

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

***CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2022
TOGETHER WITH INDEPENDENT AUDITORS' REPORT***

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



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Convenience Translation of the Auditor's Audit Report Originally Issued in Turkish

Independent Auditors' Report on Audit of Consolidated Financial Statements

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

Qualified Opinion

We have audited the consolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. ("the Bank") and its subsidiaries (collectively referred as "Group") at December 31, 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.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Türkiye Vakıflar Bankası T.A.O. as at December 31, 2022 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II.7, the accompanying consolidated financial statements as at December 31, 2022 include a free provision at an amount of Thousand TL 19,000,000 out of which Thousand TL 17,228,000 and Thousand TL 1,772,000 were provided in current and prior years, respectively 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".

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How the Key Audit Matter is addressed in our audit
Financial impact of TFRS 9 "Financial Instruments" standard and recognition of classification, measurement and impairment on financial assets and related important disclosures	
<p>As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:</p> <ul style="list-style-type: none"> - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - The classification of the financial assets is based on the Group's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and significant judgment is used on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the management include compliance risk to the regulations and other practices. - Processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss, complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex. 	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices. - Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. - Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments and data sources used in calculating expected loss, taking into account standard requirements, industry and global practices - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank's Business model. - Reviewing the Parent Bank's classification and measurement models of the financial instruments and comparing with TFRS 9 requirements - Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group's past performance, regulations, and other processes that has forward looking estimations. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sample basis. - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of TFRS 9 disclosures.



Pension Fund Obligations	How the Key Audit Matter is addressed in our audit
<p>Employees of the Group are members of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the “Section Three Note XVI to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the “Council of Ministers” on the determination of the mentioned transfer date is changed as “President” in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018.</p> <p>The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Group Management uses Fund actuaries to assist in assessing these assumptions.</p> <p>Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.</p>	<p>It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plans during the period, that could lead to adjust the valuation of employee benefits. Support from our own actuarial auditor, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary.</p> <p>Furthermore; the accuracy and adequacy of the footnotes in the consolidated financial statements of the Parent Bank have been evaluated.</p>



Responsibilities of Management and Directors for the Consolidated Financial Statements

Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

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

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2022 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Damla Harman.

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

Damla Harman, SMMM
Partner

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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The consolidated financial report as at and for the year ended December 31, 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 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' 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 year, related disclosures and footnotes which have been independently audited, 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.

February 28, 2023

Mustafa SAYDAM
Chairman of The Board

Abdülkadir AKSU
Board and Audit
Committee Member

Sadık YAKUT
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 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 December 31, 2022 and December 31, 2021 are stated below:

	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders December 31, 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

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 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 May 20, 2020, the shares were sold to Türkiye Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

By the Decision of the Parent Bank's Board of Directors dated February 9, 2022, provided that the Parent Bank will remain within the registered capital ceiling, the Parent Bank's paid-in capital of TL 3,905,622 will be increased through the method of cash increase of capital to be obtained from the allocated and cash total sales revenue of TL 13,400,000 by completely restricting the rights of the existing shareholders, and all shares to be issued due to this capital increase will be increased within the framework of the relevant legislation of the Capital Market Board, the Banking Regulation and Supervision Agency, and Borsa İstanbul's Procedure for Wholesale Transactions, it has been decided to sell to the 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 YEAR ENDED DECEMBER 31, 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	Msrch 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 Public Institutions and Local Governments Banking Marketing	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	26 years
Muhammed Onay ÖZKAN	Treasury Management, International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor's	23 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Financial Analysis and Rating Department	July 8, 2020	Bachelor's	27 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master's	26 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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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 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 - December 31, 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 originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2022, The Parent Bank has 945 domestic, 4 foreign, in total 949 branches (December 31, 2021: 936 domestic, 4 foreign, in total 940 branches). As at December 31, 2022, The Parent Bank has 16,961 employees (December 31, 2021: 16,929 employees).

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 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 year ended December 31, 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 year ended December 31, 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 Raket 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 originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period January 1, 2022- December 31, 2022	Prior Period January 1, 2021- December 31, 2021
I.	PROFIT (LOSS)	26,466,615	5,335,696
II.	OTHER COMPREHENSIVE INCOME	12,980,319	1,539,051
2.1.	Other comprehensive income that will not be reclassified to profit or loss	3,249,757	684,728
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	2,903,263	5,740
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(777,939)	(65,358)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	1,406,650	768,843
2.1.5.	Taxes Relating To Components of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(282,217)	(24,497)
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	9,730,562	854,323
2.2.1.	Exchange Differences on Translation	513,456	451,421
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	12,243,710	882,100
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	118,670	(262,351)
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	(3,145,274)	(216,847)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	39,446,934	6,874,747

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

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

Current Period December 31, 2022	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority Shareholders' interest	Total Shareholders' Equity
Prior Period End Balance		3,905,022	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
Accounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Beginning Balance (I+II)		3,905,022	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
Total Comprehensive Income		-	-	-	-	2,488,385	(567,429)	1,296,926	513,456	9,098,456	118,670	-	25,811,449	38,759,893	687,041	39,446,934
Capital Increase by Cash		3,205,742	10,164,767	-	-	-	-	-	-	-	-	-	-	13,370,509	-	13,370,509
Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-in capital addition		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/Decrease by Other Changes		-	1,366	-	47,567	-	-	-	-	-	173,625	(619,165)	-	(396,607)	(94,407)	(491,014)
Profit Distribution		-	-	-	-	-	-	-	-	-	4,138,796	(4,138,762)	-	34	(963)	(929)
Dividends paid		-	-	-	-	-	-	-	-	-	-	50	-	50	(963)	(913)
Transfers to Reserves		-	-	-	-	-	-	-	-	-	4,135,183	(4,135,199)	-	(16)	-	(16)
Other		-	-	-	-	-	-	-	-	-	3,613	(3,613)	-	-	-	-
Ending Balance		7,111,364	16,469,500	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	439,242	25,811,449	1,806,739	106,525,528

- Property & Equipment Revaluation Increase/Decrease
- Defined Benefit Pension Plan Remeasurement Gain/Loss
- 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)
- Transfers from Reserves from Foreign Currency Hedges to Other Comprehensive Income
- Accumulated Amount of the Financial Assets at Fair Value Through Other Comprehensive Income
- Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish
TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

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

STATEMENT OF CHANGES IN SHAREHOLDERS	Accumulated Other Comprehensive Income or Expense, Not Reclassified through Profit or Loss		Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss		6	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							
Prior Period December 31, 2021											
I. Prior Period End Balance	3,905,622	6,303,347	896,713	525,776	1,038,528	26,704,950	6,545,561	-	46,405,152	746,932	47,152,084
II. Accounting Policy Changes	-	(37,820)	-	-	-	-	-	-	-	-	-
2.1. Made According to IAS 8	-	-	-	-	-	-	-	-	-	-	-
Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I-II)	3,905,622	6,303,347	896,713	525,776	1,038,528	26,704,950	6,545,561	-	46,405,152	746,932	47,152,084
IV. Total Comprehensive Income	-	-	730,807	451,421	665,253	(262,351)	-	5,165,856	6,703,702	171,045	6,874,747
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-
VI. Internal Resources	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation	-	-	-	-	-	-	-	-	-	-	-
VIII. adjustment difference	-	-	-	-	-	-	-	-	-	-	-
IX. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-
X. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-
XI. Increase/Decrease by Other Changes	-	20	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	(80)	-	-	-	1,157,723	(1,202,543)	(117,224)	297,694	179,970
11.1. Dividends paid	-	-	(80)	-	-	-	5,305,615	(5,311,705)	(6,170)	(603)	(6,773)
11.2. Transfers to Reserves	-	-	(80)	-	-	-	5,302,264	(5,302,192)	(6,162)	(603)	(6,765)
11.3. Other	-	-	-	-	-	-	3,351	(3,351)	(8)	-	(8)
Ending Balance	3,905,622	6,303,367	1,627,520	977,197	1,703,781	33,168,288	31,313	5,165,856	52,984,900	1,215,068	54,200,028

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

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish
TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Notes	Current Period December 31, 2022	Prior Period December 31, 2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		47,954,301	6,339,574
1.1.1 Interest received		130,865,417	69,087,290
1.1.2 Interest paid		(83,691,607)	(52,314,924)
1.1.3 Dividends received		57,391	23,394
1.1.4 Fee and commissions received		10,628,467	6,177,515
1.1.5 Other income		1,332,942	106,937
1.1.6 Collections from previously written off loans and other receivables		4,418,735	3,537,856
1.1.7 Cash payments to personnel and service suppliers		(8,146,612)	(4,507,169)
1.1.8 Taxes paid		(16,631,501)	(2,794,982)
1.1.9 Other	V-VI-1	9,121,069	(12,976,343)
1.2 Changes in operating assets and liabilities subject to banking operations		27,139,668	21,160,019
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(746,505)	(9,006,979)
1.2.2 Net decrease (increase) in due from banks		(106,484,046)	(32,816,068)
1.2.3 Net decrease (increase) in loans		(298,488,798)	(68,432,226)
1.2.4 Net decrease (increase) in other assets		(32,594,300)	10,155,604
1.2.5 Net increase (decrease) in bank deposits		44,738,936	10,147,253
1.2.6 Net increase (decrease) in other deposits		388,248,109	45,474,978
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		15,273,553	11,211,448
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	V-VI-1	17,192,719	54,426,009
I. Net cash provided from banking operations		75,093,969	27,499,593
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(44,847,511)	(14,777,230)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(188,213)	(100,000)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures	V-VI-3	1,750	-
2.3 Cash paid for the purchase of tangible and intangible asset		(7,246,138)	(2,987,530)
2.4 Cash obtained from the sale of tangible and intangible asset		2,463,862	2,062,998
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(26,719,699)	(46,100,282)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		25,386,443	30,841,426
2.7 Cash paid for the purchase of financial assets at amortized cost		(41,636,940)	(1,418,048)
2.8 Cash obtained from sale of financial assets at amortized cost		3,320,778	2,975,048
2.9 Other	V-VI-1	(229,354)	(50,842)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities		79,219	24,733,195
3.1 Cash obtained from funds borrowed and securities issued		20,653,431	39,559,480
3.2 Cash outflow from funds borrowed and securities issued		(20,048,449)	(14,440,092)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	(603)
3.5 Payments for finance lease liabilities		(525,763)	(385,590)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		366,155	5,935,716
V. Net increase/decrease in cash and cash equivalents		30,691,832	43,391,274
VI. Cash and cash equivalents at beginning of the period	V-VI-4	98,987,321	55,596,047
VII. Cash and cash equivalents at end of the period	V-VI-4	129,679,153	98,987,321

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Notes	Current Period December 31, 2022	Prior Period December 31, 2021
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1 CURRENT YEAR'S PROFIT		37,243,595	5,295,721
1.2 TAXES AND LEGAL DUTIES PAYABLE		(13,226,363)	(1,120,257)
1.2.1 Corporate tax (income tax)	V-IV-11	(19,688,536)	(166,899)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties (*)	V-IV-11	6,462,173	(953,358)
A. NET PROFIT FOR THE YEAR		24,017,232	4,175,464
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	-
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		-	-
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	208,773
1.6 OTHER STATUTORY RESERVES	V-V-5	-	208,773
C. NET PROFIT AVAILABLE FOR DISTRIBUTION(**)		-	3,757,918
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	-
1.7.1 To owners of ordinary shares		-	-
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
1.8 DIVIDENDS TO PERSONNEL		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
1.11 SECOND LEGAL RESERVES		-	-
1.12 STATUS RESERVES		-	-
1.13 EXTRAORDINARY RESERVES	V-V-5	-	3,568,998
1.14 OTHER RESERVES		-	188,920
1.15 SPECIAL FUNDS	V-V-5	-	-
II. DISTRIBUTION FROM RESERVES		-	-
2.1 DISTRIBUTION OF RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENDS TO SHAREHOLDERS		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE		-	-
3.1 TO OWNERS OF ORDINARY SHARES (Earning per 100 shares)		3.6377	1.0691
3.2 TO OWNERS OF ORDINARY SHARES (%)		363.77	106.91
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE		-	-
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.

(**) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2022 profit distribution is not taken.

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

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SECTION THREE ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March, 2020. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Group has explained the effects of Covid-19, which it reflects in the financial statements dated December 31, 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 December 31, 2022, the Parent Bank has no hedging transactions based on the benchmark interest rate.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. IAS 29 identifies characteristics that may indicate an economy is a hyperinflationary. At the same time, According to TAS 29, all entities reporting in the currency of a hyperinflationary economy are required to apply this standard from the same date. From this basis, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 simultaneously, with the announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority (POA) in order to ensure consistency in practice across the country. Nevertheless, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on 31 December 2022. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of 31 December 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.

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ACCOUNTING POLICIES (Continued)

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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.

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ACCOUNTING POLICIES (Continued)

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

On March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of VakıfBank International AG 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 December 31, 2022, the foreign exchange income presented in the profit or loss statement is TL 361,224. 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 December 31, 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 year ended December 31, 2022, the financial statements of T. Vakıflar Bankası T.A.O, VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

Embedded derivative products are not separated from the articles of association and are accounted according to the standard on which the articles of association are based.

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

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

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

Finance leasing activities

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

Factoring operations

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

Group categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Such financial assets are recognized or derecognized according to IFRS 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 IFRS 9, the classification and measurement of financial assets is determined according to the business model in which the financial asset is managed and whether it depends on the contractual cash flows that include interest payments only on the principal and principal balances.

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

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

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

Derivative Financial Assets

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Loans

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

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS

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

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

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

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

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

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

Loss Given Default: The ratio that provides the uncollectable amount of the loans in the process after the default. The LGD ratio is the division of the uncollectable amount of a defaulted loan into the defaulted loan amount. This ratio enables to predetermine the risks in the case of default for the active credit portfolio and allows for provision under TFRS 9. In LGD methodology, all non-performing loans amount 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. In accordance with TFRS 9, in order to differentiate according to different risk characteristics, individual and corporate segments are separated into LGD pools, taking into account the collateral status of the receivable and the change in risk balance.

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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

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

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

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

The relation of all risk parameters with macroeconomic conditions has been tested and it has been determined that macroeconomic conditions have an effect on the probability of default. In this context, point in time PD values have been established by taking into account the macroeconomic forecasts in the change of the default probability.

Different macroeconomic models have been created for the individual portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the "Expected Credit Loss Provision" were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2021 and December 31, 2022. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Staging

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

Significant Increase in Credit Risk

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

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

Restruction: Classification of financial assets under the stage 2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

- Over 90 days delayed collection of principals and / or interest amount,
- The customer has been bankrupted 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 3,186,885 for which 100% provision has been made. (December 31, 2021: 834,885.)

Asset Sales Policy

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

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

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ACCOUNTING POLICIES (Continued)

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

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

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

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

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

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the 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 December 31, 2022, the goodwill amount is TL 14,631 (December 31, 2021: TL 14,631)

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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.

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ACCOUNTING POLICIES (Continued)

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

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

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

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

As of December 31, 2022, and December 31, 2021, actuarial estimates used are:

	Current Period - 31 December 2022	Prior Period - 31 December 2021
Discount Rate	18.45%	18.45%
Estimated Inflation Rate	15.00%	15.00%
Real Wage Increase Rate	3.00%	16.00%

Other benefits to employees

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

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

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ACCOUNTING POLICIES (Continued)

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

Pension fund

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

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

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

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

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

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

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

The employer of pension fund participants (the Banks) will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report regarding December 31, 2022 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at December 31, 2022.

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ACCOUNTING POLICIES (Continued)

XVI. 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.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporation tax legislation for the foreign branches

Bahrain

The Parent Bank's branch that is operating in Bahrain is nontaxable because there is no corporate tax practice in that country. Bahrain Branch's income is added to headquarters income and it is taxed in 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 deferred tax debt or assets is determined by calculating the "taxable temporary differences" between the assets' and debts' book values versus the values on the legal tax base accounts. According to tax legislation, differences that do not affect the financial or commercial profit of the assets or liabilities at the acquisition date are excluded from these calculations.

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

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

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The Parent Bank is not hedging about debt instruments.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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

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

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

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

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

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

XXII. INFORMATION ON GOVERNMENT INCENTIVES

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.

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ACCOUNTING POLICIES (Continued)

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

XXIV. OTHER MATTERS

Earnings per shares

Earnings per share has been calculated by dividing the net profit for the year 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 year ended December 31, 2022, earnings per 100 shares are full TL 4.0082 (December 31, 2021: full TL 1.3662).

Related parties

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

Classifications

None.

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SECTION FOUR

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

In accordance with the BRSA's regulation dated December 21, 2021 and numbered 9996, prior to this date used in the calculation of the capital adequacy ratio, the equity amount calculated omitting the negative valuation differences related to the securities in the portfolio "Securities at fair value through other comprehensive income".

Pursuant to the BRSA's letter no. 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 December 31, 2022, Group's equity amount TL 142,255,854 (December 31, 2021: TL 81,950,359) and capital adequacy ratio is 14.34 % (December 31, 2021: 14.72 %).

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	7,111,364	3,905,622
Share Premium	16,469,500	6,303,367
Reserves	37,480,709	33,168,288
Income recognized under equity in accordance with TAS	20,250,745	6,793,706
Profit	26,250,691	5,197,169
Current Period's Profit	25,811,449	5,165,856
Prior Period's Profit	439,242	31,313
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(63,177)	(110,744)
Minority shares	1,803,499	1,213,157
Common Equity Tier 1 Capital Before Deductions	109,303,331	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	1,311,258	403,675
Leasehold Improvements on Operational Leases	207,555	184,453
Goodwill netted with deferred tax liability	14,631	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	449,004	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 Capital	1,982,448	885,423
Common Equity Tier 1 Capital (CET1)	107,320,883	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	18,979,365	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	18,979,365	15,638,650
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Current Period	Prior Period
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital (ATTI)	18,979,365	15,638,650
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	126,300,248	71,223,792
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	4,145,000	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)	3,240	1,911
Provisions (Article 8 of the Regulation on the Equity of Banks)	11,829,968	6,435,542
Tier 2 Capital Before Deductions	15,978,208	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	15,978,208	10,737,360
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	142,278,456	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 (-)	22,602	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	142,255,854	81,950,359
Total Risk Weighted Amounts	991,995,262	556,845,097
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	10.82	9.98
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.73	12.79
Consolidated Capital Adequacy Ratio (%)	14.34	14.72
BUFFERS		
Total buffer requirement (a+b+c)	4.024	3.515
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.024	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 (%)	6.300	5.480
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)	25,944,071	12,249,919
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	11,829,968	6,435,542
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 2018, 1 and January 2022, 1)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-
(*) According to the "Regulations on Systemically Important Banks" 4th paragraph of Article 4, the "systemically important banks buffer requirement (%)" is to be filled by the systemically important banks that are not obligated to prepare consolidated financial statements and should be reported as zero for by the other banks.		

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I. 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 - December 31, 2022		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.
Issuer	Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719	TRSVKFB92925	XS198464812	TRSVKFB92925	TRSVKFB92925	TRSVKFB92925
Governing law(s) of the instrument	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt instrument numbered CMB-VII-128.8 BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Subject to 10% deduction as of 1/1/2015	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/solo	Available	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	420	4,994	13,985	13,985	725	1,750	1,250
Par value of instrument (in million)	420	4,994	13,985	13,985	725	1,750	1,250
Accounting classification	346011 - Subordinated Liabilities	346001 - Subordinated Liabilities	347001 - Subordinated Liabilities	347001 - Subordinated Liabilities	346011 - Subordinated Liabilities	346011 - Subordinated Liabilities	346011 - Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	September 27, 2018	September 27, 2018	September 27, 2019	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	September 27, 2018	September 27, 2018	September 27, 2019	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRS approval.	Early call option at the end of five years is available and this option may be used depending on the BRS approval.	Early call option at the end of five years is available and this option may be used depending on the BRS approval.	Early call date at the end of five years.	Early call date at the end of five years.	Early call date at the end of five years.
Subsequent call dates, if applicable	Only one call option is available.	September 27, 2023	April 24, 2024.	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available

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I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period - December 31, 2022		Coupons / dividends		Write-down feature	
Fixed or floating dividend/coupon	Floating interest rate / Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in a year	Floating interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate / Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity - Inflation Government Debt Security + 150 basis points	% 5.076 fixed interest rate	TLREF + 150 basis points	CPI (Annual Real Interest Rate 160 basis points)	17.50 % (Annual simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil
If write-down, write-down trigger(s)	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. BRS regulation on bank's shareholder equity and the matters referred to in Article 7 of Communication 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.	Available. BRS regulation on bank's shareholder equity and the matters referred to in Article 7 of Communication 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	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.	Has full or partial write-down feature.
If write-down, permanent or temporary	Has permanent write-down feature.	Has permanent or temporary write-down feature.	Has permanent or temporary write-down feature.	Has permanent or temporary write-down feature.	Has permanent or temporary write-down feature.
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
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I. INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)
INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021		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.
Issuer		XS0849728190/ US90015NAB91	XS1551747733/ US90015WAE30	TRSVKFB92719	TRSVKFB0043	TRSVKFB92925
Unique identifier (CUSIP, ISIN vb.)						
Governing law(s) of the instrument		Debt Instrument Communicative numbered CMB- VII-128 & BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicative numbered CMB- VII-128 & BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicative numbered CMB- VII-128 & BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicative numbered CMB- VII-128 & BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicative numbered CMB- VII-128 & BRS regulation on bank's shareholder equity BRS Communication on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Subject to 10% deduction as of 1/1/2015		Subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available
Eligible at solo/group&solo		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)	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	725
Par value of instrument (in million)		8,353	3,050	525	4,994	725
Accounting classification		347011 - Subordinated Liabilities	347011 - 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	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	Dated (10 years) Maturity Date: September 14, 2029
Issue date		November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	September 27, 2019
Issuer call, subject to prior supervisory approval		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 BRS 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.	April 24, 2024	Only one call option is available.

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

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021		Coupons / dividends				Write-down feature	
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 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	Nil	Nil	TLRIF + 150 basis points		
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil		
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil		
Existence of step-up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil		
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative		
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil		
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil		
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil		
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil		
If convertible, specify instrument type	Nil	Nil	Nil	Nil	Nil		
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil		
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. BRS 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.		
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.		
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.		
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.		
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		
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		

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period December 31, 2022	Prior Period December 31, 2021
Shareholders' equity	106,525,528	54,200,028
Valuation differences of the marketable securities (*)	1,469,785	1,868,773
Leasehold improvements on operational leases	(207,555)	(184,453)
Goodwill and intangible assets	(463,635)	(297,295)
General provision (1.25% of the amount that subject to credit risk) (**)	11,829,968	6,435,542
Subordinated debt	23,124,365	19,938,557
Deductions from shareholders' equity	(22,602)	(10,793)
Capital	142,255,854	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 CREDIT RISK

Credit risk is defined as the counterparty's possibility of failing to fulfill its obligations on the terms set by the agreement. Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set. It covers the possible risks arising from futures and option agreements and other agreements alike and the credit risks arising from credit transactions that have been defined by the Banking Law.

In compliance with the articles 51 and 54 set forth in Banking Law and ancillary regulation, credit limits are set by the Bank for the financial position and credit requirements of customers within the authorization limits assigned for branches, regional directorates, lending departments, assistant general manager responsible of lending, general manager, credit committee and board of directors and credits are given regarding these limits in order to limit credit risk in lending facilities.

Credit limits are determined separately for the individual customer, company, group of companies, risk groups on a product basis. In accordance with the related Lending Policy, several criteria are used in the course of determining these credit limits. Customers should have a long-standing and a successful business past, a high commercial morality, possess a good financial position and a high morality, the nature of their business should be appropriate to use the credit, possess their commercial operations in an affirmative and a balanced manner, have experience and specialization in their profession, be able to adopt themselves to the economic conditions, to be accredited on the market, have sufficient equity capital, possess the ability to create funds with their operations and finance their placement costs. Also, the sector and the geographical position of customers, where they operate and other factors that may affect their operations are considered in the evaluation process of loans. Apart from ordinary intelligence operations, the financial position of the customer is mainly analyzed based on the balance sheets and the income statements provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

Collaterals for the credit limits are determined on a customer basis in order to ensure bank placements and their liquidity. The amount and type of the collateral are determined regarding the creditworthiness of the credit users. The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

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

II. CONSOLIDATED CREDIT RISK (Continued)

The Group has risk control limits for derivative transaction (futures, options, etc.) positions, which effects credit risk and market risk.

For credit risk management purposes, Risk Management Department operates in

- The determination of credit risk policies in coordination with the Bank's other units,
- The determination and monitoring of the distribution of concentration limits with respect to sector, geography and credit type,
- The contribution to the formation of rating and scoring systems,
- The submit to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio's distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses,
- The studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank's credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of The Parent Bank's risk management concept, long term commitments are accepted more risky than short term commitments. Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

In addition, in the calculation of the amount subject to credit risk, calculations were made based on the BRSA's regulation dated 28 April 2022 and numbered 10188, taking into account the CBRTS foreign exchange buying rates for 31 December 2021.

Indemnified non-cash loans are regarded as the same risk weight with the loans that are pastdue and unpaid.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries' financial conditions, customers and their operations.

The Group's largest 100 cash loan customers compose 36.35% of the total cash loan portfolio (December 31, 2021: 34.83%).

The Group's largest 100 non-cash loan customers compose 49.04% of the total non-cash loan portfolio (December 31, 2021: 51.55%).

The Group's largest 100 cash loan customers compose 19.62% of total assets of the Group and the Group's largest 100 non-cash loan customers compose 13.31% of total off-balance sheet items (December 31, 2021: 19.55% and 14.03%).

The Group's largest 200 cash loan customers compose 44.27% of the total cash loan portfolio (December 31, 2021: 41.99%).

The Group's largest 200 non-cash loan customers compose 60.79% of the total non-cash loan portfolio (December 31, 2021: 63.59%).

The Group's largest 200 cash loan customers compose 23.90% of total assets of the Group and the Bank's largest 200 non-cash loan customers compose 16.50% of total off-balance sheet items (December 31, 2021: 23.57% and 17.30%).

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)****II. CONSOLIDATED CREDIT RISK (Continued)****Information on loan types and expected loss provisions:**

Current Period-December 31, 2022	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	777,644,487	38,115,030	138,199,750	2,573,991	57,473,016	1,771,090	973,317,253	42,460,111
Stage 1	655,101,747	4,707,985	133,450,476	662,911	55,684,826	911,998	844,237,049	6,282,894
Stage 2	105,645,838	18,947,079	1,869,217	167,270	729,613	105,875	108,244,668	19,220,224
Stage 3	16,896,902	14,459,966	2,880,057	1,743,810	1,058,577	753,217	20,835,536	16,956,993
Financial Assets	705,897,872	89,859	-	-	-	-	705,897,872	89,859
Non- Cash Loans and Commitments	427,427,212	416,221	-	-	-	-	427,427,212	416,221
Stage 1	419,823,124	321,042	-	-	-	-	419,823,124	321,042
Stage 2	6,890,344	30,052	-	-	-	-	6,890,344	30,052
Stage 3	713,744	65,127	-	-	-	-	713,744	65,127
Total	1,910,969,571	38,621,110	138,199,750	2,573,991	57,473,016	1,771,090	2,106,642,337	42,966,191

Prior Period-December 31, 2021	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	473,382,235	23,070,312	110,820,819	2,348,993	24,552,037	1,175,456	608,755,091	26,594,761
Stage 1	386,924,555	2,226,524	105,744,802	255,234	23,002,578	359,619	515,671,935	2,841,377
Stage 2	71,305,242	8,760,253	2,040,095	297,539	597,891	77,184	73,943,228	9,134,976
Stage 3	15,152,438	12,083,535	3,035,922	1,796,220	951,568	738,653	19,139,928	14,618,408
Financial Assets	422,678,064	68,606	-	-	-	-	422,678,064	68,606
Non- Cash Loans and Commitments	266,243,107	264,266	-	-	-	-	266,243,107	264,266
Stage 1	261,395,489	186,096	-	-	-	-	261,395,489	186,096
Stage 2	4,196,076	18,864	-	-	-	-	4,196,076	18,864
Stage 3	651,542	59,306	-	-	-	-	651,542	59,306
Total	1,162,303,406	23,403,184	110,820,819	2,348,993	24,552,037	1,175,456	1,297,676,262	26,927,633

Information on expected loss provisions for loans:

Current Period- December 31, 2022	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	2,841,377	9,134,975	14,618,408
Additional provisions during the period	4,144,523	13,656,806	4,465,304
Disposals during the period (-)	429,663	2,919,714	(104,464)
Deleted from assets (-)	-	-	3,186,885
Transfers to stage 1	158,603	(158,114)	(488)
Transfers to stage 2	(403,811)	426,270	(22,459)
Transfers to stage 3	(31,719)	(920,414)	952,132
Exchange rate change	3,584	415	26,517
Provision Balance at the end of the Period	6,282,894	19,220,224	16,956,993

Prior Period - December 31, 2021	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	3,179,240	5,248,355	13,717,900
Additional provisions during the period	359,099	5,372,846	2,478,845
Disposals during the period (-)	564,426	1,531,419	820,816
Deleted from assets (-)	-	-	834,885
Transfers to stage 1	178,827	(178,513)	(314)
Transfers to stage 2	(261,240)	440,399	(179,159)
Transfers to stage 3	(47,173)	(190,751)	237,924
Exchange rate change	(2,950)	(25,941)	18,913
Provision Balance at the end of the Period	2,841,377	9,134,976	14,618,408

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

The general provision for credit risk amounts to TL 25,944,071 (December 31, 2021: TL 12,249,919)

Risk Classifications:	Current Period Risk Amount (**)	Average Risk Amount (**)(**)
Claims on sovereigns and Central Banks	618,519,559	487,523,516
Claims on regional governments or local authorities	7,003,783	7,486,818
Claims on administrative bodies and other non-commercial undertakings	927,590	1,091,079
Claims on multilateral development banks	-	52,468
Claims on international organizations	-	-
Claims on banks and intermediary institutions	89,516,423	81,402,208
Claims on corporate	539,704,260	436,599,191
Claims included in the regulatory retail portfolios	204,583,462	145,639,237
Claims secured by residential property	161,611,911	136,122,505
Past due loans	4,196,453	4,204,724
Higher risk categories decided by the Agency	113,752,300	52,985,531
Secured securities	74,700	33,121
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	133,703	30,782
Stock Investments	5,433,089	3,617,847
Other claims	65,566,122	37,427,900

(*) Before reducing the credit risk, the rate of the post credit conversion is given.

(**) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2022 period.

Risk Classifications:	Prior Period Risk Amount (**)	Average Risk Amount (**)(**)
Claims on sovereigns and Central Banks	421,820,561	341,992,057
Claims on regional governments or local authorities	7,888,575	8,540,052
Claims on administrative bodies and other non-commercial undertakings	891,138	540,324
Claims on multilateral development banks	-	11,376
Claims on international organizations	-	-
Claims on banks and intermediary institutions	56,128,011	56,631,461
Claims on corporate	317,343,080	279,013,004
Claims included in the regulatory retail portfolios	123,086,047	109,082,398
Claims secured by residential property	107,310,684	92,535,837
Past due loans	4,432,335	3,911,535
Higher risk categories decided by the Agency	14,114,969	4,079,284
Secured securities	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	7,806	7,336
Stock Investments	3,204,428	2,344,894
Other claims	21,252,612	20,555,873

(*) Before reducing the credit risk, the rate of the post credit conversion is given.

(**) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2021 period.

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

II. CONSOLIDATED CREDIT RISK (Continued)
 Risk profile according to the geographical concentration (***)

Current Period - December 31, 2022	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short-term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Investments	Stock receivables	Other receivables	Total
Domestic	699,204,828	7,003,783	925,801	-	-	27,615,223	509,365,319	204,574,419	161,609,786	4,196,453	113,432,282	74,700	-	-	133,703	389,729	65,483,302	82,820	1,704,009,328
EU countries	5,590,373	-	1,789	-	-	39,157,076	8,256,399	9,043	-	-	-	-	-	-	-	-	-	-	53,097,500
OECD countries (*)	204,395	-	-	-	-	1,607,397	27,688	-	-	-	-	-	-	-	-	-	-	-	1,839,480
Off-shore banking regions	2,089,501	-	-	-	-	2,074,512	18,978,794	-	2,125	-	-	-	-	-	-	-	-	-	23,114,932
USA, Canada	1,438,154	-	-	-	-	13,055,763	2,420,663	-	-	-	320,018	-	-	-	-	-	-	-	16,914,580
Other countries	22,308	-	-	-	-	5,705,372	655,397	-	-	-	-	-	-	-	-	-	-	-	6,703,095
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	301,080	-	-	-	-	-	-	-	-	-	5,043,360	-	5,344,440
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	619,519,559	7,003,783	927,590	-	-	89,516,423	539,704,260	204,583,462	161,611,911	4,196,453	113,752,300	74,700	-	-	133,703	5,433,089	65,566,122	82,820	1,811,023,355

(*) OECD countries except from EU countries; USA, Canada.

(**) The assets and liabilities that can not be distributed according to a consistent base.

(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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

II. CONSOLIDATED CREDIT RISK (Continued)
 Risk profile according to the geographical concentration (***)

Prior Period - December 31, 2021	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short-term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Investments	Stock receivables	Other receivables	Total
Domestic	415,506,604	7,888,575	889,330	-	-	12,299,109	296,769,659	123,081,559	107,310,684	4,432,335	14,031,472	-	-	-	7,806	363,858	21,187,299	65,313	1,003,768,290
EU countries	4,424,946	-	1,808	-	-	34,656,565	5,078,937	4,325	-	-	7,570	-	-	-	-	-	-	-	44,239,464
OECD countries (*)	110,330	-	-	-	-	249,259	-	-	-	-	-	-	-	-	-	-	-	-	359,589
Off-shore banking regions	220,213	-	-	-	-	653,251	13,330,049	-	-	-	-	-	-	-	-	-	-	-	14,203,513
USA, Canada	1,363,321	-	-	-	-	5,967,414	1,829,542	-	-	-	-	-	-	-	-	-	-	-	9,160,277
Other countries	195,147	-	-	-	-	2,177,466	334,893	163	-	-	75,927	-	-	-	-	-	-	-	2,783,596
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	-	2,840,570	-	-	2,965,517
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	421,820,561	7,888,575	891,138	-	-	56,128,011	317,343,080	123,086,047	107,310,684	4,432,335	14,114,969	-	-	-	7,806	3,204,428	21,252,612	65,313	1,077,480,246

(*) OECD countries except from EU countries; USA, Canada.

(**) The assets and liabilities that can not be distributed according to a consistent base.

(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)****II. CONSOLIDATED CREDIT RISK (Continued)****Information on Changes in Value Adjustments and Credit Provisions**

Current Period - December 31, 2022	Opening Balance 1 January 2021	Provisions reserved during the period	Cancelations	Other Adjustments (*)	Closing Balance
Provisions (stage 3)	14,677,714	6,176,059	(3,793,274)	(38,379)	17,022,120
Provisions (stage 1-2)	12,249,919	21,027,546	(7,299,268)	(34,126)	25,944,071

(*) Includes effect of currency translations differences and other provisions' classifications.

Prior Period- December 31, 2021	Opening Balance 1 January 2021	Provisions reserved during the period	Cancelations	Other Adjustments (*)	Closing Balance
Provisions (stage 3)	13,779,782	3,555,064	(2,731,001)	73,869	14,677,714
Provisions (stage 1-2)	8,777,846	8,386,255	(4,914,253)	71	12,249,919

(*) Includes effect of currency translations differences and other provisions' classifications.

Fair value of collateral held against impaired loans

	Current Period- December 31, 2022	Prior Period - December 31, 2021
Cash collateral (*)	-	-
Mortgage	8,307,714	8,187,737
Promissory note (**)	-	-
Others (***)	12,527,822	10,952,191
Total	20,835,536	19,139,928

(*) As a policy, it is aimed to utilize from cash collateral or liquidate promissory note for an impaired loan collateralized by cash collateral or promissory note to cover the credit risk. Hence, cash collateral and promissory note are shown as zero in the table above.

(**) Sureties obtained for impaired loans are presented in this row to the extent that the amount does not exceed the amount of impaired loans.

The detail of collateral held against performing cash and non-cash loans by the Group

Cash loans	Current Period- December 31, 2022	Prior Period - December 31, 2021
Secured Loans:	644,305,626	441,061,763
Secured by mortgages	149,310,129	101,069,066
Secured by cash collateral	15,559,342	3,261,049
Guarantees issued by financial institutions	3,887,138	2,039,416
Secured by government institutions or government securities	32,968,702	43,639,424
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	442,580,315	291,052,808
Unsecured Loans	308,176,091	148,553,400
Total performing loans	952,481,717	589,615,163

Non-cash loans	Current Period- December 31, 2022	Prior Period - December 31, 2021
Secured Loans:	158,761,047	100,710,338
Secured by mortgages	19,463,047	10,517,180
Secured by cash collateral	4,195,436	1,479,603
Guarantees issued by financial institutions	-	515,712
Secured by government institutions or government securities	128,509	225,107
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	134,974,055	87,972,736
Unsecured Loans	120,595,184	92,745,588
Total performing loans	279,356,231	193,455,926

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(Continued)****II. CONSOLIDATED CREDIT RISK (Continued)****Exposures subject to countercyclical capital buffer**

Current Period – December 31, 2022

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	917,112,943	-	917,112,943
England	7,338,528	-	7,338,528
USA	4,914,690	-	4,914,690
Germany	4,862,383	-	4,862,383
Austria	2,006,025	-	2,006,025
France	2,216,905	-	2,216,905
Bahrain	1,131,111	-	1,131,111
BAE	865,020	-	865,020
Iraq	840,873	-	840,873
Italy	543,811	-	543,811
Other	3,091,750	-	3,091,750
Total	944,924,039	-	944,924,039

Prior Period - December 31, 2021

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	495,181,948	-	495,181,948
England	5,094,320	-	5,094,320
Germany	3,314,302	-	3,314,302
USA	2,421,312	-	2,421,312
Austria	1,144,571	-	1,144,571
France	1,265,090	-	1,265,090
Switzerland	650,906	-	650,906
Bahrain	582,988	-	582,988
Luksemburg	491,353	-	491,353
Iraq	424,920	-	424,920
Other	1,346,983	-	1,346,983
Total	511,918,693	-	511,918,693

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

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

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

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

As at December 31, 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 III.

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	18.7300	19.9797
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	18.7201	19.9556
Day 2	18.7140	19.9397
Day 3	18.7144	19.8766
Day 4	18.7085	19.8732
Day 5	18.5639	19.6983
	US Dollar	Euro
Last 30-days arithmetical average rate	18.6328	19.6211

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- December 31, 2022	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of the Republic of Türkiye	117,166,657	88,891,651	14,521,564	220,579,872
Banks	2,885,557	21,919,238	3,811,963	28,616,758
Financial assets at fair value through profit or loss ⁽⁷⁾	-	383,329	16,478,801	16,862,130
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	28,797,192	90,655,214	-	119,452,406
Loans ⁽¹⁾⁽²⁾	156,610,307	144,865,507	257,358	301,733,172
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	18,788,683	15,247,960	-	34,036,643
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	2,455	43,602	4,204	50,261
Intangible assets	9,518	1,125	-	10,643
Other assets ⁽³⁾	3,379,283	6,261,767	686,940	10,327,990
Total assets	327,639,655	368,269,393	35,760,830	731,669,878
Liabilities:				
Bank deposits	15,304,225	12,243,806	1,620,688	29,168,719
Foreign currency deposits	155,384,389	224,043,284	45,279,922	424,707,595
Interbank money market takings	36,570,520	45,727,488	-	82,298,008
Other funding	52,622,461	63,715,325	8,549,896	124,887,682
Securities issued ⁽⁴⁾	14,475,926	61,708,540	1,831,608	78,016,074
Miscellaneous payables	5,952,887	3,473,707	691	9,427,285
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities ⁽³⁾	2,632,519	6,557,818	660,927	9,851,264
Total liabilities	282,942,927	417,469,968	57,943,732	758,356,627
Net 'on balance sheet' position	44,696,728	(49,200,575)	(22,182,902)	(26,686,749)
Net 'off-balance sheet' position	(42,046,627)	46,410,073	22,094,690	26,458,136
Derivative assets ⁽⁵⁾	15,793,714	73,133,107	26,028,604	114,955,425
Derivative liabilities ⁽⁵⁾	57,840,341	26,723,034	3,933,914	88,497,289
Non-cash loans ⁽⁶⁾	65,249,257	81,687,766	5,094,523	152,031,546
Prior Period - December 31, 2021	Euro	US Dollar	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 462,190 (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 397,931 (December 31, 2021: TL 647,069) presented in TL column in the accompanying consolidated balance sheet is included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 72,291 (December 31, 2021: TL 390,124), Prepaid Expenses TL 512,039 (December 31, 2021: TL 293,022), 1st and 2nd stage expected loss provisions TL (245,313) (December 31, 2021: TL (59,471)), deferred tax assets TL 221,208 (December 31, 2021: None). Derivative financial instruments currency expense accruals of TL 135,989 (December 31, 2021: TL 290,286), (deferred tax liabilities December 31, 2021: TL 14,719), unearned income TL 348,802 (December 31, 2021: TL 296,504) and shareholders' equity TL 1,371,048 (December 31, 2021: TL 1,970,390) 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 25,503,640 (December 31, 2021: TL 4,512,599) and asset sales commitments amounting to TL 25,588,622 (December 31, 2021: TL 5,593,730) are included.

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

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

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% depreciation of the TL against the following currencies as at and for the year ended December 31, 2022 and December 31, 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- December 31, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(283,523)	(283,523)	266,699	266,699
Euro	282,569	616,674	394,024	640,350
Other currencies	(9,242)	(9,242)	(5,378)	(5,378)
Total, net ^(**)	(10,196)	323,909	655,345	901,671

^(*) 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 year ended December 31, 2022 and December 31, 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- December 31, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	283,523	283,523	(266,699)	(266,699)
Euro	(282,569)	(616,674)	(394,024)	(640,350)
Other currencies	9,242	9,242	5,378	5,378
Total, net ^(**)	10,196	(323,909)	(655,345)	(901,671)

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

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

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

IV. 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- December 31, 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	-	-	-	-	-	268,975,314	268,975,314
Banks	3,978,931	3,296,034	-	109	-	21,485,604	28,760,678
Financial assets at fair value through profit/loss	6,739	122,569	9,632	16,478,799	-	749,144	17,366,883
Interbank money market placements	12,096,010	-	-	-	-	-	12,096,010
Financial assets at fair value through other comprehensive income	52,734,047	18,911,363	63,970,056	50,460,070	17,473,354	134,589	203,683,479
Loans ⁽¹⁾	289,424,005	237,624,228	257,313,114	91,959,665	76,160,705	20,835,536	973,317,253
Financial assets measured at amortized cost	92,202,765	3,392,410	1,985,174	44,033,660	16,978,843	-	158,592,852
Other assets ⁽²⁾	2,073,949	12,328,132	3,146,075	2,735,311	977,365	22,978,556	44,239,388
Total assets	452,516,446	275,674,736	326,424,051	205,667,614	111,590,267	335,158,743	1,707,031,857
<i>Liabilities:</i>							
Bank deposits	68,496,222	6,513,088	49,181	-	-	3,038,984	78,097,475
Other deposits	601,075,975	149,262,786	45,698,685	3,431,712	73,015	254,458,095	1,054,000,268
Interbank money market takings	61,719,001	63,912,568	10,343,985	3,098,435	-	-	139,073,989
Miscellaneous payables	-	-	-	-	-	42,666,111	42,666,111
Securities issued ⁽³⁾	14,995,718	5,304,856	5,822,331	63,528,037	5,470,463	-	95,121,405
Funds borrowed	11,080,507	73,954,780	18,510,170	24,694,117	5,658,719	5,470,526	139,368,819
Other liabilities ⁽⁴⁾	1,640,632	9,209,757	2,718,815	754,400	1,768,109	142,612,077	158,703,790
Total liabilities	759,008,055	308,157,835	83,143,167	95,506,701	12,970,306	448,245,793	1,707,031,857
On balance sheet long position	-	-	243,280,884	110,160,913	98,619,961	-	452,061,758
On balance sheet short position	(306,491,609)	(32,483,099)	-	-	-	(113,087,050)	(452,061,758)
Off-balance sheet long position	1,226,200	18,470,911	694,287	3,664,326	-	-	24,055,724
Off-balance sheet short position	-	-	-	-	(1,962,997)	-	(1,962,997)
Net position	(305,265,409)	(14,012,188)	243,975,171	113,825,239	96,656,964	(113,087,050)	22,092,727

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

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

⁽³⁾ Subordinated debts are shown under securities issued.

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

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(Continued)****IV. CONSOLIDATED INTEREST RATE RISK (Continued)**

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

⁽¹⁾ Non-performing loans are shown in the "Non-Interest Bearing" column.⁽²⁾ Subsidiaries, associates and tangible and intangible assets, deferred tax asset and expected credit losses are included in "non-interest bearing" column.⁽³⁾ Subordinated debts are shown under securities issued.⁽⁴⁾ Equity is included in "Non-Interest Bearing" column in other liabilities line.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**CONSOLIDATED FINANCIAL REPORT
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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)****IV. CONSOLIDATED INTEREST RATE RISK (Continued)****Average interest rates applied to monetary financial instruments ^(*):**

Current Period- December 31, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	10.80
Financial assets at fair value through profit/loss	-	-	-	19.83
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	21.55
Loans	6.28	8.84	-	15.82
Financial assets measured at amortized cost	4.59	6.40	-	25.84
<i>Liabilities:</i>				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.81	2.33	-	17.67
Interbank money market takings	2.80	5.05	-	9.40
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.24	-	15.44
Funds borrowed	3.46	6.08	-	11.89

Prior Period - December 31, 2021	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
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
<i>Liabilities:</i>				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.43	1.07	-	16.13
Interbank money market takings	0.87	2.06	-	14.05
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.11	-	15.47
Funds borrowed	1.68	2.51	-	17.63

^(*) The rates above are calculated over financial instruments with interest rates.^(**) Subordinated debts are shown under securities issued.

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

V. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

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

The accounting applications regarding to share investment that qualifications in associate and at fair value through profit or loss, at fair value through other comprehensive income subsidiary of are disclosed in Section 3 Note III and Note VII.

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

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

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

^(**) The values of stocks unquoted in exchange are determined according to December 31, 2022 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.

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

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

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

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

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V. CONSOLIDATED STOCK POSITION RISK (Continued)

Explanations on Equity Shares Risk Arising from Banking Book

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

^(*) 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.

VI. 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.

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

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

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

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

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

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

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

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

VI. 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- December 31, 2022

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

Liquidity Coverage Ratio

Current Period- December 31, 2022	Total unweighted value (*)		Total weighted value(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 Total High Quality Liquid Assets (HQLA)			430,383,593	228,758,417
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which:	420,965,538	219,890,491	38,491,786	21,989,049
3 Stable deposits	72,095,357	-	3,604,768	-
4 Less stable deposits	348,870,181	219,890,491	34,887,018	21,989,049
5 Unsecured wholesale funding, of which:	585,755,388	249,697,612	246,826,129	111,713,616
6 Operational deposits	398,093,986	157,939,763	99,189,485	39,484,941
7 Non-operational deposits	111,777,133	55,418,179	71,890,111	36,011,536
8 Other Unsecured debts	75,884,269	36,339,670	75,746,533	36,217,139
9 Secured wholesale funding	-	-	-	-
10 Other cash outflows, of which:	90,393,169	42,042,518	90,393,168	42,042,519
11 Outflows related to derivative exposures and other collateral requirements	90,262,908	42,042,518	90,262,907	42,042,519
12 Outflows related to loss of funding on debt products	130,261	-	130,261	-
13 Credit and liquidity facilities	-	-	-	-
14 Other contractual funding obligations	115,947,142	97,207,100	5,797,357	4,860,355
15 Other contingent funding obligations	257,416,963	71,670,109	20,282,549	5,112,720
16 TOTAL CASH OUTFLOWS			401,790,989	185,718,259
CASH INFLOWS				
17 Secured lending	-	-	-	-
18 Unsecured lending	112,353,050	63,286,094	92,529,069	57,483,693
19 Other cash inflows	89,941,428	86,664,789	89,941,428	86,664,789
20 TOTAL CASH INFLOWS	202,294,478	149,950,883	182,470,497	144,148,482
			Upper Limit Applied Values	
21 TOTAL HQLA STOCK			430,383,593	228,758,417
22 TOTAL NET CASH OUTFLOWS			219,320,492	46,429,565
23 LIQUIDITY COVERAGE RATIO (%)			197.64	368.45

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

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

VII. 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)	(11,992,729)
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	43,844,131
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	74,689,025
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)	(258,558,222)
Total risk amount	1,610,122,744	843,665,167

⁽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 - December 31, 2022 ^(*)	Prior Period- December 31, 2021 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,579,480,664	936,780,229
2. Assets deducted in determining Basel III Tier 1 capital	(658,766)	(478,249)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	1,578,821,898	936,301,980
Derivative exposures		
4. Replacement cost	13,314,756	18,000,876
5. Add-on amount	2,363,583	2,286,605
6. Total derivative exposures	15,678,339	20,287,481
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	12,426,388	12,360,212
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	12,426,388	12,360,212
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	582,274,540	338,555,893
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(198,113,388)	(103,938,729)
12. Total off-balance sheet exposures	384,161,152	234,617,164
Capital and total exposures		
13. Tier 1 capital	120,718,155	66,554,350
14. Total exposures	1,991,087,777	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.

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 2022	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	12,096,010	12,096,010
Banks	28,760,678	28,760,678
Financial Assets at Fair Value through Profit or Loss	17,366,883	17,366,883
Financial Assets at Fair Value through Other Comprehensive Income	203,683,479	203,683,479
Assets Measured at Amortised Cost	158,592,852	180,340,363
Loans	973,317,253	967,228,788
Financial Liabilities:		
Bank Deposits	78,097,475	78,097,475
Other Deposits	1,054,000,268	1,049,923,580
Funds Borrowed	139,368,819	131,539,280
Marketable Securities	71,078,119	70,932,182
Subordinated Loans	24,043,286	23,921,171

Prior Period- December 31, 2021	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	6,917,899	6,917,899
Banks	21,625,296	21,625,296
Financial Assets at Fair Value through Profit or Loss	16,591,824	16,591,824
Financial Assets at Fair Value through Other Comprehensive Income	138,953,677	138,953,677
Assets Measured at Amortised Cost	73,861,983	77,492,786
Loans	608,755,091	604,403,844
Financial Liabilities:		
Bank Deposits	33,227,916	33,227,916
Other Deposits	562,582,062	561,913,129
Funds Borrowed	98,436,671	98,101,000
Marketable Securities	62,537,627	62,573,790
Subordinated Loans	28,968,427	28,990,293

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of loans are calculated by discounting future cash flows with the use of current market interest rates.

Fair value of funds borrowed with fixed interest rate are calculated by discounting cash flows with current market interest rates. Fair value of funds borrowed with floating interest rate is calculated according to repricing period by discounting cash flows with current market rates.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Classification of Fair Value Measurement

TFRS 7 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

Current Period-December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	638,701	16,594,479	133,703	17,366,883
<i>Debt securities</i>	-	16,594,479	-	16,594,479
<i>Equity securities</i>	573,384	-	-	573,384
<i>Other financial assets</i>	65,317	-	133,703	199,020
Financial assets at fair value through other comprehensive income	201,552,204	1,996,686	134,589	203,683,479
<i>Government debt securities</i>	196,847,870	1,623,250	-	198,471,120
<i>Equity securities</i>	-	-	134,589	134,589
<i>Other financial assets</i>	4,704,334	373,436	-	5,077,770
Derivative financial assets at fair value through profit or loss	-	17,367,825	-	17,367,825
Investments in affiliates and subsidiaries	1,088,441	-	3,621,423	4,709,864
Total Financial Assets	203,279,346	35,958,990	3,889,715	243,128,051
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(4,719,597)	-	(4,719,597)
Total Financial Liabilities	-	(4,719,597)	-	(4,719,597)

(*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Prior Period- December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	474,794	15,939,741	177,289	16,591,824
<i>Debt securities</i>	118,890	15,939,741	-	16,058,631
<i>Equity securities</i>	318,988	-	169,483	488,471
<i>Other financial assets</i>	36,916	-	7,806	44,722
Financial assets at fair value through other comprehensive income	129,874,442	9,071,989	7,246	138,953,677
<i>Government debt securities</i>	127,138,430	8,798,400	-	135,936,830
<i>Equity securities</i>	14,732	-	7,246	21,978
<i>Other financial assets</i>	2,721,280	273,589	-	2,994,869
Derivative financial assets at fair value through profit or loss	-	21,246,426	-	21,246,426
Investments in affiliates and subsidiaries	588,251	-	1,992,295	2,580,546
Total Financial Assets	130,937,487	46,258,156	2,176,830	179,372,473
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(5,490,278)	-	(5,490,278)
Total Financial Liabilities	-	(5,490,278)	-	(5,490,278)

(*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended December 31, 2022, is as follows:

Level 3	Current Period - December 31, 2022	Prior Period- December 31, 2021
Balance at the beginning of the year	2,176,830	1,401,953
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	1,698,150	774,877
Balance at the end of the year	3,874,980	2,176,830

IX. TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS, ITEMS HELD IN TRUST

The Parent Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Group is not involved in trust activities.

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

X. CONSOLIDATED SEGMENT REPORTING

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

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

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

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

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

X. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Current Period					
OPERATING INCOME/ EXPENSES					
Interest Income	21,085,392	54,074,610	85,876,956	349,205	161,386,163
Interest Expense	20,782,975	38,887,739	25,688,907	277,412	85,637,033
Net Interest Income/Losses (Net)	302,417	15,186,871	60,188,049	71,793	75,749,130
Net Fees and Commissions Income	2,263,542	7,201,075	725,183	-	10,189,800
Dividend Income	-	-	57,391	-	57,391
Trading Income/ Losses (Net)	-	-	5,762,820	-	5,762,820
Other Income	-	-	-	10,885,337	10,885,337
Allowance for Expected Credit Losses	-	-	-	44,504,744	44,504,744
Other Expenses	-	-	-	18,371,682	18,371,682
Based on Equity Method	-	-	342,159	-	342,159
Profit Before Taxes	2,565,959	22,387,946	67,075,602	(51,919,296)	40,110,211
Provision for taxes	-	-	-	-	(13,643,596)
Net Profit/ Loss	-	-	-	-	26,466,615
Segment Assets	181,290,929	625,766,110	816,722,533	78,223,659	1,702,003,231
Subsidiaries and Associates (Net)	-	-	5,028,626	-	5,028,626
TOTAL ASSETS	181,290,929	625,766,110	821,751,159	78,223,659	1,707,031,857
Segment Liabilities	384,202,958	682,591,466	444,620,321	89,091,584	1,600,506,329
Equity	-	-	-	106,525,528	106,525,528
TOTAL LIABILITIES	384,202,958	682,591,466	444,620,321	195,617,112	1,707,031,857

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	14,232,802	31,550,127	27,504,987	29,130	73,317,046
Interest Expense	12,657,285	17,742,731	22,500,142	91,463	52,991,621
Net Interest Income/Losses (Net)	1,575,517	13,807,396	5,004,845	(62,333)	20,325,425
Net Fees and Commissions Income	1,069,526	2,831,077	355,215	-	4,255,818
Dividend Income	-	-	23,394	-	23,394
Trading Income/ Losses (Net)	-	-	(4,254,115)	-	(4,254,115)
Other Income	-	-	-	8,575,813	8,575,813
Allowance for Expected Credit Losses	-	-	-	12,667,748	12,667,748
Other Expenses	-	-	-	9,729,418	9,729,418
Based on Equity Method	-	-	93,677	-	93,677
Profit Before Taxes	2,645,043	16,638,473	1,223,016	(13,883,686)	6,622,846
Provision for taxes	-	-	-	-	(1,287,150)
Net Profit/ Loss	-	-	-	-	5,335,696
Segment Assets	128,072,758	354,478,813	515,448,627	28,075,063	1,026,075,261
Subsidiaries and Associates (Net)	-	-	2,825,837	-	2,825,837
TOTAL ASSETS	128,072,758	354,478,813	518,274,464	28,075,063	1,028,901,098
Segment Liabilities	247,651,905	320,011,164	373,266,181	33,771,820	974,701,070
Equity	-	-	-	54,200,028	54,200,028
TOTAL LIABILITIES	247,651,905	320,011,164	373,266,181	87,971,848	1,028,901,098

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XI. 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.

1. Information on Risk Management and Overview of Risk Weighted Amounts

Risk Management Strategy

The Group manages assets and values which are entrusted to it effectively and efficiently in order to increase the constant contribution to customers, shareholders and the society. The Group adopted the forward- looking risk based approach in all activities undertaken by creating assets in a high quality and managing obligations well. Generating the systems and processes of risk management and observation of its effectiveness are structured in the responsibility of Board of Directors. Current risk profile of the bank defines the all the internal and external important risks arises from the operating environment, the regulatory or economic environment. These risks defined on the console and non-console level are managed with policies and implementation procedures approved by the Bank’s Board of Directors. To achieve this, Risk Management Department working under the Audit Committee, Inspection Board Department and Internal Control Department are working in coordination with all the departments at the same time.

Risk management strategy of the Group is basically to avoid legal risks and risks which are unlikely to occur but have a huge impact, to take measures to minimize the risks (to reduce risks) that may arise due to the nature of banking activities, to purchase protection, insurance or techniques such as credit derivatives in order to transfer risks to the third parties (transfer of risk) and the acceptance of risks that are unlikely to occur and have small impact.

Within the scope of the general principles and principles observed by The Group in the context of risk management, the internal capital adequacy assessment process (ISEDES) is established in parallel with the budgeting process to determine the internal capital targets consistent with the risk profile and the activity environment and the effects of scenario outcomes on the Group projections is evaluated. In addition, within the scope of the “Regulation on Measures Plans to be Prepared by Systemically Important Banks”, the Bank contributes to the preparation of the Measures Plan.

As a part of risk appetite structure, risk limits are set, and over-limit exemptions and early warning levels are observed/ followed. The Parent Bank’s risk level is limited to the limits consistent with risk appetite. Risk limits are determined in accordance with the size and complexity of the Parent Bank’s risk levels, activities, products and services. The limits are reviewed regularly according to market conditions, the Bank’s strategy and the risk appetite and updated when necessary. In addition to the limits, early warning levels indicating that the limits are approached are also determined. If the limit levels are approached or exceeded, the relevant units take the necessary actions.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

The risks may arise from the new products and services and effects of these risks are analyzed. For the quantification of quantifiable risks and the qualitative evaluation of non-quantifiable. Effective and applicable systems which are compatible with the Parent Bank’s product range and fields of activity are developed.

In response to the sudden and unexpected changes in the macroeconomic indicators and the Group’s specific circumstances, the risks the can be exposed to such as income/expenditure effect, capital loss, economic value change , liquidity adequacy are presented by various reports and stress tests conducted daily ,weekly, monthly and annually. These reports and stress tests play an active role in the process of making decisions in the context of risk-based approach. Risks subject to stress tests contains all the risks related to the Group’s risk group (on the consolidated balance sheet – off the consolidated balance sheet). These risks are subject to stress test applications independently and can be subject to stress test applications in an integrated way taking into account interactions between them.

Risks which are subject to stress test applications can be evaluated on portfolio and activities basis, consolidated and non – consolidated basis, at specific and general levels. Specific stress test applications are performed with sensitivity and scenario analysis specific to particular portfolio and activity. General stress test applications are established to ensure that Group’s risks are seen in an integrated perspective. Relations between risks are taken into account by the correlation effect and relations between portfolios are considered with diversification effect. Furthermore, in addition to stress tests, reverse stress tests that enable us to evaluate which risk factors and which risk concentrations causes significant loss indicators designed from the outset are conducted.

The Risk Management Department uses the methods appropriate to national legislation and international practices to evaluate and monitor the developments in risks, to take necessary measures, to establish risk limits, to stay within the specified limits, and to perform the necessary analysis, measurement and reporting.

The development of risk culture in parallel with the changes in the economic conjuncture and risk perception is an important element of the Bank and aims to ensure risk awareness and sensitivity in the actions to be taken. In this respect, training programs, risk measurements and reports provided to the Board of Directors, Senior Management and risk reporting to the committees, the Bank’s risk appetite framework and internal capital adequacy assessment process make a significant contribution to the dissemination of risk culture.

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****Risk weighted amounts**

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- December 31, 2022	Prior Period - December 31, 2021	Current Period- December 31, 2022
1 Credit Risk (excluding counterparty credit risk) ^(*)	929,408,502	505,046,417	74,352,680
2 Standardised approach	929,408,502	505,046,417	74,352,680
3 Internal rating- based approach	-	-	-
4 Counterparty Credit Risk	16,855,252	9,789,165	1,348,420
5 Standardised approach for counterparty credit risk	16,855,252	9,789,165	1,348,420
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	133,703	7,806	10,696
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	9,909,960	9,769,976	792,797
17 Standardised approach	9,909,960	9,769,976	792,797
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)	991,995,262	556,845,097	79,359,621

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

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****2. Linkages between Financial statements and Regulatory Exposures (Continued)****a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

Current Period- December 31, 2022	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
Assets						
Cash and balances at central bank	268,975,314	268,975,314	-	-	-	-
Banks	28,760,678	28,760,678	-	-	2,171,648	-
Receivables from Money Markets	12,096,010	12,096,010	-	-	-	-
Financial assets at fair value through profit or loss	17,366,883	517,033	-	-	371,050	-
Financial assets at fair value through other comprehensive income	203,683,479	203,683,479	89,788,350	-	-	-
Financial assets measured at amortised cost	158,592,852	158,592,852	37,480,964	-	-	-
Derivative financial assets	17,367,825	-	17,367,825	-	484,946	-
Non-performing financial assets	20,835,536	20,835,536	-	-	-	-
Allowance for expected credit losses (-)	(42,492,833)	(16,853,166)	-	-	-	(25,639,667)
Loans (Net)	952,481,717	952,504,318	-	-	-	(22,602)
Non-Currents Assets or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	410,978	410,978	-	-	-	-
Investments in associates (Net)	4,139,588	4,139,588	-	-	-	-
Leasing receivables	889,038	889,036	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Tangible Assets (Net)	11,683,247	11,890,802	-	-	-	(207,555)
Intangible Assets And Goodwill (Net)	469,876	-	-	-	-	(469,876)
Investment properties (net)	1,307,194	-	-	-	-	-
Currents Tax Assets (Net)	-	-	-	-	-	-
Deferred Tax Assets	3,061,414	3,061,414	-	-	-	-
Other assets	47,403,061	47,460,198	-	-	-	(57,137)
Total assets	1,707,031,857	1,696,964,070	144,637,139	-	3,027,644	(26,396,837)
Liabilities						
Deposits	1,132,097,743	-	-	-	2,209,673	1,129,888,070
Loans Received	139,368,819	-	-	-	-	139,368,819
Money Market Funds	139,073,989	-	137,754,703	-	-	1,319,286
Marketable Securities (Net)	71,078,119	-	-	-	-	71,078,119
Funds	3,005	-	-	-	-	3,005
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	4,719,597	-	4,719,597	-	487,226	-
Factoring Payables	5,468	-	-	-	-	5,468
Lease Payables	1,024,719	-	-	-	-	1,024,719
Provisions	23,376,344	-	-	-	-	23,376,344
Current Tax Liabilities	5,410,397	-	-	-	-	5,410,397
Deferred Tax Assets	56,404	-	-	-	-	56,404
Liabilities Related to Non-Current Assets "Held for Sale" and "Discontinued Operations" (Net)	-	-	-	-	-	-
Subordinated debts	24,043,286	-	-	-	-	24,043,286
Other Liabilities	60,248,439	-	-	-	-	60,248,438
Shareholders' Equity	106,525,528	-	-	-	-	106,525,526
Total liabilities	1,707,031,857	-	142,474,300	-	2,696,899	1,562,347,881

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****2. Linkages between Financial statements and Regulatory Exposures (Continued)****a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Continued)**

Prior Period - December 31, 2021	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
	Carrying values as reported in published financial statements	Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	
Assets					
Cash and balances at central bank	144,172,545	144,172,545	-	-	-
Financial assets held for trading	21,625,296	21,625,296	-	-	-
Financial assets designated at fair value through profit or loss	6,917,899	-	6,917,899	-	-
Banks	16,591,824	463,762	-	-	188,322
Receivables from money markets	138,953,677	138,953,677	75,043,394	-	-
Available for sale financial assets (net)	73,861,983	73,861,983	57,188,376	-	-
Loans and receivables	21,246,426	-	21,246,426	-	425,540
Factoring receivables	19,139,928	19,139,928	-	-	-
Held to maturity investments (net)	(26,617,393)	(14,513,660)	-	-	(12,103,733)
Investments in associates (net)	589,615,163	589,625,956	-	-	(10,793)
Investments in subsidiaries (net)	755,253	755,253	-	-	-
Investments in joint ventures (net)	2,306,548	2,306,548	-	-	-
Leasing receivables	519,289	519,289	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-
Tangible assets (net)	4,141,051	4,325,504	-	-	(184,453)
Intangible assets (net)	299,405	-	-	-	(299,405)
Investment properties (net)	972,154	-	-	-	-
Tax assets	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	72,767	72,767	-	-	-
Other assets	14,327,283	14,373,334	-	-	(46,051)
Total assets	1,028,901,098	995,682,182	160,396,095	-	613,862 (12,644,435)
Liabilities					
Deposits	595,809,978	-	-	-	595,809,978
Derivative financial liabilities held for trading	98,436,671	-	-	-	98,436,671
Loans	148,717,362	-	142,091,998	-	6,625,364
Debt to money markets	62,537,627	-	-	-	62,537,627
Debt securities in issue	3,005	-	-	-	3,005
Funds	-	-	-	-	-
Various debts	5,490,278	-	5,490,278	-	426,764
Other liabilities	7,309	-	-	-	7,309
Factoring debts	958,593	-	-	-	958,593
Debts from leasing transactions	3,955,116	-	-	-	3,955,116
Derivative financial liabilities held for hedges	1,100,367	-	-	-	1,100,367
Provisions	14,719	-	-	-	14,719
Tax liability	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	28,968,427	-	-	-	28,968,427
Subordinated debts	28,701,618	-	-	-	28,701,618
Equity	54,200,028	-	-	-	54,200,028
Total liabilities	1,028,901,098	-	147,582,276	-	426,764 881,318,822

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****2. Linkages between Financial statements and Regulatory Exposures (Continued)****b) Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

Current Period- December 31, 2022	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk	
						1
2	Liabilities carrying value amount under regulatory scope of consolidation	144,683,973	-	-	142,474,300	2,696,899
3	Total net amount under regulatory scope of consolidation	1,535,951,044	1,696,964,070	-	2,162,839	330,745
4	Off-balance sheet amounts	-	-	-	8,713,513	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	104,611,416	-
10	Exposure amounts considered for regulatory	1,535,951,044	1,696,964,070	-	113,324,929	330,745

Prior Period- December 31, 2021	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk	
						1
2	Liabilities carrying value amount under regulatory scope of consolidation	147,582,276	-	-	147,582,276	426,764
3	Total net amount under regulatory scope of consolidation	868,674,387	995,682,182	-	12,813,819	187,098
4	Off-balance sheet amounts	283,597,671	102,251,725	-	8,233,240	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	122,857,259	-
10	Exposure amounts considered for regulatory	868,674,387	1,097,933,907	-	131,090,499	187,098

c) Explanations of differences between accounting and regulatory exposure amounts

There is no significant difference between the amounts assessed pursuant to TAS and the risk amounts used within the scope of capital adequacy reported on the financial statements.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations

a) General Information on Credit Risk

If the counterparty does not partially or completely fulfill its obligations in accordance with contract, the credit risk is exposed. The Group's definition of credit risk contains the credit risk in all products and activities based on the credit definition of law of banking.

In accordance with the articles 51 and 54 of banking law and in compliance with legal legislation in order to restrict the credit risk in the crediting operations; branches, regional directorates, general directorate crediting units, deputy general manager responsible for credits, general manager, credit committee and board of directors determine the credit limits for counterparties within the framework of lending authority limits and provide credits within these limits.

Crediting activities are one of the basic and extensive fields of activities. The Parent Bank can provide all kind of crediting activities with its experience, competitiveness, variety of product and services. Parallel to this, it has a wide range of organization, regulation (legislation/documentation) and system infrastructure for the marketing, allocation and monitoring process of credit.

While establishing infrastructure, it is also supervised that all activities can be performed on a risk basis, in addition to providing the highest level of efficiency in the processes of the credits.

Credit management is not the single function within the Parent Bank and it is not restricted to the only one unit and responsibility area. Credit management is a process carried out together with different units and employees with different roles, authorities and responsibilities.

Credit facility functions are mainly carried out by the consecration units and in addition to the transactions done by the business units announced by the head of the Credit Management Department, relevant policy, strategy and framework documents are constituted by taking account of the international implementations and national legislation in order to ensure the effective and healthy management of the credit risk. The basic principles and principles of the policy, strategy and framework documents and the identification, measurement, monitoring and reporting of risk within the scope of risk management are determined. In the management of the credit risk, it is essential to consider all risk categories that may lead to capital requirements. In this subjected process, allocation units, evaluation and rating units, and risk management units are playing an active role.

The Parent Bank's Risk Management Department continues its activities to assess, analyze and report on the credit risk in line with the policy document and measurement results and to determine the effect of the Group on the capital requirement.

Within the results of the studies made in this context, it is possible to establish better portfolios with lower potential asset classes (credit types and/or counterparties) by sharing them with the Parent Bank's top management and the units managing the loan portfolios, trying to be a guide in these matters.

In order to identify the risks which are created by loan concentrations and to create a balanced loan portfolio, sectoral, large credit and country risk limits have been determined, and these limits are regularly reviewed and updated taking into account the Parent Bank's credit policy, risk appetite and economic changes.

The eventual aim of the Parent Bank is using credit risk inherent management methods in accordance with Basel III and best international implementations. In this context, studies of IRB (Internal Ratings Based Approach) are carried out. Within the scope of IRB studies, politics and procedures are updated as risk-focused. In addition, the work involves the correctness, precision and consistency of the models, which are used by the Parent Bank, and the ratios of them in determining these criteria, measuring the general coherence of the other parts of the models, and basically, the work is continued in terms of qualitative and quantitative validation (verification) of the Parent Bank's inner credit rating systems.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

a) General Information on Credit Risk (Continued)

Credit Quality of Assets

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

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

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

	Current Period- December 31, 2022	Prior Period- December 31, 2021
1 Defaulted Loans and debt securities at end of the previous reporting period	19,139,928	17,930,171
2 Loans and debt securities that have defaulted since the last reporting period	11,069,005	5,508,365
3 Returned to non-defaulted status	47,396	143,467
4 Amounts written-off	3,186,885	834,885
5 Other Changes	(6,139,116)	(3,320,256)
6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4+5)	20,835,536	19,139,928

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

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****3. Credit Risk Explanations (Continued)****a) General Information on Credit Risk (Continued)****Additional disclosure related to the credit quality of assets**

As per the provisions of "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside" published by BRSA, capital and interest payments, and loans unpaid within their maturity or on their due date are accepted to be overdue. Loans the collection of whose capital and interest payments are overdue more than 90 days and the loans whose debtors are decided by the Bank to have lost their credit ratings are deemed to be depreciated or loans for which provision is allocated.

The Parent Bank calculates its expected loss provisions in scope of TFRS 9, as laid out in detail in Information on Expected Loss Provisions no. VIII in the Accounting Policies.

Restructuring that can be applied for performing or non-performing receivables is done by changing the terms of the loan contract or by partially or completely refinancing the loan due to the financial difficulties that the borrower is facing or is likely to encounter in the payments.

Breakdown of receivables in terms of geographic regions, sectors and remaining maturities**Breakdown of receivables in terms of geographic regions**

Credit receivables/risks	Curret Period – December 31, 2022	Prior Period - December 31, 2022
Domestic	875,242,568	533,115,373
European Union Countries	9,967,191	7,784,885
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	6,465,241	2,939,074
Other	60,806,717	45,775,831
Total	952,481,717	589,615,163

(*) OECD Countries other than EU countries, USA and Canada

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****3. Credit Risk Explanations (Continued)****a) General Information on Credit Risk (Continued)****Breakdown of loan receivables by sector**

Current Period- December 31, 2022			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	11,783,064	153,685	135,555
Farming and raising livestock	11,176,423	142,932	125,776
Forestry	367,979	2,279	1,901
Fishing	238,662	8,474	7,878
Manufacturing	315,703,641	4,526,056	4,075,513
Mining and Quarrying	24,515,874	336,744	312,619
Production	229,342,129	2,813,324	2,516,391
Electricity, Gas, Water	61,845,638	1,375,988	1,246,503
Construction	93,442,512	4,647,798	4,201,562
Services	342,148,863	8,350,347	6,146,023
Wholesale and Retail Trade	128,410,141	3,568,778	3,160,023
Accommodation and Dining	32,977,159	233,798	194,980
Transportation and Telecommunication	102,955,898	2,126,584	1,185,885
Financial Institutions	24,102,614	192,747	106,900
Real Estate and Rental Services	36,197,159	177,713	174,485
Professional Services	10,855,772	1,860,523	1,152,887
Educational Services	2,324,831	84,077	79,317
Health and Social Services	4,325,289	106,127	91,546
Other	189,403,637	3,157,650	2,398,340
Total	952,481,717	20,835,536	16,956,993

Prior Period- December 31, 2021			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	4,757,664	200,187	158,850
Farming and raising livestock	4,302,481	183,780	146,393
Forestry	348,237	1,840	1,633
Fishing	106,946	14,567	10,824
Manufacturing	169,809,346	4,312,213	3,521,536
Mining and Quarrying	15,868,492	339,115	276,272
Production	118,229,167	3,087,315	2,527,486
Electricity, Gas, Water	35,711,687	885,783	717,778
Construction	63,825,821	3,991,335	3,080,360
Services	214,388,273	7,277,619	5,470,449
Wholesale and Retail Trade	73,444,817	4,401,810	3,449,088
Accommodation and Dining	21,743,941	250,646	188,316
Transportation and Telecommunication	74,558,206	510,553	420,544
Financial Institutions	11,217,119	45,835	39,143
Real Estate and Rental Services	23,001,578	213,837	185,875
Professional Services	5,892,016	1,646,220	1,012,058
Educational Services	2,415,018	103,241	81,053
Health and Social Services	2,115,578	105,477	94,372
Other	136,834,059	3,358,574	2,387,213
Total	589,615,163	19,139,928	14,618,408

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****3. Credit Risk Explanations (Continued)****Breakdown by outstanding maturity**

Current Period - December 31, 2022					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
90,903,381	92,325,312	250,227,818	304,092,813	214,932,393	952,481,717
Prior Period - December 31, 2021					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
56,477,962	28,868,818	112,391,210	225,347,693	166,529,480	589,615,163

Amounts of provision allocated receivables (According to the definition used by the Bank in accounting) based on geographical area and sector and amounts deducted from the assets with the related provisions

Breakdown by of provision allocated receivables by geographical area

Current Period - December 31, 2022		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	20,413,609	16,582,731
European Union Countries	288,131	287,680
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	132,934	85,720
Other	862	862
Total	20,835,536	16,956,993

(*) OECD Countries other than EU countries, USA and Canada.

Prior Period- December 31, 2021		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	18,488,858	14,301,587
European Union Countries	551,708	252,999
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
Total	19,139,928	14,618,408

(*) OECD Countries other than EU countries, USA and Canada.

Aging analysis for overdue receivables

	Current Period- December 31, 2022	Prior Period- December 31, 2021
31-60 days overdue	2,246,668	3,158,375
61-90 days overdue	1,693,750	1,854,042

(*) Loan receivables with overdue loans are taken into consideration.

Breakdown of restructured receivables based on whether or not provisions are allocated

Payment Plan Extensions	Current Period- December 31, 2022	Prior Period- December 31, 2021
Standard Loans	80,452	114,299
Loans Under Close Monitoring	44,480,460	24,668,538
Non-performing Loans	2,665,886	2,145,575

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****3. Credit Risk Explanations (Continued)****b) Credit Risk Mitigation****Qualitative disclosure on credit risk mitigation techniques**

Credit risk mitigation techniques in the Parent Bank are evaluated within the scope of the "Policy Document on Credit Risk Management". Within the scope of "Communiqué on Credit Risk Mitigation Techniques", published in the Official Gazette dated September 6, 2014, numbered 29111 simple financial guarantee method is used for financial guarantees. Cash and cash equivalents, Treasury support containing Credit Guarantee Fund securities and guarantees are used to mitigate credit risk.

Policies regarding the valuation of financial collateral and the appraisal of the valuations and policies and procedures for the valuation of real estate established for the collateral of mortgage-backed loans, which are an asset class, have been established. These policies and procedures have been prepared in accordance with the "Communiqué on Credit Risk Mitigation" and cover the minimum requirements for collateral valuation and management.

The Parent Bank receives collaterals such as mortgages, sureties/guarantees and financial collaterals for the loans given.

Credit Risk Mitigation Techniques

Current Period – December 31, 2022		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	696,341,044	234,529,412	167,428,336	49,255,181	40,352,926	-	-
2	Debt Securities	362,879,004	-	-	-	-	-	-
3	Total	1,059,220,048	234,529,412	167,428,336	49,255,181	40,352,926	-	-
4	Of which Defaulted	20,835,536	-	-	-	-	-	-

Prior Period – December 31, 2021		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	421,586,612	160,573,719	105,407,593	63,035,950	51,202,158	-	-
2	Debt Securities	213,264,825	-	-	-	-	-	-
3	Total	634,851,437	160,573,719	105,407,593	63,035,950	51,202,158	-	-
4	Of which Defaulted	19,139,928	-	-	-	-	-	-

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(Continued)**

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

c) Credit risk under Standardized approach

Qualitative disclosures on banks' use of external credit ratings under the standardized approach for credit risk

The rating grades determined by the Islamic International Rating Agency, Fitch Ratings, and JCR Eurasia Rating are used in deciding the risk weights of the risk classes specified in article 6 of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy.

The Islamic International Rating Agency (IIRA) ratings are taken into account for country ratings in the capital adequacy calculations for the risk class of receivables from central governments or central banks. For central government and central banks that are not rated by the IIRA rating agency, the country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as the basis.

In addition, with the BRSA's decision numbered 8875 dated 21.02.2020, the regulation regarding which asset category can be used and which credit quality level corresponds to the rating grades given by JCR Eurasia Rating has been implemented.

In capital adequacy calculations, JCR Eurasia Ratings are used as a credit rating agency. The credit scores of the Islamic International Rating Agency and Fitch Ratings continue to be used in the aforementioned calculations.

The table below shows which of the credit quality levels specified in the annex of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks corresponds to the rating of the credit rating agency.

Ratings Matched	Credit Quality	Fitch	IIRA	JCR Eurasia Rating	
	Rank			Banks TL	Institutional TL
Long Term Credit Ratings	1	AAA and AA-	AAA/AA-	AAA/AA-	AAA/AA-
	2	A+ and A-	A+/A-	A+/A-	A+/A-
	3	BBB+ and BBB-	BBB+/BBB-	BBB+/BBB-	BBB+/BB-
	4	BB+ and BB-	BB+/BB-	BB+/BB-	
	5	B+ and B-	B+/B-	B+/B-	
	6	CCC+ and below	B- below	B- below	B- below

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period-December 31, 2022

Asset classes	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	565,121,687	768,779	582,762,368	550,492	723,735	0.12%
2 Exposures to regional governments or local authorities	6,232,224	1,556,289	6,232,224	771,130	3,474,083	49.61%
3 Exposures to public sector entities	756,339	407,335	756,339	170,394	884,041	95.39%
4 Exposures to multilateral development banks	-	-	-	-	-	0.00%
5 Exposures to international organizations	-	-	-	-	-	0.00%
6 Exposures to institutions	31,193,767	9,392,696	31,193,768	5,502,659	12,701,264	34.01%
7 Exposures to corporates	394,804,299	331,879,970	377,163,617	139,905,761	431,310,052	83.41%
8 Retail exposures	169,715,268	137,919,165	169,715,268	16,881,354	141,369,249	75.78%
9 Exposures secured by residential property	70,062,629	3,955,445	70,062,629	1,956,017	25,206,526	35.00%
10 Exposures secured by commercial real estate	79,268,087	15,507,602	79,268,087	10,325,178	58,295,720	65.07%
11 Past-due loans	4,196,453	4,196,453	4,196,453	-	3,121,794	74.39%
12 Higher-risk categories by the Agency Board	113,602,521	301,641	113,602,521	149,779	204,873,495	180.10%
13 Exposures to institutions and corporates with a short-term credit assessment	74,700	-	74,700	-	7,470	10.00%
14 Exposures to institutions and corporates with a short-term credit assessment	133,703	-	133,703	-	133,703	100.00%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	65,566,122	-	65,566,122	-	42,007,984	64.07%
16 Other assets	5,433,089	-	5,433,089	-	5,433,089	100.00%
17 Investment in equities	1,506,160,888	501,688,922	1,506,160,888	176,212,764	929,542,205	55.25%
18 Total						

Prior Period-December 31, 2021

Asset classes	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Exposures to central governments or central banks	315,385,361	771,950	329,064,633	431,534	999,394	0.30%
2 Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,937,000	49.94%
3 Exposures to public sector entities	815,709	192,293	815,709	75,366	876,608	98.38%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	19,480,652	5,508,229	19,480,652	3,531,154	7,447,443	32.36%
7 Exposures to corporates	243,926,688	198,551,356	230,247,416	80,774,830	301,021,221	96.78%
8 Retail exposures	111,641,382	70,467,000	111,641,382	10,896,764	91,849,129	74.96%
9 Exposures secured by residential property	49,614,306	1,985,151	49,614,306	822,645	17,652,933	35.00%
10 Exposures secured by commercial real estate	51,442,638	8,532,029	51,442,638	5,431,096	38,485,571	67.67%
11 Past-due loans	4,432,335	4,432,335	4,432,335	-	3,007,931	67.86%
12 Higher-risk categories by the Agency Board	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
13 Exposures to institutions and corporates with a short-term credit assessment	7,806	-	7,806	-	7,806	-
14 Exposures to institutions and corporates with a short-term credit assessment	21,252,612	-	21,252,612	-	15,486,284	72.87%
15 Other assets	3,204,428	-	3,204,428	-	3,204,428	100.00%
16 Investment in equities	842,914,657	283,597,671	842,914,657	102,251,726	505,054,223	53.44%
17 Investment in equities						
18 Total						

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3. Credit Risk Explanations (Continued)
 Exposures by asset classes and risk weights

Current Period- December 31, 2022	Asset Classes/ Risk Weight*	0%	10%	20%	%35 (Secured bu real estate)	50%	75%	100%	150%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	582,026,705	-	-	-	1,124,840	-	161,315	-	-	583,312,860
2	Exposures to regional governments or local authorities	54,606	-	970	-	6,947,778	-	-	-	-	7,003,354
3	Exposures to public sector entities	10,807	-	39,856	-	-	-	876,070	-	-	926,733
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	658,893	-	20,550,607	-	13,791,568	-	1,695,359	-	-	36,696,427
7	Exposures to corporates	10,522,300	-	71,198,458	-	36,556,517	-	398,792,103	-	-	517,069,378
8	Retail exposures	3,548,505	-	1,263,951	-	644	162,669,542	19,113,980	-	-	186,596,622
9	Exposures secured by residential property	-	-	-	72,018,646	-	-	-	-	-	72,018,646
10	Exposures secured by commercial real estate	-	-	-	-	62,595,091	-	26,998,174	-	-	89,593,265
11	Past-due loans	-	-	-	-	2,244,192	-	1,857,388	94,873	-	4,196,453
12	Higher Risk categories by the Agency Board	35,294	-	21,372	-	-	-	-	45,429,663	68,265,971	113,752,300
13	Exposures in the form of covered bonds	-	74,700	-	-	-	-	-	-	-	74,700
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	133,703	-	-	133,703
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	5,433,089	-	-	5,433,089
16	Other assets	-	-	-	-	-	-	41,678,320	-	-	41,678,320
17	Investments in equities	11,339,150	-	437,174	-	-	-	-	-	-	11,776,324
18	Total	608,196,240	74,700	93,512,388	72,018,646	123,260,630	162,669,542	496,739,501	45,524,536	80,377,449	1,682,373,652

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3. Credit Risk Explanations (Continued)
 Exposures by asset classes and risk weights

Prior Period- December 31, 2021	Asset Classes/ Risk Weight*	0%	10%	20%	%35 (Secured bu real estate)	50%	75%	100%	150%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	328,106,310	-	-	-	957,547	-	255,690	176,620	-	329,496,167
2	Exposures to regional governments or local authorities	9,954	-	260	-	7,873,894	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	-	6,988	-	-	-	875,210	-	-	891,075
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,563	-	14,802,986	-	6,222,813	-	1,375,444	-	-	23,011,806
7	Exposures to corporates	944,780	-	7,671,585	-	5,837,954	-	296,567,927	-	-	311,022,246
8	Retail exposures	794,266	-	990,939	-	644	116,408,001	4,344,940	-	-	122,538,146
9	Exposures secured by residential property	-	-	-	50,436,951	-	-	-	-	-	50,436,951
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	20,097,408	-	-	56,873,734
11	Past-due loans	-	-	-	-	2,945,951	-	1,389,241	97,143	-	4,432,335
12	Higher Risk categories by the Agency Board	32,146	-	35,200	-	-	-	-	14,047,623	-	14,114,969
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	7,806	-	-	7,806
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	3,204,428	-	-	3,204,428
16	Other assets	3,855,916	-	2,388,015	-	-	-	15,008,681	-	-	21,252,612
17	Investments in equities	-	-	25,895,973	-	-	-	-	-	-	25,895,973
18	Total	334,362,812	-	25,895,973	50,436,951	60,614,485	116,408,001	343,126,775	14,321,386	-	945,166,383

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****4. Counterparty Credit Risk Explanations****Qualitative disclosure on counterparty credit risk**

The counterparty credit risk that may be incurred by the counterparty that is a party to a transaction that is liable to both parties due to default before the final payment in the cash flow is managed within the Parent Bank's "Counterparty Credit Risk Management Policy Document". The counterparty credit risk amounts calculated using the "Standard Approach Method" within the scope of the "Communiqué on Credit Risk Mitigation" are calculated on the basis of the portfolios in the trading accounts and banking accounts, and these amounts are used within the scope of capital adequacy calculations. Various scenarios and stress tests are applied to the counterparty credit risk.

Processes related to counterparty credit risk management activities have been written down. In the direction of the policy document and measurement results, activities of evaluating, analyzing and reporting the counterparty credit risk and determining the effect of the capital requirement of the Parent Bank and Group are being continued.

In addition to the measurement activities, sensitivity and scenario analysis are used to evaluate the resistance of the Group to the changes that may be experienced in risk factors against economic developments. Monthly stress test reports include analyzes of counterparty credit risk. The distributions of positions subject to counterparty credit risk calculation, the ratings of these counterparties from independent rating agencies and transaction concentration are regularly monitored by the Risk Management Department of the Parent Bank. The Parent Bank monitors the level of concentration in terms of the counterparty of derivative transactions. The collateral process of derivative transactions, repo, marketable securities transactions etc. with foreign banks is covered with ISDA (International Swap and Derivatives Association) and ISMA (International Securities Market Association) contracts and the collateral agreements regarding the mutual rights and obligations for the transactions between the two parties.

Treasury transactions are valued on a daily basis over the market prices taking into account these contracts and rules from the beginning to the closing of the transaction and the difference between the favorable and unfavorable values of the transactions against the market prices cause the settlement call movements by agreeing with the related banks. In compliance with the limitations of the bank which exposed to counterparty risk, the Parent Bank follows the limit follow up system. Limits, which are defined as loan limits and compromise limits in the system, are monitored instantaneously.

The Parent Bank has fulfilled its statutory obligations under EMIR (European Markets Infrastructure Regulation). The clearing member of the bank has been transmitted to the "counterparty" via a bank and transactions that provide conditions within the existing transactions in the portfolio have started to be cleared under the conditions of EMIR. In this context, the IRS transactions made by the Treasury offices are controlled and cleared over the system, and the transaction becomes official by the central counterparty LCH. Besides the derivative transactions it carries out through LCH (central counterparty), the Bank continues to receive central counterparty service through Takasbank for overnight index swap (OIS) transactions between domestic banks.

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****4. Counterparty Credit Risk Explanations (Continued)****Counterparty credit risk (CCR) approach analysis**

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

Prior Period- December 31, 2021		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk pha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	6,756,001	1,477,240	-	-	8,233,240	4,237,133
2	Standard approach - KKR (for derivatives)	-	-	-	1.4	-	-
3	Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4	Simple methods that can be used to mitigate credit risk-(for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	122,857,258	2,504,164
5	A comprehensive method for credit risk reduction-(for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
7	Total						6,741,297

Capital requirement for credit valuation adjustment (CVA)

Current Period - December 31, 2022		EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-
1	(i) VaR component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital obligation	8,713,513	2,952,324
4	Total subject to the CVA capital obligation	8,713,513	2,952,324
Prior Period- December 31, 2021		EAD post CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-
1	(i) VaR component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardised CVA capital obligation	8,233,240	3,023,178
4	Total subject to the CVA capital obligation	8,233,240	3,023,178

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

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

Current Period- December 31, 2022

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diğer	Total Credit Exposures (*)
Claims from central governments and central banks	35,206,699	-	-	-	-	-	-	-	-	43
Claims from regional and local governments	-	427	2	-	-	-	-	-	-	380
Claims from administration and non- commercial entity	-	530	-	-	-	-	327	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	30,071,901	-	8,665,140	-	9,977,920	-	914,691	-	3,190,344	7,700,486
Corporates	871,011	11,108,010	9,551,382	-	-	-	1,081,557	-	22,923	4,103,093
Retail portfolios	148,831	15,634,608	2,031,224	-	-	172,145	-	-	32	2,098,815
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets (**)	-	-	-	-	-	-	-	-	-	-
Total	66,298,442	26,743,575	20,247,748	9,977,920	172,145	1,996,575	3,213,299	13,902,817		

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

Prior Period- December 31, 2021

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures (*)
Claims from central governments and central banks	92,324,394	-	-	-	-	-	-	-	-	449
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	6
Claims from administration and non- commercial entity	-	63	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	19,034,357	-	6,976,365	-	6,065,306	-	119,546	-	920,632	4,565,885
Corporates	896,983	3,375,992	-	-	-	-	1,770,288	-	277,571	2,113,439
Retail portfolios	79,031	380,460	-	-	-	63,248	-	-	25,162	85,985
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	112,334,765	3,760,956	6,976,391	6,065,306	63,248	1,889,834	1,223,365	6,765,764		

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

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

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Current Period – December 31, 2022	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	55,456,694	-
Cash-foreign currency	-	-	-	-	60,155,920	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	115,612,614	-

Prior Period - December 31, 2021	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	16,680,847	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	134,046,866	-

Loan Derivatives

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

Prior Period - December 31, 2021	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	5,676,270
Fair Values	185,667	2,340,553
Positive fair values (asset)	185,667	-
Negative fair values (liability)	-	2,340,553

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Current Period - December 31, 2022	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		306,606
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3 (i) OTC Derivatives	15,324,776	306,495
4 (ii) Exchange-traded Derivatives	3,115,170	62,303
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	12,209,607	244,192
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	5,390	111
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Prior Period- December 31, 2021	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)		24,690
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3 (i) OTC Derivatives	1,223,365	24,467
4 (ii) Exchange-traded Derivatives	254,347	5,087
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	969,018	19,380
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	88,375	223
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

5. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

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

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

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

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

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

Market Risk- Standardised approach

	Current Period - December 31, 2022	Prior Period - December 31, 2021
	RWA	RWA
Outright products		
1 Interest rate risk (general and specific)	2,110,088	1,788,713
2 Stock risk (general and specific)	464,219	109,628
3 Foreign exchange risk	6,432,658	7,386,951
4 Commodity risk	834,371	457,555
Options		
5 Simplified approach	-	-
6 Delta-plus method	68,626	27,129
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	9,909,960	9,769,976

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

6. Explanations on Operational Risk

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on October 23, 2015 is used in the operational risk calculation of the Group. Under the scope of the calculation, the value found by multiplying the average of the fifteen percent of the year-end gross income amounts realized by the Group over the last three years by twelve and half is considered as the operational risk.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-tomaturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

All staff of the Bank is responsible within the scope of their own roles and work processes of controlling and decreasing operational risks. All units of the Bank are responsible of taking risk-reducing measures through insurance or other risk transfer mechanisms to reduce operational risks that may arise in their own business activities.

Current Period - December 31, 2022	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	15,438,683	21,378,716	20,283,152	19,033,517	15	2,855,028
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	35,687,845

Prior Period- December 31, 2021	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	14,753,373	15,438,683	21,378,716	17,190,257	15	2,578,539
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	32,231,733

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(Continued)****XI. INFORMATION ON RISK MANAGEMENT (Continued)****7. Interest Rate Risk Related to Banking Book**

The Parent Bank has evaluated to interest rate risk arising from on-balance sheet and off-balance sheet positions in banking accounts in accordance within accordance with "Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method" performs and reports on these measurement based results and analyzes on weekly and monthly periods. In addition, in the Asset-Liability Management Committee meetings, the sensitivity of the active, passive and off-balance sheet items to the interest rate is evaluated taking into consideration the market developments.

In line with the management of interest rate risk arising from banking accounts; Scenario analysis, gap analysis to date of re-pricing, behavioral analysis, core demand deposit level, duration and maturity mismatch metrics, option risk, base risk and yield curve risk components are followed together.

Current Period- December 31, 2022	Currency	Applied Shock (+/- x basis points) *	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(5,232,312)/4,816,205	(%3.72) / %3.42
2	EURO	200/(200)	(3,009,531)/3,705,360	(%2.14) / %2.63
3	USD	200/(200)	(2,606,590)/3,198,781	(%1.85) / %2.27
Total (for negative shocks)		-	11,720,345	%8.33
Total (for positive shocks)		-	(10,848,434)	(%7.71)

Prior Period- December 31, 2021	Currency	Applied Shock (+/- x basis points) *	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(5,486,562)/5,070,845	(%7.06) / %6.53
2	EURO	200/(200)	(4,431,583)/785,195	(%5.71) / %1.01
3	USD	200/(200)	(737,408)/786,504	(%0.95) / %1.01
Total (for negative shocks)		-	6,642,544	%8.55
Total (for positive shocks)		-	(10,655,553)	(%13.72)

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**CONSOLIDATED FINANCIAL REPORT
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SECTION FIVE**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS****I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS****1. Information on cash and balances with the Central Bank**

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Cash	4,766,490	8,799,152	1,930,257	2,041,142
Central Bank of the Republic of Türkiye (*)	43,544,012	211,076,405	26,610,644	109,585,919
Other	84,940	704,315	819,123	3,185,460
Total	48,395,442	220,579,872	29,360,024	114,812,521

(*) TL 82,537,852 (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 – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Unrestricted demand deposits	42,937,215	50,293,731	25,948,962	52,616,864
Restricted demand deposits	606,797	-	375,623	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	78,244,822	-	-
Reserve Deposits	-	82,537,852	286,059	56,969,055
Total	43,544,012	211,076,405	26,610,644	109,585,919

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

In the current period, there are no financial assets subject to repo transactions and given as collateral/blocked financial assets at fair value through profit or loss. (31 December 2021: Subject to Repo Transactions TL 14,383,082)

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Forward transactions	134,695	443	1,186,318	5,610
Swap transactions	14,094,488	3,085,122	17,972,859	1,895,937
Futures	-	-	-	-
Options	474	52,603	12,457	173,245
Other	-	-	-	-
Total	14,229,657	3,138,168	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 December 31, 2022, the fair value of this transaction is TL 1,722,403, with a nominal amount of 120 million USD and an average maturity of 1.54 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 - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Banks				
Domestic	143,920	19,799	151,858	309,039
Foreign	-	28,596,959	1,120,350	20,044,049
Foreign Head Offices and Branches	-	-	-	-
Total	143,920	28,616,758	1,272,208	20,353,088

Due from foreign banks

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Unrestricted Balance	Restricted Balances (**)	Unrestricted Balance	Restricted Balances (**)
EU Countries	4,077,788	719,061	471,899	1,029,715
USA, Canada	4,962,554	2,504,957	2,150,852	3,809,939
OECD Countries (*)	2,587,473	12,741,608	2,252,210	10,828,879
Off-shore Banking Regions	69,185	-	1,350	-
Others	934,333	-	619,555	-
Total	12,631,333	15,965,626	5,495,866	15,668,533

(*) EU countries, OECD countries except USA and Canada.

(**) Restricted balances that occur from securitisation loans and other common banking activities

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	6,024,871	13,831,275	13,880,235	2,604,505
Other	-	-	-	-
Total	6,024,871	13,831,275	13,880,235	2,604,505

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

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Government bonds	26,356,794	48,817,628	10,777,067	56,651,084
Treasury bills	-	-	-	-
Other debt securities	-	14,613,928	-	7,615,243
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	26,356,794	63,431,556	10,777,067	64,266,327

Information on financial assets at fair value through other comprehensive income

	Current Period - December 31, 2022	Prior Period - December 31, 2021
	Debt securities	205,770,179
Quoted on a Stock Exchange	203,769,735	140,442,608
Unquoted	2,000,444	273,589
Equity securities	134,589	21,978
Quoted on a Stock Exchange	-	-
Unquoted	134,589	21,978
Provisions for impairment losses (-)	2,221,289	1,784,498
Total	203,683,479	138,953,677

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

5. Information on loans

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

	Current Period – December 31, 2022		Prior Period - December 31, 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	1,187	-	8,344
Legal entities	-	1,187	-	8,344
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	602,165	-	481,072	-
Total	602,165	1,187	481,072	8,344

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

	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	844,237,049	32,644,066	1,998,708	42,787,312
Loans given to enterprises	226,182,323	17,720,897	1,835,446	38,266,353
Export loans	73,853,772	693,501	-	-
Import loans	-	-	-	-
Loans given to financial sector	15,429,267	8,685	-	-
Consumer loans	133,450,476	1,261,497	9,224	598,495
Credit cards	55,684,826	575,878	153,735	-
Other	339,636,385	12,383,608	303	3,922,464
Specialized lending	-	-	-	-
Other receivables	-	30,814,582	-	-
Total	844,237,049	63,458,648	1,998,708	42,787,312

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Prior Period - December 31, 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 - December 31, 2022

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

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

Maturity analysis of cash loans

	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
Current Period - December 31, 2022			
Short-term Loans	346,986,023	40,934,342	12,153,333
Medium, Long-term Loans	497,251,026	22,524,306	32,632,687
Prior Period - December 31, 2021			
Short-term Loans	131,765,550	16,226,293	140,321
Medium, Long-term Loans	383,906,385	33,048,397	24,528,217

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Installment based commercial loans and corporate credit cards

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Allocation of loan customers ()*

	Current Period - December 31, 2022	Prior Period- December 31, 2021
Public Sector	27,239,912	18,853,395
Private Sector	925,241,805	570,761,768
Total	952,481,717	589,615,163

(*) Non-performing loans are not included.

Allocation of domestic and overseas loans ()*

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Domestic loans	941,033,981	580,835,414
Foreign loans	11,447,736	8,779,749
Total	952,481,717	589,615,163

(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - December 31, 2022	Prior Period- December 31, 2021
Direct loans to associates and subsidiaries	126,530	50,676
Indirect loans to associates and subsidiaries	-	-
Total	126,530	50,676

Specific provisions accounted for loans (Stage 3)

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Loans and receivables with limited collectability	1,091,792	531,455
Loans and receivables with doubtful collectability	1,301,592	977,216
Uncollectible loans and receivables	14,563,609	13,109,737
Total	16,956,993	14,618,408

*Information on non-performing loans (Net)**Information on non-performing loans and other receivables restructured or rescheduled*

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current period - December 31, 2022			
Gross Amounts Before The Reserves	129,331	401,229	2,138,138
Loans Which Are Restructured	129,331	401,229	2,138,138
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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Movements in non-performing loan groups

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

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

(**) As of December 31, 2022, the Bank has TL 3,186,885 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been deducted from the records. After the loans are written off, the Bank's NPL ratio decreased from 2.45% to 2.13%.

	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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2022			
Balance at the end of the period	1,363,356	470,985	5,735,580
Provision (-)	618,801	328,422	5,440,474
Net balance on balance sheet	744,555	142,563	295,106
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 - December 31, 2022			
Current Period (Net)	1,289,098	872,800	1,716,645
Consumer and Commercial Loans (Gross)	2,378,308	2,174,370	16,260,228
Provision (-)	1,089,215	1,301,577	14,543,597
Consumer and Commercial Loans (Net)	1,289,093	872,793	1,716,631
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,582	22	20,026
Provision (-)	2,577	15	20,012
Other Loans and Receivables (Net)	5	7	14

	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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net) - December 31, 2022	26,275	76,700	256,464
Interest accruals and valuation differences	47,049	185,656	2,312,090
Provision (-)	20,774	108,956	2,055,626
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 – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Government bonds	124,497,259	22,217,950	48,358,190	15,883,492
Treasury bills	-	-	-	-
Other securities issued by the governments	-	11,611,721	-	9,293,290
Total	124,497,259	33,829,671	48,358,190	25,176,782

Information on financial assets measured at amortized cost

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Debt Securities	158,592,852	73,861,983
Quoted at stock exchanges	158,385,880	73,593,922
Unquoted at stock exchanges	206,972	268,061
Impairment losses (-)	-	-
Total	158,592,852	73,861,983

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

	Current Period – December 31, 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	8,334,895	9,987,748
Purchases during the period	41,636,940	1,418,048
Disposals through sales/redemptions	(3,320,778)	(2,975,048)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	38,079,812	6,683,983
Balances at the end of the period	158,592,852	73,861,983

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

Prior Period - December 31, 2021	Cost		Carrying Value	
	TL	FC	TL	FC
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.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates (Continued)

Unconsolidated investments in associates (Continued)

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	19,395,343	6,735,373	2,119,538	76,360	2,876	2,667,040	783,247	28,520,000
2	805,905	685,073	131,150	82,758	-	314,832	137,294	-
3	875,483	117,467	414,875	42,415	1,333	(1,800)	75,307	-
4	131,036	(244,148)	88,063	1	-	(139,204)	21,149	-
5	81,583	(656,613)	71,756	-	-	(226,086)	(67,129)	-
6	85,804,572	4,516,938	176,860	1,493,313	193,627	1,732,121	890,757	-
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)	-

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

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

It has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the current period. TL 270,577 of the capital increase will be covered by paid, TL 588,211 from internal resources. The remaining 3/4 of the TL 26,872 worth of shares corresponding to Parent Bank's share, TL 20,154, has been paid.

It has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the 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 Karlı Sistemler AŞ with a share transfer agreement dated April 22, 2022. The Parent Bank's share was paid TL 700 in return for the share transfer. After the share transfer, the Parent Bank's share in the Company increased from 20% to 33.33%.

In the current period, it has been decided to increase the paid-in capital of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, one of the Parent Bank's subsidiaries, from 145,000 TL to 340,000 TL by means of a paid-in increase. After the capital increase, the share which corresponds to the Parent Bank is TL 64,994.

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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates (Continued)

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
2	Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Türkiye	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	3,776,619	189,229	9,269	286,536	4,164	57,996	20,690	-
2	117,621,660	12,992,456	3,534,763	6,235,037	4,139,197	3,980,412	1,081,109	12,280,799

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 – December 31, 2022	Prior Period – December 31, 2021
Balance at the beginning of the period	349,103	428,622
Movements during the period	694,838	(79,519)
Transfers	-	-
Acquisitions	-	-
Bonus shares received	4,500	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	690,338	-
Impairment losses	-	(79,519)
Balance at the end of the period	1,043,941	349,103
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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

7. Investments in associates (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Banks	1,043,941	349,103
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	1,043,941	349,103

Quoted associates

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Quoted at domestic stock exchanges	1,028,822	338,484
Quoted at international stock exchanges	-	-
Total	1,028,822	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 the Parent 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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries

Information on significant subsidiaries

	Current Period – December 31, 2022	VakıfBank International AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000	
Share Premium	-	1,662	137	-	322,717	121	
Equity share premiums	-	1,366	-	-	301,118	28	
Share cancellation profits	-	296	137	-	-	-	
Other capital reserves	-	97,494	6,500	22,501	-	21,599	93
Other accumulated comprehensive income that will be reclassified in profit or loss	-	-	-	-	-	(665)	(43)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,512,228	-	-	-	-	-	-
Profit Reserves	26,550	92,683	152,736	135,080	155,104	1,645	
Legal Reserves	26,550	20,737	53,122	29,006	19,520	478	
Statutory reserves	-	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	547	1,167
Other Profit Reserves	-	-	75,050	-	-	-	-
Profit/Loss	190,572	415,435	388,711	494,842	885,790	5,644	
Prior Period's Profit/Loss	148,344	(52,549)	5,058	(31,857)	5,221	(3)	
Current Period's Profit/Loss	42,228	467,984	383,653	526,699	880,569	5,647	
Minority Rights	-	-	-	-	-	-	-
Total Core Capital	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367	
SUPPLEMENTARY CAPITAL	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367	
NET AVAILABLE EQUITY	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367	

(*) Audited BRSA financial statements as of December 31, 2022 are considered.

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	VakıfBank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Prior Period - December 31, 2021						
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	-	-	42,588	95,603	133,008	13
Extraordinary Reserves	-	50,279	75,050	-	547	-
Other Profit Reserves	153,745	88,836	206,348	84,425	159,988	1,669
Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	(1,401)
Prior Period's Profit/Loss	85,312	153,983	202,267	125,845	153,236	3,070
Minority Rights	-	-	-	-	-	-
Current Period's Profit/Loss	2,689,362	662,642	518,651	558,813	1,627,854	32,162
Total Core Capital	2,689,362	662,642	518,651	558,813	1,627,854	32,162
SUPPLEMENTARY 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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)****8. Investments in subsidiaries (Continued)**

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every weekly terms as an independent audit, in line with the "Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies" Serial: V, No:34 of the Capital Markets Board. According to the calculations at December 31, 2021, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank's Share -If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/Türkiye	67.27	84.82
2 Taksim Otelcilik AŞ (*)	Istanbul/Türkiye	52.43	52.43
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	Istanbul/Türkiye	96.73	98.76
4 Vakıf Gayrimenkul Değerleme AŞ (*)	Istanbul/Türkiye	97.14	97.14
5 Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ (*)	Istanbul/Türkiye	100.00	100.00

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	253,396	253,038	34,327	5,091	-	62,788	(4,077)	140,984
2	569,640	530,410	202,882	33,524	-	81,938	50,921	816,136
3	251,605	154,673	109,784	10,547	194	8,733	(422)	180,670
4	71,920	61,154	360	5,876	-	5,194	(8,732)	61,154
5	109,290	109,088	2,123	14,488	-	8,760	-	100,000

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

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

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

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

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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Investments in consolidated subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Faktoring AŞ	Istanbul/Türkiye	92.10	94.45
2 Vakıf Finansal Kiralama AŞ	Istanbul/Türkiye	62.05	62.05
3 Vakıf Yatırım Menkul Değerler AŞ	Istanbul/Türkiye	99.50	99.66
4 VakıfBank International AG	Vienna/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	49.65	49.65

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 23,001,644	1,154,300	5,883	2,422,296	-	546,720	116,286	1,022,000
2 13,219,851	1,324,939	221,292	1,212,791	-	518,566	128,071	3,213,600
3 4,900,471	798,083	51,603	130	23,992	383,652	202,267	839,000
4 17,688,826	3,413,754	12,032	384,950	-	36,590	61,782	1,843,727
5 38,120	37,366	102	399	8,810	5,643	3,067	242,370
6 6,702,899	4,772,769	5,245,478	204,154	41,248	2,332,117	474,688	7,215,790

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Balance at the beginning of the period	4,141,635	3,272,863
Movements during the period	5,136,522	868,772
Transfers	-	-
Acquisitions	257,307	426,846
Bonus shares received	307,337	175,660
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	4,587,310	848,932
Impairment losses	(15,432)	(582,666)
Balance at the end of the period	9,278,157	4,141,635
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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

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

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

In the 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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Investments in consolidated subsidiaries (Continued)

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.

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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Measured at cost	-	-
Measured at fair value (*)	9,278,157	4,141,635
Equity method of accounting	-	-
Total	9,278,157	4,141,635

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

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period - December 31, 2022	Prior Period- December 31, 2021
Banks	1,843,727	1,369,078
Factoring companies	941,244	460,454
Leasing companies	1,993,897	905,048
Financing companies	-	-
Other financial subsidiaries	4,499,289	1,407,055
Total	9,278,157	4,141,635

Quoted consolidated subsidiaries

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Quoted at domestic stock exchanges	5,658,381	1,716,749
Quoted at international stock exchanges	-	-
Total	5,658,381	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 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on November 25, 2021. The Parent Bank's share in the Company is 100% and shares worth 100,000 TL.

9. Investments in joint-ventures

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Gross	Net	Gross	Net
Less than 1 year	2,039,611	1,813,736	1,197,813	1,234,244
Between 1-4 years	7,001,171	5,335,389	3,555,711	3,004,845
Longer than 4 years	1,981,371	1,274,852	957,785	742,242
Total	11,022,153	8,423,977	5,711,309	4,981,331

Net investments in finance lease receivables

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Gross finance lease receivables	11,022,153	5,711,309
Unearned income on finance lease receivables (-)	2,598,176	729,978
Terminated lease contracts (-)	-	-
Net finance lease receivables	8,423,977	4,981,331

Finance lease agreements

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

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	2,912,029	1,588,642	232,622	2,374,364	7,107,657
Accumulated depreciation (-)	59,158	722,979	98,098	1,548,789	2,429,024
Impairment (-)	299,302	-	-	238,280	537,582
Net book value	2,553,569	865,663	134,524	587,295	4,141,051
Current Period:					
Net book value at the beginning of the current year	2,553,569	865,663	134,524	587,295	4,141,051
Additions	6,792,509	1,216,248	2,260	628,121	8,639,138
Transferred cost	1,022,158	-	-	-	1,022,158
Transferred amortisation	13	-	-	-	13
Cost of the disposals (-)	665,976	1,023,765	3,396	40,116	1,733,253
Depreciation of the disposals (-)	678	157,308	1,562	13,870	173,418
Depreciation of the current year (-)	12,389	312,212	41,591	207,335	573,527
Impairment (-)	12,267	-	-	1,687	13,954
Exchange differences related to foreign associates	573	-	457	27,173	28,203
Cost at the end of the current year	10,061,293	1,781,125	231,943	2,989,542	15,063,903
Accumulated depreciation at the end of the year (-)	70,856	877,883	138,127	1,742,254	2,829,120
Impairment (-)	311,569	-	-	239,967	551,536
Net book value at the end of the current year	9,678,868	903,242	93,816	1,007,321	11,683,247

13. Information on intangible assets

Group's intangible assets consist of computer softwares and licences. The estimated useful life or depletion share of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Parent Bank divides the depletion share of intangible assets according to inflation adjusted values.

There is not any intangible asset that is important for fullest extend of financial statements.

Group does not have any intangible asset that is collateral or acquired by government promotion and has a limitation on usage.

The Parent Bank did not declare a commitment to purchase intangible assets.

14. Information on investment properties

As of December 31, 2022, there are investment properties with a net balance sheet value of TL 1,307,194 (December 31, 2021: TL 972,154) and a fair value of TL 3,444,057 (December 31, 2021: 1,594,627 TL), belonging to the Parent Bank's subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on tax assets

a) Current tax assets

None.

b) Deferred tax assets

The deferred tax asset of the Bank as of December 31, 2022 is TL 3,061,414 (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 December 31, 2022 and December 31, 2021 is as follows:

	Current Period – December 31, 2022	Prior Period – December 31, 2021
As of 1 January	58,048	1,177,204
Deferred tax income/(loss)	6,397,464	(896,058)
Deferred tax that is accounted under Equity	(3,427,490)	(241,344)
Other	(23,012)	18,246
Deferred tax asset/(liability)	3,005,010	58,048

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

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

As of December 31, 2022, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 411,964 (December 31, 2021: TL 756,999), and the provision for impairment is TL 986 (December 31, 2021: TL 1,746).

17. Information on other asset

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

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

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Balances with the Central Bank	2,865	1,532
Banks	9,849	12,853
Total	12,714	14,385
Financial Assets Measured at Amortized Cost	20,008	8,247
Total	32,722	22,632

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
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.)
November 28, 2022	367	USD	222.5	SOFR + 4.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C.)
	367	EUR	328	Euribor + 4%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C.)

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions)	Loan Type
May 13, 2011	June 15, 2023	USD	346.5	Based on international remittance flows
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 December 31, 2022, the total securitization balance is equivalent of USD 1,616 million and EUR 252 million. (December 31, 2021: USD 1,689 million and EUR 337 million).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on securities issued

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.

Current Period - December 31, 2022	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	6,120,841	1,478,000	1,396,773	60,909,813
Cost	5,826,392	1,478,000	1,396,125	60,640,318
Net Book Value	5,977,873	1,560,098	1,411,042	62,129,106
Prior Period - December 31, 2021				
Nominal	6,124,552	5,180,500	870,290	49,466,408
Cost	5,922,474	5,180,500	869,722	49,272,954
Net Book Value	6,031,337	5,301,471	871,154	50,333,665

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

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

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

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

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, 136,575 TL of lease payments were made in the related period. (December 31, 2021: 92,072 TL).

	Current Period - December 31, 2022		Prior Period-December 31,2021	
	Gross	Net	Gross	Net
Under 1 year	837,410	370,323	50,901	46,361
1-4 Years	571,224	279,115	367,671	300,266
Over 4 years	752,974	375,281	1,078,023	611,966
Total	2,161,608	1,024,719	1,496,595	958,593

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

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

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

None.

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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 December 31, 2022, TL 1,994,327 (December 31, 2021: TL 998,880) provision for severance pay and TL 195,642 (December 31, 2021: TL 104,852) provision for unused vacation are stated in financial statements under employee rights provision.

Movement of severance pay provision in the period:

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Opening balance	998,880	794,007
Current service cost	97,786	77,524
Previous service cost	226	377
Interest cost	179,074	97,427
Paid compensation	(66,890)	(40,527)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	5,051	2,055
Actuary loss/(gain)	777,939	65,121
Net foreign exchange differences from foreign subsidiaries	2,261	2,896
Closing balance	1,994,327	998,880

Information on pension rights

The technical financial statements of the Fund are audited by an actuary registered in the actuarial registry in accordance with Article 21 of the Insurance Law No. 5684 registered to "Actuarial Regulation" issued pursuant to this article. Based on the actuarial report dated January 2022, neither technical nor actual deficit has been identified that requires provisioning.

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Transferable retirement and health liabilities		
Net Present Value of Transferable Retirement Liabilities	(22,011,351)	(10,570,828)
Net Present Value of Transferable Retirement and Health Contributions	20,122,767	10,470,302
General Administration Expenses	(220,114)	(105,708)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(2,108,698)	(206,234)
Fair Value of Plan Assets (2)	11,482,979	7,215,596
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	9,374,281	7,009,362

Actuarial assumptions used in valuation of Non-Transferable Benefits based on TAS 19 are as follows:

Discount Rates	Current Period – December 31, 2022	Previous Period - December 31, 2021
Benefits Transferable to SSI	%9.80	%9.80
Non-Transferable Benefits	%2.50	%2.50

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

Distribution of total assets of the Retirement Fund as of December 31, 2022 and December 31, 2021 is presented below:

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Bank placements	2,862,885	4,183,613
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	3,279,039	518,000
Tangible assets (*)	5,011,158	2,232,947
Other	329,895	281,036
Total	11,482,979	7,215,596

(*) As of 31 December 2022, the value of the fixed assets are shown considering the fair value of the properties owned instead of the balance sheet value.

Provision for currency exchange loss on foreign currency indexed loans

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

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

As of December 31, 2022 the Parent Bank has recorded TL 50,421 (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 December 31, 2022, the free provision in the financial statements amounted to a total of TL 19,000,000, of which is constituted by TL 17,228,000 in the current period and TL 1,772,000 in the prior periods. (December 31, 2021: TL 1,772,000)

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

8. Taxation

Current Taxes

Tax provision

As at and for the year ended December 31, 2022, the tax liability of the Group is amounting to TL 4,020,030 (December 31, 2021: TL 127,147).

Information on taxes payable

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Corporate taxes payable	4,020,030	127,147
Taxation on securities	464,843	372,700
Capital gains tax on property	5,540	5,763
Banking and Insurance Transaction Tax (BITT)	640,813	359,635
Taxes on foreign exchange transactions	22,623	59,585
Value added tax payable	49,505	31,105
Other	187,204	133,366
Total	5,390,558	1,089,301

Information on premiums payable

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Social security premiums- employee share	2,856	695
Social security premiums- employer share	2,577	642
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	127	32
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	4,789	3,153
Unemployment insurance- employer share	9,488	6,284
Other	2	260
Total	19,839	11,066

Information on deferred tax liabilities

Group's deferred tax debts as of December 31, 2022, TL 56,404 (December 31, 2021: TL 14,719).

The reconciliation of the deferred tax on the assets directly related to the equity is as follows as of December 31, 2022 and December 31, 2021:

	Current Period December 31, 2022	Prior Period December 31, 2021
Financial assets at fair value through other comprehensive income	(3,145,274)	(216,847)
Associates and subsidiaries	(108,291)	(37,800)
Tangible assets	(383,084)	333
Actuarial gains and losses	209,159	12,970
Total	(3,427,490)	(241,344)

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

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 24,043,286 as of December 31, 2022 (December 31, 2021: TL 28,968,427).

	Current Period- December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,145,157	14,475,926	5,145,230	11,018,134
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,157	14,475,926	5,145,230	11,018,134
Debt instruments to be included in the additional capital calculation	4,422,203	-	1,259,521	11,545,542
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,422,203	-	1,259,521	11,545,542
Total	9,567,360	14,475,926	6,404,751	22,563,676

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

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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 – December 31, 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 – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	3,675,834	-	1,720,269	-
Financial assets at fair value through other comprehensive income	11,620,755	(816,613)	1,263,629	440,429
Foreign exchange differences	14,526	-	8,748	-
Total	15,311,115	(816,613)	2,992,646	440,429

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS****1. Disclosures related to off-balance sheet commitments***Type and amount of consolidated irrevocable commitments*

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Commitments for credit card limits	81,979,697	30,687,962
Loan granting commitments	60,805,000	34,017,673
Commitments for cheque payments	6,916,438	7,029,711
Asset purchase sale commitments	56,192,549	13,030,758
Other	14,057,522	5,625,932
Total	219,951,206	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 583,361 (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 50,421 (December 31, 2021: TL 44,305).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Provisional letters of guarantee	5,312,468	3,239,783
Final letters of guarantee	79,435,509	51,344,606
Letters of guarantee for advances	28,688,031	14,848,052
Letters of guarantee given to custom offices	5,938,641	2,542,604
Other letters of guarantee	101,497,012	62,104,990
Total	220,871,661	134,080,035

2. Non-cash loans

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Non-cash loans given for cash loan risks	54,770,548	44,781,413
<i>With original maturity of 1 year or less</i>	7,674,681	8,896,727
<i>With original maturity of more than 1 year</i>	47,095,867	35,884,686
Other non-cash loans	224,585,683	148,674,513
Total	279,356,231	193,455,926

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)****3. Sectoral risk concentrations of non-cash loans**

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	%	TL	%
Agricultural	244,348	0.20	472,287	0.31
Farming and Cattle	224,411	0.18	187,736	0.12
Forestry	8,032	0.01	-	-
Fishing	11,905	0.01	284,551	0.19
Manufacturing	49,401,506	38.80	69,019,266	45.41
Mining	1,038,377	0.82	1,482,590	0.98
Production	38,985,823	30.62	61,690,706	40.58
Electric, gas and water	9,377,306	7.36	5,845,970	3.85
Construction	23,530,449	18.48	25,771,591	16.95
Services	51,427,383	40.39	43,592,565	28.68
Wholesale and retail trade	22,972,726	18.05	16,005,899	10.53
Hotel, food and beverage Services	1,520,860	1.19	1,096,002	0.72
Transportation and telecommunication	8,373,286	6.58	21,195,269	13.94
Financial institutions	11,073,975	8.70	1,224,508	0.81
Real estate and renting Services	3,022,793	2.37	1,914,088	1.26
Self-employment services	3,634,382	2.85	989,576	0.65
Education services	423,681	0.33	56,232	0.04
Health and social services	405,680	0.32	1,110,991	0.73
Other	2,720,999	2.13	13,175,837	8.65
Total	127,324,685	100.00	152,031,546	100.00

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

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

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

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**DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)****5. Information on derivative transactions**

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	186,003,245	150,532,949
Currency Forwards	2,185,436	14,493,825
Currency Swaps	159,846,749	128,757,449
Currency Futures	1,476,432	-
Currency Options	22,494,628	7,281,675
Interest Rate Derivative Transactions (II)	145,399,273	127,590,653
Interest Rate Forwards	-	-
Interest Rate Swaps	145,399,273	127,590,653
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	72,672,594	71,235,697
A. Total Trading Derivatives (I+II+III)	404,075,112	349,359,299
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives		
Derivative Transactions (A+B)	404,075,112	349,359,299

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)****5. Information on derivative transactions (Continued)**

Current Period - December 31, 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	50,607,684	213,151	4,712,643	-	-	55,533,478
Sale	57,574,579	1,241,311	4,705,819	-	-	63,521,709
Currency forwards:						
Purchase	2,441	835,112	345,732	-	-	1,183,285
Sale	2,427	656,412	343,312	-	-	1,002,151
Cross currency interest rate swaps:						
Purchase	-	749,200	625,975	16,357,478	8,298,023	26,030,676
Sale	-	153,710	625,975	11,456,304	2,524,897	14,760,886
Interest rate swaps:						
Purchase	-	30,000	1,017,109	32,225,018	39,427,510	72,699,637
Sale	-	30,000	1,017,108	32,225,018	39,427,510	72,699,636
Options:						
Purchase	2,849,346	8,340,850	174,657	-	-	11,364,853
Sale	2,855,666	8,109,992	164,117	-	-	11,129,775
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	655,550	-	-	-	655,550
Sale	-	820,882	-	-	-	820,882
Other trading derivatives:						
Purchase	7,718,862	1,126,964	299,606	21,151,892	10,133,829	40,431,153
Sale	556,006	103,697	299,604	18,488,911	12,793,223	32,241,441
Total purchases	61,178,333	11,950,827	7,175,722	69,734,388	57,859,362	207,898,632
Total sales	60,988,678	11,116,004	7,155,935	62,170,233	54,745,630	196,176,480
Total	122,167,011	23,066,831	14,331,657	131,904,621	112,604,992	404,075,112

Prior Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	49,837,375	4,784,639	3,402,204	-	402,000	58,426,218
Sale	45,122,140	3,714,711	3,381,030	-	-	52,217,881
Currency forwards:						
Purchase	272,988	1,995,127	4,990,116	-	-	7,258,231
Sale	272,496	1,990,262	4,972,836	-	-	7,235,594
Cross currency interest rate swaps:						
Purchase	-	-	-	5,982,041	6,204,653	12,186,694
Sale	-	-	-	3,130,009	2,796,647	5,926,656
Interest rate swaps:						
Purchase	15,000	15,000	6,340,371	11,333,954	46,091,002	63,795,327
Sale	15,000	15,000	6,340,370	11,333,954	46,091,002	63,795,326
Options:						
Purchase	913,138	2,042,735	648,810	-	-	3,604,683
Sale	805,646	2,179,284	692,062	-	-	3,676,992
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Other trading derivatives:						
Purchase	8,605,326	695,218	2,467,019	10,944,387	15,354,929	38,066,879
Sale	5,360,710	695,218	2,134,018	10,076,069	14,902,803	33,168,818
Total purchases	59,643,827	9,532,719	17,848,520	28,260,382	68,052,584	183,338,032
Total sales	51,575,992	8,594,475	17,520,316	24,540,032	63,790,452	166,021,267
Total	111,219,819	18,127,194	35,368,836	52,800,414	131,843,036	349,359,299

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(Continued)****III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)****7. Contingent assets and liabilities**

Group allocates TL 40,057 as provision for lawsuits against the Group (December 31, 2021: TL 43,729).

8. 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 – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Short-term Loans	32,018,642	1,935,226	13,920,417	911,092
Medium and Long-Term Loans	37,913,231	14,008,145	29,481,757	8,181,771
Non-performing Loans	907,019	114	662,874	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	70,838,892	15,943,485	44,065,048	9,092,863

Information on interest income received from banks

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	-	276,567	-	-
Domestic Banks	31,910	35,591	16,121	5,675
Foreign Banks	-	318,102	-	10,415
Foreign Head Office and Branches	-	-	-	-
Total	31,910	630,260	16,121	16,090

Information on interest income received from marketable securities portfolio

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	52,282	358,840	23,531	217,454
Financial assets at fair value through other comprehensive income	21,639,349	4,813,597	6,861,009	2,454,280
Financial assets measured at amortized cost	43,664,117	1,613,903	8,260,089	1,010,249
Total	65,355,748	6,786,340	15,144,629	3,681,983

Information on interest income received from associates and subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Interest Received from Associates and Subsidiaries	11,125	4,332

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)****2. Interest Expense***Interest expense on funds borrowed*

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Banks	979,390	3,587,016	311,912	1,519,459
Central Bank of the Republic of Türkiye	329,049	7,441	17,505	7,059
Domestic Banks	636,920	263,962	269,767	209,949
Foreign Banks	13,421	3,315,613	24,640	1,302,451
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	195,875	-	70,446
Total	979,390	3,782,891	311,912	1,589,905

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Interests paid to the associates and subsidiaries	304,923	18,641

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2022 is TL 7,889,345 (TL 2,587,381 and FC 5,301,964). (December 31, 2021: TL 6,256,561 (TL 2,730,791 and FC 3,525,770)).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Interest Expense

Maturity structure of the interest expense on deposits

Time Deposits								
Current Period – December 31, 2022	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
TL								
Interbank deposits	-	145,535	1,764,828	6,530	58,155	-	-	1,975,048
Saving deposits	6,205	1,664,246	5,126,119	10,209,289	717,754	774,401	960	18,498,974
Public sector deposits	47,643	4,955,873	1,341,796	116,469	46,303	6,006	-	6,514,090
Commercial deposits	27,079	7,911,861	7,476,726	2,292,371	4,123,138	455,655	-	22,286,830
Other deposits	4,079	862,303	3,543,151	482,692	75,085	30,787	-	4,998,097
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	85,006	15,539,818	19,252,620	13,107,351	5,020,435	1,266,849	960	54,273,039
FC								
Foreign currency deposits	245,946	1,009,452	3,585,557	787,374	101,477	116,910	-	5,846,716
Interbank deposits	10,050	41,413	502,190	1,858	16,548	-	-	572,059
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	716	2,225	11,817	1,182	-	15,940
Total	255,996	1,050,865	4,088,463	791,457	129,842	118,092	-	6,434,715
Grand Total	341,002	16,590,683	23,341,083	13,898,808	5,150,277	1,384,941	960	60,707,754

Time Deposits								
Prior Period – December 31, 2021	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
TL								
Interbank deposits	-	371,866	756,887	-	-	-	-	1,128,753
Saving deposits	762	1,578,025	9,318,284	406,703	174,710	206,367	745	11,685,596
Public sector deposits	36,343	905,346	1,162,027	101,172	58,270	10,175	-	2,273,333
Commercial deposits	2,009	4,180,252	5,293,222	213,160	113,171	40,389	-	9,842,203
Other deposits	56	344,756	2,587,379	484,868	281,539	164,856	-	3,863,454
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	39,170	7,380,245	19,117,799	1,205,903	627,690	421,787	745	28,793,339
FC								
Foreign currency deposits	21,574	304,807	1,460,101	88,281	69,654	109,804	-	2,054,221
Interbank deposits	4,552	50,563	102,912	-	-	-	-	158,027
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	7,364	1,034	-	8,422
Total	26,126	355,370	1,563,037	88,281	77,018	110,838	-	2,220,670
Grand Total	65,296	7,735,615	20,680,836	1,294,184	704,708	532,625	745	31,014,009

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Dividend Income

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Financial assets at fair value through profit or loss	3,796	1,253
Financial assets at fair value through other comprehensive income	7,704	1,789
Investments in Associates	45,891	20,352
Total	57,391	23,394

4. Information on trading income/losses

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Income	108,491,269	87,769,285
Income from capital market operations	29,100,035	21,178,963
Income from derivative financial instruments	53,451,938	39,365,112
Foreign exchange gains	25,939,296	27,225,210
Losses	(102,728,449)	(92,023,400)
Loss from capital market operations	(27,244,413)	(20,429,591)
Loss from derivative financial instruments	(54,015,790)	(46,311,653)
Foreign exchange loss	(21,468,246)	(25,282,156)
Net trading profit/loss	5,762,820	(4,254,115)

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 net loss of TL 1,413,106 as at and for the year ended December 31, 2022 (December 31, 2021: net loss of TL 5,651,017).

5. Information on other operating income

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Income from reversal of the provisions for loans from prior periods	7,968,066	6,829,661
Communication income	24,095	22,335
Gain on sale of assets	1,086,428	953,567
Rent income	12,684	108,093
Other income	1,794,064	662,157
Total	10,885,337	8,575,813

6. Expected credit loss and other provision expenses

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Expected Credit Loss	27,203,605	11,941,319
12 month expected credit loss (stage 1)	6,036,427	2,042,036
Significant increase in credit risk (stage 2)	14,991,119	6,344,219
Non-performing loans (stage 3)	6,176,059	3,555,064
Marketable Securities Impairment Expense	24,928	9,530
Financial Assets at Fair Value through Profit or Loss	12,747	1
Financial Assets at Fair Value Through Other Comprehensive Income	12,181	9,529
Investments in Associates, Subsidiaries and Held-to-maturity Securities		
Value Decrease	4,253	16,899
Investments in Associates	4,253	16,899
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	17,271,958	700,000
Total	44,504,744	12,667,748

(*) Free provision balance calculated in 2022 is TL 17,228,000 (December 31, 2021 TL 700,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on other operating expenses

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Reserve for Employee Termination Benefits	217,709	138,008
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	17,754	-
Depreciation Expenses on Tangible Assets	573,527	481,757
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	56,462	47,115
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	6,786,523	3,207,911
Leasing expenses related to IFRS 16 exceptions	136,575	92,072
Repair and maintenance expenses	197,612	131,627
Advertisement expenses	558,995	291,463
Other expenses	5,893,341	2,692,749
Loss on sale of assets	1,188	4,267
Other (*)	3,245,861	1,720,860
Total	10,899,024	5,599,918

(*) Other operating expenses amounting to TL 3,245,861 (December 31, 2021: TL 1,720,860) is comprised of provision expenses for dividends to the personnel amounting to TL 948,282 (December 31, 2021: TL 375,840), tax, fees and funds expenses amounting to TL 651,910 (December 31, 2021: TL 371,021), Saving Deposits Insurance Fund expenses amounting to TL 848,641 (December 31, 2021: TL 515,735) and other expenses amounting to TL 797,028 (December 31, 2021: TL 458,264)

8. 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.

9. 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.

10. 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.

11. 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 (20,041,060) (December 31, 2021: TL (391,092)) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of December 2022, the Group's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 6,155,964 (December 31, 2021: TL 1,941,524), from the taxable temporary differences (Occurrence)/Closing TL 241,500 (December 31, 2021: (TL 2,837,582)) has deferred tax expense.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

12. 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 161,386,163 interest income and TL 85,637,033 interest expense, also incurred TL 10,189,800 amount of net fee and commission income from its ordinary banking operations (December 31, 2021: TL 73,317,046 interest income, TL 52,991,621 interest expense, TL 4,255,818 net fee and commission income).

Any changes in estimations, that might have a material effect on current and subsequent period, is indicated

None.

13. Income/loss related to non-controlling interest

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Income/(losses) related to non-controlling interest	655,166	169,840

14. 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.

15. Fees for services received from an independent audit firm

In accordance with the decision of the KGK dated March 26, 2021, the fees for the reporting period concerning the services acquired by the Bank from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period December 31, 2022	Previous Period December 31, 2021
Independent audit fee for the reporting period	4,105	3,109
Fees for other assurance services	1,621	2,771
Total	5,726	5,880

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

1. Information on increases that occur after revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of fair value through other comprehensive income, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period – December 31, 2022	Prior Period - December 31, 2021
Valuation differences at the beginning of the year	1,703,781	897,478
Fair value changes in the current year	10,309,721	299,489
Valuation differences transferred to the statement of income	1,933,989	723,661
Effect of deferred and corporate taxes	(3,145,274)	(216,847)
Valuation differences at the end of the year	10,802,217	1,703,781

Valuation Difference of the Subsidiaries and Affiliates	Current Period – December 31, 2022	Prior Period - December 31, 2021
Valuation differences at the beginning of the year	1,643,222	865,452
Fair value changes in the current year	1,406,650	769,740
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	(108,291)	8,030
Valuation differences at the end of the year	2,941,581	1,643,222

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on correction differences of shareholders’ equity accounts due to inflation

In compliance with BRSA’s Circular on April 28, 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at December 31, 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for “capital reserves from inflation adjustments”. The balance of “capital reserves from inflation adjustments” account is transferred to “other capital reserves” account. In 2006, the Bank has increased its paid in capital through “other capital reserves” by TL 605,763.

5. Information on profit distribution

At the 68th General Assembly Meeting of the Parent Bank held on March 25, 2022, it was decided to distribute TL 4,175,464 of the distributable net period profit of 2021 totalling TL 417,546 to shareholders as legal reserves, TL 3,568,998 of it as extraordinary reserves, TL 188,920 as special funds.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with increase in the current year. Detailed information about the increases is explained above in Note 1.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” item under the “operating profit before changes in operating assets and liabilities” amounting to TL 9,121,069 (December 31, 2021: TL (12,976,343)) is comprised of other operating expense in the balance sheet, fees and commission expense, and cash amount of trading profit/loss.

“Net increase/decrease in other liabilities” amounting to TL 17,192,719 (December 31, 2021: TL 54,426,009) under “changes in operating assets and liabilities” is mainly comprised of find based cash outflows from repurchase agreements.

“Other” balance under “net cash flow from investing activities” amounting to TL (229,354) (December 31, 2021: TL (50,842)) is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assets’ high turnover rate are taken into consideration. Each exchange rate’s arithmetic average of the last five days before the report date and provision of average TL that is calculated from the difference from current period’s exchange rate are reflected as an effect of exchange rate change on the cash flow statement. Except for the above-mentioned, banks that have less than three months to maturity are accepted as cash equivalents and average TL provision is calculated by difference between related operation’s per term exchange rate and current period’s exchange rate. As of December 31, 2022 impact of the exchange rate change on cash and cash equivalents is TL 366,155 (December 31, 2021: TL 5,935,716).

2. Cash flows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Prior Period- December 31, 2021	Prior Period- December 31, 2020
Cash on hand	3,971,399	3,115,943
Cash in TL	1,953,701	1,699,186
Cash in foreign currency	2,017,698	1,416,757
Cash equivalents	95,015,922	52,480,104
CBRT	136,196,563	88,034,872
Banks	21,625,296	3,092,180
Receivables from money markets	6,917,899	206,589
Other	4,004,583	2,056,427
Loans and advances to banks having maturity of more than 3 months	(425,803)	(73,182)
Restricted cash and cash equivalents	(73,299,265)	(40,835,818)
Unrealized foreign exchange rate differences on cash equivalents	(3,351)	(964)
Total	98,987,321	55,596,047

(*) As of December, 31 2021, TL 4,004,583 (December, 31 2020: 2,056,427) and TL 3,164,283 (December 31, 2020: 1,849,161) out of TL, 840,300 (December 31, 2021: 207,266) that were classified under “Other” was cash in transit and precious metals, respectively.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

Information on cash and cash equivalents at the end of the year

	Current Period- December 31, 2022	Prior Period- December 31, 2021
Cash on hand	13,565,642	3,971,399
Cash in TL	4,806,443	1,953,701
Cash in foreign currency	8,759,199	2,017,698
Cash equivalents	116,113,511	95,015,922
CBRT	254,620,417	136,196,563
Banks	28,760,678	21,625,296
Receivables from money markets	12,096,010	6,917,899
Other	789,255	4,004,583
Loans and advances to banks having maturity of more than 3 months	(329,666)	(425,803)
Restricted cash and cash equivalents	(179,783,311)	(73,299,265)
Unrealized foreign exchange rate differences on cash equivalents	(39,872)	(3,351)
Total	129,679,153	98,987,321

(**) As of December 31, 2022, TL 789,255 (December 31, 2021: TL 4,004,582) and TL 566,026 (December 31, 2021: TL 3,164,283) out of TL 223,229 (December 31, 2021: TL 840,300) that is classified under "Other" was cash in transit and precious metals, respectively.

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 160,782,674 as at December 31, 2022 (December 31, 2021: TL 57,255,114) has not been included in cash and cash equivalents.

Deposits of the Group amounting to TL 19,000,637 (December 31, 2021: TL 16,044,151) is blocked due to securitization loans and other ordinary operations of the Group.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. 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	126,530	84,256	-	1,187	264,014	55,935
Interest and commission income	11,125	2,129	-	-	11,166	932

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	4,332	228	-	-	5,337	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	9,740,031	1,153,273	2,398,302	3,908,130	195,275	82,435
Interest on deposits	304,923	18,641	668,436	548,536	26,196	1,892

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

None.

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DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. 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 December 31, 2022, a total amount of TL 104,865 was paid to the Group top management. (December 31, 2021: TL 62,714).

VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES OF THE PARENT BANK

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
			Country		
Domestic Branches (*)	945	16,921			
Foreign Representative Offices	-	-			
			Total Assets	Capital	
Foreign Branches	1	20	USA	11,245,877	309,045
	1	12	Iraq	1,691,944	936,500
	1	3	Qatar	15,893	-
Off-shore Branches	1	5	Bahrain	92,444,554	-

(*) Free zone branches in Türkiye are included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2022, 14 new domestic branches (2021: 4 domestic branches) have been opened and 5 branches have been closed (2021: 1).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK'S ACTIVITY

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

Profit Distribution Table of Year 2021	
Bank's unconsolidated profit in its statutory financial statements	4,175,464
Deferred tax credits	-
Net profit of the year subject to distribution	4,175,464
Legal reserves	417,546
First Legal Reserves	208,773
Reserves allocated according to banking law and articles of association.	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	Negatif
Long Term Local Currency	B
Short Term Local Currency	B
Local Currency Outlook	Negatif
National Long Term	AA (tur)
National Outlook	Durağan
Support	ns
Support Rating Floor	b-

August 2022*	Moody's Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B3
Local Currency Outlook	Durağan
Foreign Currency Deposit Rating	B3
Foreign Currency Outlook	Durağan

June 2022*	JCR Eurasia
Long Term International FC	BB (Durağan)
Short Term International FC	J3 (Durağan)
Long Term International TL	BB
Short Term International TL	J3
Long Term NSR	AAA (Durağan)
Short Term NSR	J1 + (Durağan)

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 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

The Bank has issued financial bonds in various maturities between January 6, 2023, and January 20, 2023.

On February 20, 2023, the Parent Bank signed the DPR securitization transaction, which consists of two different tranches, totaling approximately USD 1.8 billion. The dollar tranche of the transaction in question, based on foreign remittance flows and treasury transactions; With the participation of 5 banks, the amount is approximately 1.7 billion USD with a 2-year grace period and a total maturity of 5 years. The Euro tranche based on foreign remittance flows; With the participation of 2 banks, the amount was 75 million Euros, with a 2-year grace period and a total maturity of 4 years. The transaction in question is the largest one-time securitization and funding transaction among Turkish banks.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of fixed properties and depreciable economic assets have been rearranged. Accordingly, the Bank will be able to revalue the fixed properties in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of fixed properties and depreciable economic assets after revaluation.

Due to the negativities caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and devastating our whole country, a state of emergency was declared including 10 provinces in the region. The developments regarding the natural disaster are being closely monitored and analyses are continuing to determine the situation. Within the framework of its corporate social responsibility approach, the Group continues its disaster relief and donation activities for the victims of the earthquake, primarily the Disaster and Emergency Management Presidency (AFAD), in order to eliminate the conditions that adversely affect the general life after earthquakes and to meet the needs of the disaster victims.

SECTION SEVEN

INDEPENDENT AUDITORS’ REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REPORT

The Group’s consolidated financial statements and footnotes as at and for the year ended December 31, 2022 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent audit report dated February 28, 2023 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.