer Credit Rating	J1+ (Stable)

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

OTHER DISCLOSURES (Continued)

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

None.

SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The Group’s consolidated financial statements and footnotes as at and for nine-month period ended September 30, 2022 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). It was noted in their reviewed report dated November 7, 2022 that nothing material has come to their attention that caused them to believe that the accompanying consolidated financial statements do not give a true and fair view of the Group’s financial position and results of its operations.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION EIGHT

INFORMATION ON THE INTERIM ANNUAL REPORT

Assessment of the Chairperson of the Board

Dear stakeholders,

It was among the critical agenda items that in 3Q2022, Russia reduced the gas supply to Europe against the sanctions imposed on it; and incidentally, this has led to an energy crisis in Europe. The central banks of developed countries continued to take steps towards quantitative tightening in their monetary policies for anti-inflationist measures. Moreover, commodity prices enjoyed a decline during that period thanks to the slow-down in the global demand.

The US Central Bank (FED) continued to underline its message that it is highly alert against inflation risks, and rose its policy rate to the range of 3-3.25% with a 75 basis point hike in September in line with the expectations. This way, the rate of hikes in the first nine-month period of the year reached 300 basis points. The FED also emphasized that it would continue policy rate hikes until the end of the year. European Central Bank (ECB) also rose its policy interest rate by 75 basis points in its September meeting and it represented the sharpest rate increase in its history. The Japanese Central Bank kept its policy interest rate at a level of – 0.1% with a focus on worries about the growth outlook despite the pressure on Yen and Japanese bonds.

In 3Q2022, the US economy grew by 2.6% annually. While the growth rate was above expectations, the expectation that the FED would continue its policy rate increases to pull down the inflation also fuelled up recession worries. In Euro zone, on the other hand, because the inflation is way above and the deepened energy crisis caused a slow-down in production and trade, and led to the fact that the growth of the regional economy in 3Q2022 hovered around 2.1% yearly.

Turkish economy, on the other hand, grew by 7.6% year-over-year basis in 2Q2022 despite the loss of momentum in global economic activities. According to the Medium Term Program which spanned 2023 through 2025 as published in September, the growth rate forecast for Turkish economy was set to 5% for 2022 and 2023, respectively, and to 5.5% for 2024 and 2025, respectively.

The asset size of Turkish banking sector rose by 42.2% in 3Q2022 compared to the end of the previous year, culminating in TL 13,100 billion. The capital adequacy ratio of the sector by the end of September turned out to be 18.83%.

VakıfBank continued its support to the national economy during this period as well. Our asset size reached TL 1,385 billion in the third quarter of the year. Our cash loans, which capture the lion's share in our assets, rose by 38.48%, reaching TL 794,467 million. Deposits which represent our main funding source rose to TL 956,320.

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, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

Assessment of the General Manager,

Our dear stakeholders,

Inflation remained as the top agenda item of the global economy during 3Q2022. Many countries continued their quantitative tightening monetary policies against inflationist pressures. In their respective September meetings, both FED and the ECB rose their policy rates by 75 basis points. Moreover, geopolitical developments during this period led to downwards risk in global growth expectations. The US economy and Euro Zone economy grew by 2.6% and 2.1%, respectively, annually, in 3Q2022.

Turkish economy, on the other hand, grew by 7.6% in 2Q2022 on a year-on-year basis and managed to propel its well-balanced and stable growth performance. This way, our national economy continued to rank among top countries in OECD and G20 countries,

VakıfBank managed to increase its asset size by 37.48%, which hit TL 1,384,749 million. Our cash loans grew by 38.48% in the third quarter of the year compared to the year end, reaching to TL 794,467 million. This way, our support to national economy by means of cash and non-cash loans reached to TL 1,041,502 million.

During this period, deposits continued to be the main funding source of our Bank. We managed to raise our total deposits to TL 956,320 million with a 61.83% increase thanks to our diverse product and service portfolio. We held onto our strong and leading position in the sector thanks to international sources we raised in addition to deposits.

In VakıfBank, we continued to develop ourselves in order to offer an original digital experience to our customers and to keep a close eye on trends during this period as well. The number of our digital bank customers exceeded 11 million as of the end of September. On the other hand, we continued to increase the number of transactions that can be executed through mobile banking channel and to support ViBi, your digital assistant, by means of new features based on artificial intelligence. We have designated ViBi as a financial advisors to our customers thanks to its tailored proposals and solutions. We will continue to make the life easier and to create added value thanks our unique innovative solutions in the next period.

We proceeded with our works during this period as well to further improve our Vinov ecosystem, which has brought speed, trust and convenience to all payment and collection procedures for banking customers from all segments. We launched our Vinov Workplace application by which businesses may easily manage their receivables and collect them under VakıfBank guarantee.

Moreover, our Bank has succeeded to bring value to the sector owing to its innovative products and services during this period, and offered its "Platinum Plus Metal Card", the newest member of the credit cards world, for the service of our customers. Our card supports all new generation payment and security features thanks to its technological specifications and this way we allowed cardholders to make use of many privileges and advantages.

In line with our sustainability strategy, we did not lose our momentum in our efforts during this period in the field of our fight against climate change and water safety. We published our CDP Water Safety Report that we had started in 2021 in August. We participated in the Water Safety Program of CDP, one of the most respectful initiatives in the world in the field of climate change. We scored the highest performance following CDP grading and we set it our goal to be one of the leading names in this field.

On the other hand, we invited young people with a career goal in software sector on their minds to join VakıfBank iOS Swift Bootcamp 2022 which we will be organizing between 29 October -11 December 2022 driven by the motto "It is in your Hands to Write the "Future". This way, we offer significant opportunities to young people who are willing to work in the software sector thanks to our strong technological infrastructure, innovative outlook and our knowledge.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

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 16 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 other stakeholders who never shied away from supporting us.

Sincerely yours,

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Unconsolidated)

BALANCE SHEET (TL Million)	SEPTEMBER 2022	DECEMBER 2021	CHANGE (%)
TOTAL ASSETS	1,384,749	1,007,214	37.48
SECURITIES PORTFOLIO	321,791	223,737	43.83
LOANS (*)	794,467	573,700	38.48
- Commercial Loans	635,783	448,953	41.61
- Retail Loans	158,684	124,748	27.20
DEPOSITS	956,320	590,943	61.83
- Time Deposits	738,721	445,060	65.98
- Demand Deposits	217,599	145,883	49.16
FUNDS BORROWED	115,153	91,431	25.95
SUBORDINATED DEBT	35,257	28,968	21.71
SECURITIES ISSUED (NET)	70,198	61,975	13.27
SHAREHOLDERS' EQUITY	90,825	51,953	74.82
NON-CASH LOANS	247,035	192,139	28.57

INCOME STATEMENT (TL Million)	SEPTEMBER 2022	SEPTEMBER 2021	CHANGE (%)
Period's Net Profit/ Loss	15,610	2,178	616.76

INDICATIVE RATIOS (%)	SEPTEMBER 2022	DECEMBER 2021
TOTAL LOANS/ TOTAL ASSETS (*)	57.37	56.96
LOANS/DEPOSITS (*)	83.08	97.08
NON-PERFORMING LOAN RATIO	2.40	3.09
CAPITAL ADEQUACY RATIO	15.77	14.85
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.74	0.49
RETURN ON AVERAGE EQUITY (ROAE) (**)	29.16	8.48

(*) Loans excluding legal proceedings.

(**) Calculations are annualized

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022**

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

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Consolidated)

BALANCE SHEET (TL Million)	SEPTEMBER 2022	DECEMBER 2021	CHANGE (%)
TOTAL ASSETS	1,408,545	1,028,901	36.90
SECURITIES PORTFOLIO	328,257	229,407	43.09
LOANS (*)	809,651	589,615	37.32
- Commercial Loans	650,964	464,861	40.03
- Retail Loans	158,687	124,754	27.20
DEPOSITS	961,175	595,810	61.32
- Time Deposits	741,986	448,086	65.59
- Demand Deposits	219,189	147,724	48.38
FUNDS BORROWED	120,908	98,437	22.83
SUBORDINATED DEBT	35,257	28,968	21.71
SECURITIES ISSUED (NET)	71,015	62,538	13.56
SHAREHOLDERS' EQUITY	93,008	54,200	71.60
NON-CASH LOANS	251,575	193,456	30.04

INCOME STATEMENT (TL Million)	SEPTEMBER 2022	SEPTEMBER 2021	CHANGE (%)
Period's Net Profit/ Loss	16,519	2,614	531.84

INDICATIVE RATIOS (%)	SEPTEMBER 2022	DECEMBER 2021
TOTAL LOANS/ TOTAL ASSETS (*)	57.48	57.31
LOANS/DEPOSITS (*)	84.24	98.96
NON-PERFORMING LOAN RATIO	2.43	3.14
CAPITAL ADEQUACY RATIO	15.37	14.72
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.81	0.59
RETURN ON AVERAGE EQUITY (ROAE) (**)	29.92	10.19

(*) Loans excluding legal proceedings.

(**) Calculations are annualized

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Assessment of 3rd Quarter of 2022

The Group managed to grow in the third quarter of 2022, and its total asset size reached TL 1,409 billion, which meant a 36.90% increase. During that period, our performing loans rose by 37.32% and reached TL 809,651 million, and performing loans in our total assets captured a 57.48% share in total assets. When we look at the sub-distribution of loans, we see that our commercial loans reached TL 650,964 million while retail loans reached TL 158,687 million.

During the third quarter of 2022, the Group has increased its deposits by 61.32%, reached TL 961.175 million.

In addition to deposits, our Bank issued financial bills with a total nominal value of TL 14,517 million in total as of the third quarter in 2022 for marketing via public offering and qualified investors in national market. The international funding has reached USD 1,695 million during the year.

The Group’s net profit in the third quarter of 2022 was TL 16,519 million while our capital adequacy ratio was 15.37%.

As of 30 September 2022, the number of our Bank branches was 939 with 16,850 employees.

On July 8, 2022, International Credit Rating Agency Fitch Ratings downgraded Türkiye's long-term foreign currency credit rating from B+ to B, confirming its negative credit outlook. Fitch Ratings lowered our Bank’s Long-term Foreign Currency Issuer Default Rating to B- from B and our Long Term Local Currency Issuer Default Rating Rate to B from B+ on 26 July 2022 and it confirmed our Negative outlook.

Moody's, the international credit rating agency, lowered Türkiye's credit note to B3 from B2 and revised its outlook from negative to stagnant on 12 August 2022. Following this decision, Moody’s lowered our Bank's Long-term Foreign Currency and Local Currency Issuer Default Rating to B3 from B2 on 16 August 2022 and revised its outlook from negative to stable.

Other Significant Developments

- In line with our Board of Directors resolution, our Bank purchased and completed the title deed transfers on 12.08.2022 for immovable properties which are located in the province of Istanbul, borough of Umraniye, neighbourhood of Saray, Dr. Adnan Buyukdeniz Street and which are currently used by us as our Head Office Service Buildings.

Amendments to Articles of Incorporation

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