

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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

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



**Building a better
working world**

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

Independent Auditors' Report on Audit of Unconsolidated Financial Statements

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

Qualified Opinion

We have audited the unconsolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. ("the Bank") at December 31, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Türkiye Vakıflar Bankası T.A.O. as at December 31, 2022 and unconsolidated financial performance and unconsolidated 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 unconsolidated 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 Bank 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 Bank 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 unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated 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 Bank 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 Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the Bank 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, Bank’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 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 Bank’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 Bank 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 Bank 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 unconsolidated financial statements of the Bank have been evaluated.</p>



Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Unconsolidated 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 unconsolidated 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 Bank'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 Bank'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 unconsolidated 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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 unconsolidated 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

February 14, 2023
Istanbul, Turkey

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

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

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The unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS’ REPORT

The accompanying unconsolidated financial statements for the year and 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 14, 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 UNCONSOLIDATED 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 BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS, AMENDMENTS TO LEGAL STATUS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("The 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 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 Bank is the Republic of Türkiye Ministry of Treasury and Finance.

As at December 31, 2022, the 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 Bank's shareholders structure as at December 31, 2022 and December 31, 2021 are as stated below:

Shareholders - December 31, 2022	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (D Grubu)	4,611,364,117	4,611,364	64.85
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	15.12
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	5.66
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	5.45
Other appendant foundations (Group B)	2,591,250	2,591	0.04
Other real persons and legal entities (Group C)	1,527,393	1,528	0.02
Publicly traded (Group D)	630,596,723	630,597	8.86
Total	7,111,364,117	7,111,364	100.00

Shareholders - December 31, 2021	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (D Grubu)	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 UNCONSOLIDATED 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 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 Bank's share has been transferred to the Treasury and has been recorded in the Bank's share book on behalf of the Ministry of Treasury and Finance of the Republic of Türkiye.

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 ("CMB"), the Banking Regulation and Supervision Agency ("BRSA") and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Türkiye Wealth Fund, without public offering and by dedicated sales method.

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

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the 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 Bank's Board of Directors dated February 9, 2022, provided that the Bank will remain within the registered capital ceiling, the 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 Bank on February 25, 2022, it was announced that the sales price of the shares to be issued was determined as TL 4.18 for 1 TL nominal value share and that the capital paid as a result of the capital increase would be increased from TL 3,905,622 to TL 7,111,364.

Shares of the nominal value of TL 3,205,741 issued by the 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 UNCONSOLIDATED 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 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 HİDİR	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.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED 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 CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, GENERAL MANAGER, ASSISTANT GENERAL MANAGERS AND THEIR SHARES IN THE BANK (Continued)

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 Bank's 68th Ordinary General Assembly Meeting of the Bank 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 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 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 Bank on February 25, 2022, the material event disclosure made by the Bank and the changes brought about the 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 unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED 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 BANK

The 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 Bank as stated at its Articles of Association are as follows:

The 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 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 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 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 Bank can establish, either individually or collectively in an equal manner, pledge or mortgage.

The 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 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 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 Bank has 16,961 employees (December 31, 2021: 16,929 employees).

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

None.

SECTION TWO UNCONSOLIDATED FINANCIAL STATEMENTS

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2022**

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

ASSETS	Notes	Current Period December 31, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		159,158,470	381,761,465	540,919,935	101,014,790	242,702,869	343,717,659
1.1 Cash and cash equivalents	V-I-1	60,478,397	249,085,725	309,564,122	30,466,068	141,889,415	172,355,483
1.1.1 Cash and balances at Central Bank	V-I-1	48,395,302	220,539,919	268,935,221	29,359,910	114,789,077	144,148,987
1.1.2 Banks	V-I-3	53	28,545,806	28,545,859	1,120,400	20,185,938	21,306,338
1.1.3 Receivables from Money Markets		12,095,635	-	12,095,635	-	6,914,400	6,914,400
1.1.4 Allowance for expected credit losses (-)	V-I-18	12,593	-	12,593	14,242	-	14,242
1.2 Financial assets at fair value through profit or loss	V-I-2	234,078	16,862,130	17,096,208	177,289	16,226,214	16,403,503
1.2.1 Public debt securities		-	16,478,799	16,478,799	-	15,939,741	15,939,741
1.2.2 Equity instruments		100,375	383,331	483,706	169,483	286,473	455,956
1.2.3 Other financial assets		133,703	-	133,703	7,806	-	7,806
1.3 Financial assets at fair value through other comprehensive income	V-I-4	84,216,338	112,682,191	196,898,529	50,957,221	82,514,082	133,471,303
1.3.1 Public debt securities		81,886,540	112,298,627	194,185,167	50,435,798	82,233,247	132,669,045
1.3.2 Equity instruments		109,726	10,128	119,854	-	7,246	7,246
1.3.3 Other financial assets		2,220,072	373,436	2,593,508	521,423	273,589	795,012
1.4 Derivative financial assets	V-I-2	14,229,657	3,131,419	17,361,076	19,414,212	2,073,158	21,487,370
1.4.1 Derivative financial assets at fair value through profit or loss		14,229,657	3,131,419	17,361,076	19,414,212	2,073,158	21,487,370
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST		748,960,983	321,800,151	1,070,761,134	402,569,743	237,367,487	639,937,230
2.1 Loans	V-I-5	665,851,258	287,874,060	953,725,318	380,005,846	212,004,025	592,009,871
2.2 Receivables from leasing transactions	V-I-10	-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Financial assets measured at amortised cost	V-I-6	124,556,209	34,036,643	158,592,852	48,417,140	25,444,843	73,861,983
2.4.1 Public debt securities		124,497,259	33,829,671	158,326,930	48,358,190	25,176,782	73,534,972
2.4.2 Other financial assets		58,950	206,972	265,922	58,950	268,061	327,011
2.5 Allowance for expected credit losses (-)		41,446,484	110,552	41,557,036	25,853,243	81,381	25,934,624
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-16	282,278	-	282,278	755,033	-	755,033
3.1 Held for sale purpose		282,278	-	282,278	755,033	-	755,033
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		12,358,076	1,843,727	14,201,803	5,328,755	1,369,078	6,697,833
4.1 Investments in associates (Net)	V-I-7	4,066,701	-	4,066,701	2,047,712	-	2,047,712
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		4,066,701	-	4,066,701	2,047,712	-	2,047,712
4.2 Investments in subsidiaries (Net)	V-I-8	8,291,375	1,843,727	10,135,102	3,281,043	1,369,078	4,650,121
4.2.1 Non-consolidated financial subsidiaries		7,434,429	1,843,727	9,278,156	2,772,557	1,369,078	4,141,635
4.2.2 Non-consolidated non-financial subsidiaries		856,946	-	856,946	508,486	-	508,486
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	V-I-12	11,943,565	47,806	11,991,371	4,838,056	28,796	4,866,852
VI. INTANGIBLE ASSETS AND GOODWILL (Net)	V-I-13	428,824	1,125	429,949	276,221	-	276,221
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		428,824	1,125	429,949	276,221	-	276,221
VII. INVESTMENT PROPERTIES (Net)	V-I-14	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	V-I-15	2,444,654	33,646	2,478,300	-	-	-
X. OTHER ASSETS	V-I-17	32,969,525	7,026,328	39,995,853	7,964,715	2,998,154	10,962,869
TOTAL ASSETS		968,546,375	712,514,248	1,681,060,623	522,747,313	484,466,384	1,007,213,697

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2022**

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

LIABILITIES AND EQUITY	Notes	Current Period December 31, 2022			Prior Period December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	680,677,897	447,024,078	1,127,701,975	255,395,817	335,547,570	590,943,387
II. BORROWINGS	V-II-3	9,404,855	121,341,387	130,746,242	1,060,376	90,370,154	91,430,530
III. MONEY MARKET FUNDS		55,875,286	76,656,669	132,531,955	123,441,143	20,439,641	143,880,784
IV. MARKETABLE SECURITIES (Net)	V-II-3	6,025,430	63,828,578	69,854,008	10,566,317	51,408,580	61,974,897
4.1 Bills		4,465,332	1,411,042	5,876,374	5,264,846	871,154	6,136,000
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		1,560,098	62,417,536	63,977,634	5,301,471	50,537,426	55,838,897
V. FUNDS		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	207,781	4,511,816	4,719,597	1,609,212	3,881,066	5,490,278
7.1 Derivative financial liabilities at fair value through profit or loss		207,781	4,511,816	4,719,597	1,609,212	3,881,066	5,490,278
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	V-II-5	1,017,323	4,080	1,021,403	949,708	4,204	953,912
X. PROVISIONS	V-II-7	23,178,324	68,834	23,247,158	3,832,161	17,687	3,849,848
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		3,710,133	-	3,710,133	1,751,607	-	1,751,607
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		19,468,191	68,834	19,537,025	2,080,554	17,687	2,098,241
XI. CURRENT TAX LIABILITIES	V-II-8	5,162,745	19,871	5,182,616	933,094	10,846	943,940
XII. DEFERRED TAX LIABILITIES	V-II-8	-	-	-	-	46,378	46,378
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	9,567,360	14,475,926	24,043,286	6,404,751	22,563,676	28,968,427
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		9,567,360	14,475,926	24,043,286	6,404,751	22,563,676	28,968,427
XV. OTHER LIABILITIES	V-II-4	40,515,711	14,508,778	55,024,489	19,825,574	6,949,997	26,775,571
XVI. SHAREHOLDERS' EQUITY	V-II-11	106,989,858	(4,969)	106,984,889	51,370,487	582,253	51,952,740
16.1 Paid-in capital	V-II-11	7,111,364	-	7,111,364	3,905,622	-	3,905,622
16.2 Capital reserves		17,195,809	539,452	17,735,261	6,658,909	410,596	7,069,505
16.2.1 Equity share premiums		16,468,559	-	16,468,559	6,303,277	-	6,303,277
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		727,250	539,452	1,266,702	355,632	410,596	766,228
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		11,187,946	(194,979)	10,992,967	3,617,240	(182,919)	3,434,321
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		11,635,996	(349,442)	11,286,554	1,347,205	354,576	1,701,781
16.5 Profit reserves		35,841,511	-	35,841,511	31,666,047	-	31,666,047
16.5.1 Legal reserves		3,828,329	-	3,828,329	3,410,783	-	3,410,783
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		30,522,271	-	30,522,271	25,635,005	-	25,635,005
16.5.4 Other profit reserves		1,490,911	-	1,490,911	2,620,259	-	2,620,259
16.6 Profit or loss		24,017,232	-	24,017,232	4,175,464	-	4,175,464
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		24,017,232	-	24,017,232	4,175,464	-	4,175,464
16.7 Minority interests		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		938,625,575	742,435,048	1,681,060,623	475,391,645	531,822,052	1,007,213,697

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**UNCONSOLIDATED OFF-BALANCE SHEET ITEMS
AS AT 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		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		355,853,831	662,723,572	1,018,577,403	210,908,100	496,587,816	707,495,916
I. GUARANTEES AND SURETIES		123,926,018	150,322,508	274,248,526	61,729,875	130,409,453	192,139,328
I.1. Letters of guarantee	V-III-2	123,926,018	150,322,508	274,248,526	61,729,875	130,409,453	192,139,328
1.1.1. Guarantees subject to State Tender Law	V-III-1	4,903,928	97,327,915	219,489,869	61,156,815	72,361,867	133,518,682
1.1.2. Guarantees given for foreign trade operations		5,938,641	35,090,731	39,994,659	3,507,026	19,605,204	23,112,230
1.1.3. Other letters of guarantee		111,319,385	62,237,184	173,556,569	55,107,185	52,756,663	107,863,848
I.2. Bank acceptances		49,258	3,630,388	3,679,646	4,258	9,575,050	9,579,308
1.2.1. Import letter of acceptance		-	873,407	873,407	-	969,051	969,051
1.2.2. Other bank acceptances	V-III-4	49,258	2,756,981	2,806,239	4,258	8,605,999	8,610,257
I.3. Letters of credit	V-III-4	1,714,806	47,594,116	49,308,922	568,802	48,276,760	48,845,562
1.3.1. Documentary letters of credit		1,714,806	47,594,116	49,308,922	568,802	48,276,760	48,845,562
1.3.2. Other letters of credit		-	-	-	-	-	-
I.4. Pre-financing given as guarantee		-	14,896	14,896	-	10,657	10,657
I.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Republic of Türkiye		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
I.6. Purchase guarantees for Securities issued		-	-	-	-	-	-
I.7. Factoring guarantees		-	-	-	-	-	-
I.8. Other guarantees		-	316,843	316,843	-	185,119	185,119
I.9. Other warranties		-	1,438,350	1,438,350	-	-	-
II. COMMITMENTS		193,126,679	147,890,651	341,017,330	91,039,887	74,486,878	165,526,765
2.1. Irrevocable commitments	V-III-1	163,955,449	51,092,262	215,047,711	77,587,362	10,106,329	87,693,691
2.1.1. Asset purchase and sales commitments	V-III-1	5,100,287	51,092,262	56,192,549	2,924,429	10,106,329	13,030,758
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	34,255	-	34,255
2.1.4. Loan granting commitments	V-III-1	60,802,246	-	60,802,246	34,013,637	-	34,013,637
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for checks payments	V-III-1	6,916,438	-	6,916,438	7,029,711	-	7,029,711
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	81,979,697	-	81,979,697	30,687,962	-	30,687,962
2.1.10. Commitments for credit cards and banking services promotions		5,676,476	-	5,676,476	524,897	-	524,897
2.1.11. Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12. Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		3,480,305	-	3,480,305	2,372,471	-	2,372,471
2.2. Revocable commitments		29,171,230	96,798,389	125,969,619	13,452,525	64,380,549	77,833,074
2.2.1. Revocable loan granting commitments		29,171,230	96,798,389	125,969,619	13,452,525	64,380,549	77,833,074
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		38,801,134	364,510,413	403,311,547	58,138,338	291,691,485	349,829,823
3.1. Derivative financial instruments held for hedging	V-III-5	38,801,134	364,510,413	403,311,547	58,138,338	291,691,485	349,829,823
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		38,801,134	364,510,413	403,311,547	58,138,338	291,691,485	349,829,823
3.2.1. Forward foreign currency purchase and sale transactions		1,031,528	2,185,908	2,185,908	6,266,455	8,227,370	14,493,825
3.2.1.1. Forward foreign currency purchase transactions		933,919	249,366	1,183,285	3,142,731	4,115,500	7,258,231
3.2.2. Forward foreign currency sales		904,542	904,542	1,002,151	3,123,724	4,111,870	7,235,594
3.2.2.1. Currency and interest rate swaps		25,130,648	279,351,809	304,482,457	40,925,228	215,893,398	256,818,626
3.2.2.2. Currency swap purchase transactions		1,203,410	79,987,782	81,191,192	849,742	69,892,062	70,741,804
3.2.2.3. Currency swap sale transactions		22,417,238	55,474,754	77,891,992	37,905,486	20,580,683	58,486,169
3.2.3. Interest rate swap purchase transactions		755,000	71,944,637	72,699,637	1,085,000	62,710,327	63,795,327
3.2.3.1. Interest rate swap sale transactions		755,000	71,944,636	72,699,636	1,085,000	62,710,326	63,795,326
3.2.3.2. Currency, interest rate and security options		10,648,322	11,846,306	22,494,628	2,536,251	4,745,424	7,281,675
3.2.3.3. Currency purchase options		10,648,322	716,531	11,364,853	1,664,791	1,939,892	3,604,683
3.2.3.4. Currency sale options		-	11,129,775	11,129,775	871,460	2,805,532	3,676,992
3.2.3.5. Interest rate purchase options		-	-	-	-	-	-
3.2.3.6. Interest rate sale options		-	-	-	-	-	-
3.2.3.7. Security purchase options		-	-	-	-	-	-
3.2.3.8. Security sale options		-	-	-	-	-	-
3.2.4. Currency futures		820,882	655,550	1,476,432	-	-	-
3.2.4.1. Currency purchases futures		-	655,550	655,550	-	-	-
3.2.4.2. Currency sales futures		820,882	-	820,882	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate purchases futures		-	-	-	-	-	-
3.2.5.2. Interest rate sales futures		-	-	-	-	-	-
3.2.6. Other		1,169,754	71,502,840	72,672,594	8,410,404	62,825,293	71,235,697
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		13,999,266,311	12,025,723,050	26,024,989,311	6,536,087,428	7,929,123,346	14,465,210,774
IV. ITEMS HELD IN CUSTODY		131,787,214	44,328,002	176,115,216	74,480,687	29,968,276	104,448,963
4.1. Assets under management		-	-	-	-	-	-
4.2. Securities held in custody		59,772,566	23,547,755	83,320,321	48,632,002	15,941,897	64,573,899
4.3. Checks received for collection		40,551,463	1,843,476	42,394,939	20,996,825	4,284,423	25,281,248
4.4. Commercial notes received for collection		5,396,491	3,083,854	8,480,345	2,240,089	1,384,626	3,624,715
4.5. Other assets received for collection		2,152	749	2,901	-	536	2,688
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		309	10,454,688	10,454,997	309	4,131,708	4,132,017
4.8. Custodians		26,064,233	5,397,480	31,461,713	2,609,310	4,225,086	6,834,396
V. PLEDGED ITEMS		2,228,674,022	619,386,476	2,848,060,498	1,176,944,808	445,151,990	1,622,096,798
5.1. Marketable securities		1,137,763	1,876,845	3,014,608	415,988	555,091	971,079
5.2. Guarantee notes		5,358,114	6,818,656	12,176,770	1,435,450	7,150,950	8,586,400
5.3. Commodity		168,878,389	8,073,124	176,951,513	129,796,090	5,966,459	135,762,549
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		1,783,113,213	504,987,569	2,288,100,782	879,409,988	363,737,452	1,243,147,440
5.6. Other pledged items		269,844,038	97,432,224	367,276,262	165,412,990	67,579,365	232,992,355
5.7. Depositories receiving pledged items		342,505	198,058	540,563	474,302	162,673	636,975
VI. ACCEPTED GUARANTEES AND WARRANTS		11,638,805,025	11,362,008,572	23,000,813,597	5,284,661,933	7,454,003,080	12,738,665,013
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		14,355,120,092	12,688,446,622	27,043,566,714	6,746,995,528	8,425,711,162	15,172,706,690

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

	Notes	Current Period January 1, 2022 - December 31, 2022		Prior Period January 1, 2021 - December 31, 2021	
		TL	FC	TL	FC
I. INTEREST INCOME		158,569,464	72,200,597	158,569,464	72,200,597
1.1. Interest on loans	V-IV-1	85,311,692	-	85,311,692	52,534,154
1.2. Interest received from reserve deposits	V-IV-1	273,019	-	273,019	906,502
1.3. Interest received from banks	V-IV-1	637,036	-	637,036	20,146
1.4. Interest received from money market transactions		59,785	-	59,785	1,719
1.5. Interest received from marketable securities portfolio	V-IV-1	71,952,776	-	71,952,776	18,731,885
1.5.1. Financial assets at fair value through profit or loss		358,840	-	358,840	217,454
1.5.2. Financial assets at fair value through other comprehensive income		26,315,916	-	26,315,916	9,244,093
1.5.3. Financial assets measured at amortised cost		45,278,020	-	45,278,020	9,270,338
1.6. Finance lease interest income		-	-	-	-
1.7. Other interest income		335,156	-	335,156	6,191
II. INTEREST EXPENSES		84,854,301	52,657,216	84,854,301	52,657,216
2.1. Interest on deposits	V-IV-2	61,010,346	-	61,010,346	31,150,596
2.2. Interest on funds borrowed	V-IV-2	4,034,277	-	4,034,277	1,563,941
2.3. Interest on money market transactions		10,313,486	-	10,313,486	13,515,049
2.4. Interest on securities issued	V-IV-2	7,744,330	-	7,744,330	6,172,494
2.5. Leasing interest income		238,635	-	238,635	149,554
2.6. Other interest expenses		1,513,227	-	1,513,227	105,582
III. NET INTEREST INCOME/EXPENSE (I - II)		73,715,163	19,543,381	73,715,163	19,543,381
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		10,792,735	4,501,363	10,792,735	4,501,363
4.1. Fees and commissions received		13,584,777	-	13,584,777	5,950,074
4.1.1. Non-cash loans		1,846,650	-	1,846,650	997,292
4.1.2. Other		11,738,127	-	11,738,127	4,952,782
4.2. Fees and commissions paid		2,792,042	-	2,792,042	1,448,711
4.2.1. Non-cash loans		310	-	310	257
4.2.2. Other		2,791,732	-	2,791,732	1,448,454
V. DIVIDEND INCOME	V-IV-3	149,074	120,84		

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED 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)	24,017,232	4,175,464
II.	OTHER COMPREHENSIVE INCOME	17,143,419	1,022,592
2.1.	Other comprehensive income that will not be reclassified to profit or loss	7,558,646	250,048
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	2,761,318	(3,329)
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(767,936)	(63,370)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	6,148,570	319,513
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(583,306)	(2,766)
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	9,584,773	772,544
2.2.1.	Exchange Differences on Translation	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	12,912,990	963,065
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
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	(3,328,217)	(190,521)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	41,160,651	5,198,056

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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

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

I.	Current Period December 31, 2022	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss	Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Shareholders' Equity			
		Notes	Paid in Capital	Share Premiums	Share Cancellation	Share Profits	Other Capital Reserves						1	2	3
II.	Prior Period End Balance		3,905,622	6,303,277	-	-	-	766,228	845,324	(230,911)	2,819,908	80,727	1,621,054	4,175,464	51,952,740
2.1.	Corrections and Accounting Policy Changes Made According to IAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		3,905,622	6,303,277	-	-	-	766,228	845,324	(230,911)	2,819,908	80,727	1,621,054	4,175,464	51,952,740
IV.	Total Comprehensive Income		-	-	-	-	-	2,392,672	(561,520)	5,727,494	80,727	9,584,773	24,017,232	41,160,651	
V.	Capital Increase by Cash		3,205,742	10,165,282	-	-	-	-	-	-	-	-	-	-	13,371,024
VI.	Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes		-	-	-	-	500,474	-	-	-	-	-	-	-	500,474
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-
II.1.	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-
II.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
II.3.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance (I+II+X+XI)		7,111,364	16,468,559	-	-	1,266,702	3,237,996	(792,431)	8,547,402	80,727	11,205,827	24,017,232	106,984,889	

- 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)
- Translation Differences from Foreign Currency Transactions
- Accumulated Revaluation and/or Remeasurement Gain/Loss 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 financial statements.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish
TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR YEAR ENDED DECEMBER 31, 2022
 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss						Current Period Net Income (Loss)	Total Shareholders' Equity
	1	2	3	4	5	6		
Prior Period December 31, 2021								
I. Prior Period End Balance	3,905,622	848,320	2,516,168	80,727	848,510	25,754,720	46,484,658	
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	
2.1. Effects of Corrections	-	-	-	-	-	-	-	
2.2. Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	
III. Adjusted Beginning Balance (I+II)	3,905,622	848,320	2,516,168	80,727	848,510	25,754,720	46,484,658	
IV. Total Comprehensive Income	-	(2,996)	303,740	-	772,544	-	5,198,056	
V. Capital Increase by Cash	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Resources	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	
VIII. Convertible Bonds	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes	-	270,026	-	-	-	818,133	270,026	
XI. Profit Distribution	-	-	-	-	-	5,093,194	(5,093,194)	
XI.1. Dividends paid	-	-	-	-	-	5,093,194	(5,093,194)	
XI.2. Transfers to Reserves	-	-	-	-	-	-	-	
XI.3. Other	-	-	-	-	-	-	-	
XII. Ending Balance (I+II+...+XI)	3,905,622	845,324	2,819,908	80,727	1,621,054	31,666,047	51,952,740	

- 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)
- Translation Differences from Foreign Currency Transactions
- Accumulated Revaluation and/or Remeasurement Gain/Loss 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 financial statements.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED 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
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating profit before changes in operating assets and liabilities		45,913,759	6,537,172
1.1.1 Interests received		128,082,693	68,207,648
1.1.2 Interests paid		(82,908,875)	(52,073,287)
1.1.3 Dividends received		149,074	120,849
1.1.4 Fee and commissions received		11,167,368	6,376,719
1.1.5 Other income		533,285	241,676
1.1.6 Collections from previously written-off loans and other receivables		4,291,605	3,538,614
1.1.7 Cash payments to personnel and service suppliers		(7,900,316)	(4,374,709)
1.1.8 Taxes paid		(16,524,997)	(2,740,855)
1.1.9 Other	V-VI-1	9,023,922	(12,759,483)
I.2 Changes in operating assets and liabilities		30,162,745	20,412,187
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(664,955)	(8,947,136)
1.2.2 Net increase (decrease) in due from banks		(106,484,046)	(32,816,068)
1.2.3 Net increase (decrease) in loans		(293,204,624)	(69,751,741)
1.2.4 Net increase (decrease) in other assets		(30,495,591)	9,420,066
1.2.5 Net increase (decrease) in bank deposits		44,738,936	10,178,958
1.2.6 Net increase (decrease) in other deposits		387,599,276	46,691,098
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		14,423,346	10,902,662
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	V-VI-1	14,250,403	54,734,348
I. Net cash flow provided from banking operations		76,076,504	26,949,359
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(46,491,679)	(14,020,388)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(471,510)	(526,846)
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		(7,046,470)	(2,450,049)
2.4 Cash obtained from the sale of tangible and intangible asset		2,463,862	2,064,464
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(27,713,006)	(45,451,465)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		24,793,375	30,833,769
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	(203,518)	(47,261)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		953,390	24,734,599
3.1 Cash obtained from funds borrowed and securities issued		20,738,100	39,559,480
3.2 Cash outflow from funds borrowed and securities issued		(19,280,979)	(14,434,610)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance lease liabilities		(503,731)	(390,271)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	V-VI-1	256,513	5,926,375
V. Net increase/decrease in cash and cash equivalents		30,794,728	43,589,945
VI. Cash and cash equivalents at beginning of the period	V-VI-4	98,641,540	55,051,595
VII. Cash and cash equivalents at end of the period	V-VI-4	129,436,268	98,641,540

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED 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 financial statements.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

SECTION THREE ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March, 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 Bank 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 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 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 Bank's efforts to adapt to the changes continue. As of December 31, 2022, the 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 Bank does not have direct activity in the relevant geography and the crisis is not expected to have a direct impact on bank operations. However, the course of the crisis is uncertain as of the date of the report, developments are monitored, and its estimated effects are evaluated within the scope of the relevant accounting standards and taken into account in the preparation of financial statements.

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

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

Strategy for the use of financial instruments

Core operations of the Bank 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 Bank intensively utilizes financial instruments. The 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 Bank other than the deposits are its equity and medium and long-term borrowings obtained from foreign financial institutions. The 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 Bank gives great significance to long-term placements bearing higher interest rates.

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

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ACCOUNTING POLICIES (Continued)

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

Strategy for the use of financial instruments (Continued)

Investments in marketable securities and lending loans generate higher return than the average rate of return of the 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 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 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 bank's internal control, the foreign currency position is being followed, the foreign currency position is established according to the basket equilibrium that is determined by taking into account current market conditions.

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

Information on foreign currency transactions

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

While foreign exchange differences arising from amortized cost values of financial assets that fair value differences in foreign currency is reflected in other comprehensive income are recognized in the income statement, the exchange differences calculated on unrealized gains and losses are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss item in equity.

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 income statement as long as the hedging transaction is effective. In this context, as of December 31, 2022, the foreign exchange income presented in the income statement is 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 fair value risk were effective. Efficiency testing, which is consistent with the 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 bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

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ACCOUNTING POLICIES (Continued)

III. INFORMATION OF ASSOCIATES AND SUBSIDIARIES

Subsidiaries and associates are recognized at fair value in the unconsolidated financial statements, under the standard of, TFRS 9, "Financial Instruments: Türkiye Financial Reporting Standards" and in accordance with IAS 27 "Separate Financial Statements".

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

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

Starting from January 1, 2018, 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.

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

The Bank 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 Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and Measurement of Financial Instruments

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

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 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 assessment assesses whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flow.

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

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

Financial assets at Fair Value Through Profit or Loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

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

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS(Continued)

Derivative Financial Assets

The Bank'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 Bank 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.

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 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 LOSS PROVISIONS

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

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

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.

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 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.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

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

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.

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 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 if there is a significant increase in the credit risk after the first time the financial asset is taken in the financial statements. The 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 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 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 Bank in accordance with the information obtained.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Significant Increase in Credit Risk (Continued)

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 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.

Default Definition

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

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

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

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period a write-off transaction has been made for non-performing loans in the amount of TL 3,186,885 for which 100% provision has been made. (December 31, 2021: TL 834,885)

Asset Sales Policy

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

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ACCOUNTING POLICIES (Continued)

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 Bank's right and right to sanction to finalize and have the intention to receive/pay related financial asset or liability over the recognized amount or have the right to finalize the related asset and liability simultaneously.

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold under repurchase agreements ("repo") are classified under "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" and/or "Financial Assets Measured at Amortised cost" portfolios according to their holding purposes in the 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 Bank's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has no discontinued operations.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill on financial statements.

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

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

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

Estimated useful lives of the Bank's intangible assets are 3-15 years, and amortisation 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 Bank 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 recognized in the income statement of the period.

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

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets. Depreciation rates 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 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 Bank 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 Bank has applied the simplified transition approach and elected not to restate comparative figures.

The 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 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 Bank 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 Bank 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.

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ACCOUNTING POLICIES (Continued)

XIV. FORMATION ON LEASING ACTIVITIES (Continued)

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

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

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 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 Bank discloses the contingent asset.

XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank 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 Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the 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 Bank has provided provision for undiscounted short-term employee benefits earned during the financial period (unused vacations, premium and dividend) as per services rendered in compliance with TAS 19 in the accompanying unconsolidated financial statements.

In accordance with TAS 19, the 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 BANK CONCERNING EMPLOYEE RIGHTS (Continued)

Pension fund

The employees of the 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.23, 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 issue date of the Banking Law, issued in 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 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 dated 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)

XVII. INFORMATION ON TAXATION

Corporate tax

Law No. 7394 On the Assessment of Immovable Properties Belonging to the Treasury and the Amendment of the Value Added Tax Law, Article 26 of the Law on the Amendment of Certain Laws and Decree Laws published in the Official Gazette no. 31810 dated April 15, 2022, and with the sentence added to the provisional article 13 of the Corporate Tax Law no 5520, the Corporate Tax returns that must be declared starting from July 1, 2022, and determined 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 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 can not be set off from retained earnings.

There is no agreement with the tax authorities about the tax payables in Türkiye. Corporate tax return declared until 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.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporate tax (Continued)

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.

Corporation tax legislation for the foreign branches

Bahrain

Bahrain branch is non-taxable because there is no corporate tax practice in that country. Bahrain branch' 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

Erbil branch is taxable according to the country's law legislation. Declaration of financial records and their tax payments are differing 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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Deferred taxes

According to the TAS 12 - Income Taxes; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. The 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 are not calculated.

Deferred taxes' book value is revised in every balance sheet date. If there is a condition met, where no possible taxable profit could be generated in case of a full or partial deferred tax asset benefit could be enabled by the 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. The other hand, if valuation differences are recognized in shareholders' equity, then the related current or deferred tax effects are also recognized directly in the shareholders' equity.

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENTS

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

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ACCOUNTING POLICIES (Continued)

XIX. ADDITIONAL INFORMATION ON BORROWINGS

The Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the Bank has started to obtain funds through domestic and international bonds 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 bank is not hedging about debt instruments.

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

The shares of the Bank having nominal value of TL 322,000, representing the 25.18% of the 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 Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as 4.98 TL for a share with a nominal value of 1 TL, and the issued capital due to capital increase will be increased from TL 2,500,000 to TL 3,905,622.

In May 20, 2020 the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Türkiye Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed and the amount of 5,579,359 TL was recorded as share premium.

With the decision of the Bank's Board of Directors dated February 9, 2022, provided that the Bank's registered capital ceiling is limited, the 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 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.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES(Continued)

The shares with a nominal value of TL 3,205,742 issued by the 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

As at December 31, 2022 and December 31, 2021, the Bank does not have any government incentives.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

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ACCOUNTING POLICIES (Continued)

XXIV. INFORMATION ON OTHER MATTERS

Earnings per share

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 period ended December 31, 2022, earnings per 100 shares are full TL 3.6377 (December 31, 2021: full TL 1.0691).

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 FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

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

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

As of December 31, 2022 Bank's equity amount TL 142,131,587 (December 31, 2021: 79,523,759 TL) capital adequacy ratio is 15.19% (December 31, 2021: 14.85%).

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	7,111,364	3,905,622
Share Premium	16,468,559	6,303,277
Reserves	35,841,511	31,666,047
Income recognized under equity in accordance with TAS	25,086,157	7,418,705
Profit	24,017,232	4,175,464
Current Period's Profit	24,017,232	4,175,464
Prior Period's Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	1,266,702	766,228
Common Equity Tier 1 Capital Before Deductions	109,791,525	54,235,343
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	1,336,852	413,830
Leasehold Improvements on Operational Leases	206,443	183,441
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	423,708	274,111
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	1,967,003	871,382
Common Equity Tier 1 capital (CET1)	107,824,522	53,363,961
Additional Tier 1 capital: instruments	18,979,365	15,638,650
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)	-	-
Additional Tier 1 Capital before deductions	-	-
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 FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON 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 be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	18,979,365	15,638,650
Total Tier 1 Capital (Tier 1 Capital+Common Equity+Additional Tier 1 Capital)	126,803,887	69,002,611
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)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	11,205,302	6,232,034
Tier 2 Capital Before Deductions	15,350,302	10,531,941
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	15,350,302	10,531,941
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	142,154,189	79,534,552
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 accounts 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	142,131,587	79,523,759
Total Risk Weighted Amounts	935,977,998	535,633,275
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	11.52	9.96
Tier 1 Capital Adequacy Ratio (%)	13.55	12.88
Capital Adequacy Ratio (%)	15.19	14.85
BUFFERS		
Total buffer requirement (a+b+c)	2.517	2.506
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.017	0.006
c) Systemically important banks buffer requirement (%) ^(*)	0.000	0.000
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 (%)	7.02	5.46
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 tenthousandandtwentyfive limitation)	25,493,875	12,065,932
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	11,205,302	6,232,034
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 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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I. INFORMATION ON 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.)	Instrument type	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	Par value of instrument (in million)	Accounting classification	Original date of issuance	Perpetual or dated	Issue date	Issuer call subject to prior supervisory approval	Call option dates, conditioned call dates and call amount	Subsequent call dates, if applicable	Regulatory treatment	Eligible at solo group level
T. Vakıflar Bankası T.A.O.	TRSVKFB2219	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	420	420	346011- Subordinated Liabilities	September 18, 2017	Dated (10 years) Maturity Date: September 6, 2027	September 18, 2017	Available	Early call date at the end of five years.	Only one call option is available.	Not subject to deduction.	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
T. Vakıflar Bankası T.A.O.	TRSVKFB04043	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	4,994	4,994	346001- Subordinated Liabilities	September 27, 2018	Undated	September 27, 2018	Available	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	September 27, 2023	Not subject to deduction.	Additional Capital Bond Issuance (Tier I Capital)
T. Vakıflar Bankası T.A.O.	XSI984644812	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	13,985	13,985	347001- Subordinated Liabilities	April 24, 2019	Undated	April 24, 2019	Available	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	April 24, 2024.	Not subject to deduction.	Additional Capital Bond Issuance (Tier I Capital)
T. Vakıflar Bankası T.A.O.	TRSVKFB2925	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	725	725	346011- Subordinated Liabilities	September 27, 2019	Dated (10 years) Maturity Date: September 14, 2029	September 27, 2019	Available	Early call date at the end of five years.	Only one call option is available	Not subject to deduction.	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
T. Vakıflar Bankası T.A.O.	TRSVKFB3217	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	1,750	1,750	346011- Subordinated Liabilities	October 27, 2022	Dated (10 years) Maturity Date: October 14, 2032	October 27, 2022	Available	Early call date at the end of five years.	Only one call option is available	Not subject to deduction.	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
T. Vakıflar Bankası T.A.O.	TRSVKFB2225	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	1,250	1,250	346011- Subordinated Liabilities	October 27, 2022	Dated (10 years) Maturity Date: October 14, 2032	October 27, 2022	Available	Early call date at the end of five years.	Only one call option is available	Not subject to deduction.	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)

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

Summary information related to capital adequacy ratio (Continued)

Current Period - December 31, 2022		Coupons / dividends	
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity "Indicator Government Debt Security" -350 basis points	% 5.076 fixed interest rate	CPI(Annual Real Interest Rate (60 basis points)
Existence of a dividend step-up	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger(s)	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil
	Write-down feature		
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. BRSAs regulation on bank's shareholder equity and the matters referred to in Article 7 of 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.
If write-down, permanent or temporary	Has permanent write-down feature.	Has permanent or temporary write-down feature.	Has permanent write-down feature.
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has 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.
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 8
According to article 7 and 8 of Banks' shareholders equity law, their are not possessed	Not Possess Article 7	Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON 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	TRSVKFB92719	TRSVKFB92925
Unique identifier (CUSIP, ISIN vb.)	Debt Instrument Communicated numbered CMB- VII-128.8 BRSAs regulation on bank's shareholder equity BRSAs Communicated on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSAs regulation on bank's shareholder equity BRSAs Communicated on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSAs regulation on bank's shareholder equity BRSAs Communicated on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSAs regulation on bank's shareholder equity BRSAs Communicated on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSAs regulation on bank's shareholder equity BRSAs Communicated on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity
Governing law(s) of the instrument	Regulating Debt Securities to be included in the Calculation of Banks' Equity	Regulating Debt Securities to be included in the Calculation of Banks' Equity	Regulating Debt Securities to be included in the Calculation of Banks' Equity	Regulating Debt Securities to be included in the Calculation of Banks' Equity	Regulating Debt Securities to be included in the Calculation of Banks' Equity
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
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)	Bond Issuance Possessing Subordinated Loan Conditions (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	10,645	725
Par value of instrument (in million)	8,353	3,050	4,994	10,645	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	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	April 24, 2019	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 BRSAs 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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021

	Coupons / dividends			Floating interest rate / Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate / Interest payment once in three months, principal payment at the maturity date
	Fixed interest rate / Interest payment once in six 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				
Fixed or floating dividend/coupon	6% fixed interest rate	8% fixed interest rate	5 years maturity "Indicator Government Debt Security"-350 basis points	TLREF + 150 basis points	% 5,076 fixed interest rate	% 5,076 fixed interest rate	TLREF + 150 basis points
Coupon rate and any related index	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
	Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type	Nil	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Write-down feature						
If write-down, write-down trigger (s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary mechanism	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article 6/7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Shareholders' equity	106,984,889	51,952,740
Valuation differences of the marketable securities(*)	1,469,784	1,868,773
Leasehold improvements on operational leases	(206,443)	(183,441)
Goodwill and intangible assets	(423,708)	(274,111)
General provision (1.25% of the amount that subject to credit risk) (**)	11,205,302	6,232,034
Subordinated debt	23,124,365	19,938,557
Deductions from shareholders' equity	(22,602)	(10,793)
Capital	142,131,587	79,523,759

(*) 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 31 December 2021 were used in the calculation of the amount based on credit risk.

II. CREDIT RISK

Credit risk is defined as the counterparty's possibility of failing to fulfil 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.

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

For credit risk management purposes, Risk Management Department operates in

- the determination of credit risk policies in coordination with the Bank's other units,
- determining and monitoring concentration limits on sectoral and country basis,
- 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 Bank's risk management concept, long term commitments are accepted more risky than 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.

In addition, 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.

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 Bank's largest 100 cash loan customers compose 35.63 % of the total cash loan portfolio (December 31, 2021: 35.05%).

The Bank's largest 100 non-cash loan customers compose 48.82 % of the total non-cash loan portfolio (December 31, 2021: 51.91%).

The Bank's largest 100 cash loan customers compose 19.79 % of total assets of the Bank and the Bank's largest 100 non-cash loan customers compose 13.14% of total off-balance sheet items (December 31, 2021: 19.97 % and 14.10%).

The Bank's largest 200 cash loan customers compose 43.04% of the total cash loan portfolio (December 31, 2021: 42.08%).

The Bank's largest 200 non-cash loan customers compose 60.46% of the total non-cash loan portfolio (December 31, 2021: 64.03%).

The Bank's largest 200 cash loan customers compose 23.90% of total assets of the Bank and the Bank's largest 200 non-cash loan customers compose 16.28% of total off-balance sheet items (December 31, 2021: 23.98% and 17.39%).

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. 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	758,055,316	37,192,130	138,196,986	2,573,808	57,473,016	1,771,090	953,725,318	41,537,028
Stage 1	667,193,667	4,663,115	133,448,141	662,887	55,684,826	911,998	856,326,634	6,238,000
Stage 2	74,525,749	18,541,901	1,868,974	167,267	729,613	105,875	77,124,336	18,815,043
Stage 3	16,335,900	13,987,114	2,879,871	1,743,654	1,058,577	753,217	20,274,348	16,483,985
Financial Assets and Other Assets	698,241,455	89,738	-	-	-	-	698,241,455	89,738
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	1,883,723,983	37,698,089	138,196,986	2,573,808	57,473,016	1,771,090	2,079,393,985	42,042,987

Prior Period, December 31, 2021	Commercial Loans		Consumer Loans		Credit Cards		Total	
	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	456,643,309	22,401,994	110,814,525	2,348,927	24,552,037	1,175,456	592,009,871	25,926,377
Stage 1	382,796,800	2,185,066	105,741,681	255,202	23,002,578	359,619	511,541,059	2,799,887
Stage 2	59,524,438	8,617,933	2,036,922	297,505	597,891	77,184	62,159,251	8,992,622
Stage 3	14,322,071	11,598,995	3,035,922	1,796,220	951,568	738,653	18,309,561	14,133,868
Financial Assets and Other Assets	416,767,719	68,462	-	-	-	-	416,767,719	68,462
Non Cash Loans and Commitments	266,243,107	264,267	-	-	-	-	266,243,107	264,267
Stage 1	261,395,489	186,096	-	-	-	-	261,395,489	186,096
Stage 2	4,196,076	18,865	-	-	-	-	4,196,076	18,865
Stage 3	651,542	59,306	-	-	-	-	651,542	59,306
Total	1,139,654,135	22,734,723	110,814,525	2,348,927	24,552,037	1,175,456	1,275,020,697	26,259,106

Information on expected loss provisions for loans:

Current Period December 31, 2022	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	2,799,887	8,992,622	14,133,868
Additional provisions during the period	4,143,327	13,330,278	4,447,410
Disposals during the period (-)	428,287	2,885,046	(189,854)
Deleted from assets (-)	-	-	3,186,885
Transfers to stage 1	158,603	(158,115)	(488)
Transfers to stage 2	(403,811)	426,270	(22,459)
Transfers to stage 3	(31,719)	(890,966)	922,685
Provision Balance at the end of the Period	6,238,000	18,815,043	16,483,985

Prior Period December 31, 2021	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	3,168,803	5,111,686	13,307,249
Additional provisions during the period	323,623	5,282,365	2,337,298
Disposals during the period (-)	562,953	1,472,564	734,245
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
Provision Balance at the end of the Period	2,799,887	8,992,622	14,133,868

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

The general provision for credit risk amounts to TL 25,493,875 (December 31, 2021: TL 12,065,932).

Risk Classifications:	Current Period Risk Amount (**)	Average Risk Amount (***)
Claims on sovereigns and Central Banks	611,073,442	480,332,920
Claims on regional governments or local authorities	7,003,783	7,486,818
Claims on administrative bodies and other non-commercial undertakings	925,801	1,089,644
Claims on multilateral development banks	-	52,468
Claims on international organizations	-	-
Claims on banks and intermediary institutions	87,060,154	78,695,537
Claims on corporate	539,838,317	426,277,909
Claims included in the regulatory retail portfolios	202,385,601	144,333,663
Claims secured by residential property	161,573,374	136,108,595
Past due loans	3,790,165	3,953,299
Higher risk categories decided by the Agency	95,634,959	47,765,839
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	14,140,005	8,393,875
Other claims	56,847,645	30,726,673

(*) 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	416,188,160	337,482,811
Claims on regional governments or local authorities	7,888,575	8,540,052
Claims on administrative bodies and other non-commercial undertakings	888,105	519,900
Claims on multilateral development banks	-	169
Claims on international organizations	-	-
Claims on banks and intermediary institutions	54,007,406	54,770,704
Claims on corporate	304,948,444	268,484,650
Claims included in the regulatory retail portfolios	122,374,968	108,472,541
Claims secured by residential property	107,301,192	92,524,179
Past due loans	4,184,225	3,733,877
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	6,633,588	6,216,321
Other claims	17,868,462	18,020,335

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

II. 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 corporate	Claims included in the regulatory retail portfolios	Claims secured by residential property	Claims by residential property	Past due loans	Higher risk categories decided by the Board	Securities Secured	Securitization positions	Short-term claims and short-term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	607,575,787	7,003,783	925,801	-	-	27,398,902	518,046,079	202,385,601	161,573,374	161,573,374	3,790,165	95,314,941	74,700	-	-	133,703	389,727	56,847,645	1,681,458,083
EU countries	-	-	-	-	-	36,924,239	-	-	-	-	-	-	-	-	-	-	-	-	36,924,239
OECD countries (*)	-	-	-	-	-	1,600,759	-	-	-	-	-	-	-	-	-	-	-	-	1,600,759
Off-shore banking regions	2,059,501	-	-	-	-	-	18,978,794	-	-	-	-	-	-	-	-	-	-	-	23,114,932
USA, Canada	1,438,154	-	-	-	-	13,055,290	2,420,663	-	-	-	-	-	-	-	-	-	-	-	16,914,107
Other countries	-	-	-	-	-	5,705,372	392,781	-	-	-	-	320,018	-	-	-	-	-	-	6,418,171
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,750,278	-	14,051,358
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	611,073,442	7,003,783	925,801	-	-	87,060,154	539,838,317	202,385,601	161,573,374	161,573,374	3,790,165	95,634,959	74,700	-	-	133,703	14,140,005	56,847,645	1,780,481,649

(*) 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. 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 portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Securities Secured	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
414,428,006	7,888,575	888,105	-	-	-	11,956,406	289,507,566	122,374,968	107,301,192	4,184,225	14,031,472	-	-	-	7,806	363,858	17,868,462	990,800,441
OECD countries (*)	-	-	-	-	-	32,899,982	-	-	-	-	7,570	-	-	-	-	-	-	32,907,552
Off-shore banking regions	-	-	-	-	-	228,982	-	-	-	-	-	-	-	-	-	-	-	228,982
USA, Canada	220,213	-	-	-	-	653,251	13,330,049	-	-	-	-	-	-	-	-	-	-	14,203,513
Other countries	1,363,321	-	-	-	-	5,966,372	1,829,542	-	-	-	-	-	-	-	-	-	-	9,159,235
Investment and associates, subsidiaries and joint ventures	176,620	-	-	-	-	2,177,466	281,487	-	-	-	75,927	-	-	-	-	-	-	2,711,500
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	-	6,269,730	-	6,394,677
Total	416,188,160	7,888,575	888,105	-	-	54,007,406	304,948,444	122,374,968	107,301,192	4,184,225	14,114,969	-	-	7,806	6,633,588	17,868,462	1,056,405,900	

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II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period - December 31, 2022	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	144,509	2,785	44	-	-	-	4,540,572	3,229,865	2,455,082	21,212	81,147	-	-	-	-	-	-	9,666,257	808,959	10,475,216
Farming and raising livestock	136,516	2,785	44	-	-	-	4,170,708	3,116,244	2,405,739	20,009	80,066	-	-	-	-	-	-	9,473,754	458,357	9,932,111
Forestry	1,779	-	-	-	-	-	23,324	76,714	21,681	604	729	-	-	-	-	-	-	116,126	8,905	125,031
Fishing	6,214	-	-	-	-	-	346,340	36,907	27,662	599	352	-	-	-	-	-	-	76,377	341,697	418,074
Manufacturing	6,654,632	560,629	1,749	-	-	-	246,344,296	24,823,621	31,884,345	397,735	26,518,619	-	-	-	-	-	-	217,737,566	119,448,260	337,185,826
Mining	118,968	-	-	-	-	-	15,232,268	618,962	556,481	22,962	354,296	-	-	-	-	-	-	3,703,523	13,180,414	16,883,937
Production	6,383,013	-	543	-	-	-	177,380,184	23,743,623	30,615,380	245,213	23,750,636	-	-	-	-	-	-	183,212,047	76,906,545	262,118,592
Electric, Gas, Water	152,651	560,629	1,206	-	-	-	53,731,844	461,036	732,484	129,560	2,413,687	-	-	-	-	-	-	28,821,796	29,361,301	58,183,097
Construction	20,109,604	-	-	-	-	-	55,380,975	10,201,898	16,539,507	430,450	4,977,489	-	-	-	-	-	-	64,033,547	43,686,376	107,719,923
Wholesale and retail trade	47,635,052	6,426,700	501,564	-	-	86,901,465	207,173,230	65,057,136	58,410,160	1,588,311	30,922,649	74,700	-	-	133,703	389,727	-	302,563,205	202,651,192	505,214,397
Hotel, Food and Beverage Services	4,183,509	1,015	102,395	-	-	-	63,633,171	42,538,095	31,764,619	454,354	13,630,489	-	-	-	-	-	-	138,711,962	17,315,685	156,027,647
Transportation and Telecommunication	725,336	-	164	-	-	-	11,984,295	3,071,194	14,028,908	56,095	806,877	-	-	-	-	-	-	14,192,763	16,800,606	30,972,869
Financial Institutions	7,708,907	5	17,853	-	-	-	88,000,205	8,100,273	6,761,880	951,432	3,287,719	-	-	-	-	-	-	27,939,918	86,388,336	114,328,274
Real Estate and renting services	33,376,065	-	2,064	-	-	86,901,465	31,394,707	2,015,643	590,669	86,948	3,439,228	74,700	-	-	133,703	389,727	-	88,919,504	69,485,415	158,404,919
Self-employment services	113,077	-	299,067	-	-	-	3,454,302	7,674,533	3,686,282	17,638	3,803,254	-	-	-	-	-	-	14,158,249	4,891,904	19,050,153
Education services	213,680	-	1,063	-	-	-	914,319	517,369	933,064	4,956	74,134	-	-	-	-	-	-	2,462,105	196,480	2,658,585
Health and social services	1,314,478	6,425,680	78,958	-	-	-	8,062,231	1,150,029	1,144,738	16,888	5,878,948	-	-	-	-	-	-	16,179,304	7,892,746	24,071,950
Other	536,469,645	13,669	422,444	-	-	158,689	26,399,244	99,073,081	52,284,280	1,352,457	33,115,055	-	-	-	13,750,278	56,847,645	-	513,023,165	306,863,322	819,886,487
Total	611,073,442	7,003,783	925,801	-	-	87,060,154	539,838,317	202,385,601	161,573,374	3,790,165	95,634,959	74,700	-	133,703	14,140,005	56,847,645	-	1,107,023,540	673,458,109	1,780,481,649

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on banks and in organizations
- 6- Claims on banks and in intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Agency
- 12- Marketable securities secured
- 13- Securitization positions
- 14- Short-term claims and short-term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Stock investments
- 17- Other claims

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

	Prior Period - December 31, 2021	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	273,945	232	853	-	-	-	-	869,807	2,142,455	1,337,952	46,004	36,062	-	-	-	-	-	-	4,562,975	144,335	4,707,310
Farming and raising livestock	247,223	232	853	-	-	-	-	785,860	2,062,161	1,306,716	42,936	35,667	-	-	-	-	-	-	4,421,648	60,000	4,481,648
Forestry	7,866	-	-	-	-	-	108	40,974	23,339	7,877	2,368	344	-	-	-	-	-	-	67,722	5,409	73,131
Fishing	18,856	-	-	-	-	-	83,839	39,320	7,877	2,368	51	-	-	-	-	-	-	-	73,605	78,926	152,531
Manufacturing	9,181,438	486,109	1,023	-	-	-	136,970,824	16,566,186	18,780,986	729,341	48,750	48,750	-	-	-	-	-	-	97,507,530	85,257,127	182,764,657
Mining	194,087	-	-	-	-	-	11,014,261	385,722	359,682	61,551	487	-	-	-	-	-	-	-	3,211,680	8,804,110	12,015,790
Production	8,860,710	486,109	658	-	-	-	95,478,894	15,770,068	17,922,305	500,076	47,702	-	-	-	-	-	-	-	84,809,262	53,771,151	138,580,413
Electric, Gas, Water	126,641	-	365	-	-	-	30,477,669	410,396	498,989	167,714	561	-	-	-	-	-	-	-	9,486,588	22,681,866	32,168,454
Construction	15,150,963	64	22	-	-	-	36,165,316	10,674,095	909,746	23,834	-	-	-	-	-	-	-	-	39,450,233	29,109,251	68,559,484
Services	281,663,049	7,398,079	533,162	-	-	-	51,766,118	114,407,676	36,382,031	37,299,125	985,117	1,023,303	-	-	-	-	-	-	335,698,136	196,131,189	531,829,325
Wholesale and retail trade	9,308,323	1,298	1,491	-	-	-	35,627,881	23,688,115	18,857,005	721,748	229,108	-	-	-	-	-	-	-	72,972,728	15,462,241	88,434,969
Hotel, Food and Beverage Services	1,426,234	90	-	-	-	-	7,927,598	2,046,466	8,764,555	77,271	91,455	-	-	-	-	-	-	-	8,601,923	11,731,746	20,333,669
Transportation and Telecommunication	8,052,676	21	10,078	-	-	-	48,538,462	5,885,843	4,574,084	103,514	124,623	-	-	-	-	-	-	-	16,955,312	50,335,989	67,289,301
Financial Institutions	261,476,277	-	2,333	-	-	-	51,766,118	15,535,054	880,291	478,163	7,741	101,325	-	-	-	-	-	-	215,888,913	114,770,054	330,658,967
Real Estate and renting services	302,610	-	436,309	-	-	-	3,131,738	2,873,320	2,809,170	40,892	-	-	-	-	-	-	-	-	8,941,063	1,109,713	10,050,776
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	313,650	-	372	-	-	-	909,995	333,852	986,976	22,456	3,345	-	-	-	-	-	-	-	2,538,459	32,187	2,570,646
Health and social services	783,279	7,396,760	82,489	-	-	-	2,676,948	674,144	829,172	11,495	36,710	-	-	-	-	-	-	-	9,799,738	2,691,239	12,490,977
Other	109,938,765	4,091	353,045	-	-	-	2,241,288	16,534,821	61,628,852	39,209,834	1,514,017	12,983,020	-	-	-	-	-	-	6,269,729	17,868,462	268,545,124
Total	416,188,160	7,888,575	888,105	-	-	-	54,007,406	304,948,444	122,374,968	107,501,192	4,184,225	14,114,969	-	-	-	-	-	-	654,048,483	402,357,417	1,056,405,900

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporate
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Agency
- 12- Marketable securities secured by mortgage
- 13- Securitization positions
- 14- Short-term claims and short-term corporate claims on banks and intermediary institutions
- 15- Undertakings for collective investments in mutual funds
- 16- Stock Investments
- 17- Other claims

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Distribution of maturity risk factors according to their outstanding maturities (*)

Risk Classifications-Current Period - December 31, 2022	According to their outstanding maturities					Undistributed
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Claims on sovereigns and Central Banks	35,156,726	28,481,250	11,541,867	50,965,206	484,928,393	-
Claims on regional governments or local authorities	6,652	6,263,882	27,177	78,154	627,918	-
Claims on administrative bodies and other non-commercial undertakings	1,459	567,061	104,699	69,660	182,922	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	22,790,360	9,902,557	5,482,141	11,540,990	37,344,106	-
Claims on corporate	25,161,738	303,845,428	67,242,723	65,166,168	78,422,260	-
Claims included in the regulatory retail portfolios	12,267,847	130,568,580	7,653,703	10,788,104	41,107,367	-
Claims secured by residential property	3,334,323	110,351,379	9,101,197	12,433,141	26,353,334	-
Past due loans	-	3,790,102	-	-	-	63
Higher risk categories decided by the Agency	4,199,587	52,341,481	5,151,989	8,422,588	25,519,314	-
Marketable securities secured by mortgages	24,850	35,190	14,660	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	133,703	-
Stock Investments	-	-	-	-	14,140,005	-
Other claims	-	-	-	-	56,847,645	-
TOTAL	102,943,542	646,146,910	106,320,156	159,464,011	765,606,967	63

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

Distribution of maturity risk factors according to their outstanding maturities (*)

Risk Classifications-Prior Period - December 31, 2021	According to their outstanding maturities					Undistributed
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Claims on sovereigns and Central Banks	90,100,805	1,865,185	5,969,274	19,931,238	298,321,658	-
Claims on regional governments or local authorities	11,158	135,669	135,852	203,021	7,402,875	-
Claims on administrative bodies and other non-commercial undertakings	38,595	17,055	13,429	375,732	443,294	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	15,522,662	3,304,644	1,741,590	3,252,809	30,185,701	-
Claims on corporate	16,252,175	24,264,620	19,948,496	51,518,443	192,964,710	-
Claims included in the regulatory retail portfolios	1,460,779	2,712,869	3,929,010	19,500,742	94,771,568	-
Claims secured by residential property	982,588	2,612,390	3,800,700	16,733,155	83,172,359	-
Past due loans	-	-	-	-	-	4,184,225
Higher risk categories decided by the Agency	1,552	8,950	887	25,935	14,077,645	-
Marketable securities secured	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	7,806	-
Stock Investments	-	-	-	-	6,633,588	-
Other claims	-	-	-	-	17,868,462	-
TOTAL	124,370,314	34,921,382	35,539,238	111,541,075	745,849,666	4,184,225

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk balances according to risk weights

Risk Weights Current Period - December 31, 2022	0%	2%	10%	20%	35%	50%	75%	100%	150%	Other Risk Weights	Deductions from the shareholders' equity
Pre-Amount of Credit Risk							182,698,40				
Mitigation	605,335,564	24,516,902	74,700	110,230,811	71,980,109	160,767,394	9	529,147,927	45,580,503	50,149,330	652,753
Amount after Credit Risk							160,649,24				
Mitigation	668,028,248	15,324,777	26,818,275	113,240,755	71,980,109	150,770,457	5	477,996,617	45,523,836	50,149,330	652,753

Risk Weights Prior Period - December 31, 2021	0%	2%	10%	20%	35%	50%	75%	100%	150%	Other Risk Weights	Deductions from the shareholders' equity
Pre-Amount of Credit Risk											
Mitigation	406,752,444	12,579,732	-	38,369,936	50,427,459	71,335,157	117,520,901	345,031,539	14,388,732	-	468,345
Amount after Credit Risk											
Mitigation	442,113,904	1,223,365	3,760,956	32,671,446	50,427,459	66,945,998	115,760,930	329,180,456	14,321,386	-	468,345

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Information According to Sectors and Counterparties

Current Period - December 31, 2022	Impaired (IFRS 9)		Expected Credit Loss Provisions (IFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agricultural	141,379	150,584	142,491
Farming and raising livestock	130,402	142,622	135,217
Forestry	377	2,279	1,918
Fishing	10,600	5,683	5,357
Manufacturing	31,029,226	4,317,450	11,836,712
Mining	273,776	309,869	374,062
Production	23,291,230	2,631,593	8,677,830
Electric, Gas, Water	7,464,220	1,375,988	2,784,821
Construction	12,100,558	4,603,702	5,919,820
Services	31,119,840	8,302,211	12,742,706
Wholesale and retail trade	3,957,883	3,552,489	3,550,300
Hotel, Food and Beverage Services	8,372,194	233,798	2,874,780
Transportation and telecommunication	5,166,415	2,117,741	1,775,034
Financial Institutions	212,163	188,418	109,950
Real estate and renting services	11,304,684	165,698	2,662,440
Self-employment services	1,181,264	1,860,277	1,473,916
Education services	514,476	79,089	185,236
Health and social services	410,761	104,701	111,050
Other	2,733,333	2,900,401	4,657,300
Total	77,124,336	20,274,348	35,299,029

Prior Period - December 31, 2021	Impaired (IFRS 9)		Expected Credit Loss Provisions (IFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agricultural	194,925	176,928	162,165
Farming and raising livestock	192,804	165,123	152,983
Forestry	1,772	1,840	1,755
Fishing	349	9,965	7,427
Manufacturing	22,907,795	4,071,499	5,098,745
Mining	273,747	311,180	286,583
Production	15,338,860	2,875,211	3,416,555
Electric, Gas, Water	7,295,188	885,108	1,395,607
Construction	9,281,596	3,962,355	4,698,727
Services	27,162,404	6,935,582	10,654,842
Wholesale and retail trade	9,654,112	4,086,735	4,525,213
Hotel, Food and Beverage Services	7,370,463	250,646	2,011,654
Transportation and telecommunication	5,187,946	510,392	1,072,681
Financial Institutions	161,259	44,747	58,718
Real estate and renting services	3,481,847	204,269	1,561,575
Self-employment services	978,470	1,639,195	1,227,211
Education services	140,127	97,498	81,184
Health and social services	188,180	102,100	116,606
Other	2,612,531	3,163,197	2,512,011
Total	62,159,251	18,309,561	23,126,490

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2022	Opening Balance 1 January 2022	Provisions reserved during the period	Cancelations	Other Adjustments ^(*)	Closing Balance
Specific provisions	14,193,174	6,123,405	(3,790,227)	22,760	16,549,112
General provisions	12,065,932	20,741,859	(7,299,090)	(14,826)	25,493,875

(*) 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
Specific provisions	13,369,131	3,502,673	(2,703,819)	25,189	14,193,174
General provisions	8,630,600	8,346,889	(4,913,928)	2,371	12,065,932

(*) 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 ^(**)	11,966,634	10,121,824
Total	20,274,348	18,309,561

(*) 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.

Cash loans	Current Period - December 31, 2022	Prior Period - December 31, 2021
Secured Loans:	638,517,436	435,986,285
Secured by mortgages	149,307,317	101,061,954
Secured by cash collateral	15,559,342	3,261,048
Guarantees issued by financial institutions	3,887,138	1,240,065
Secured by government institutions or government securities	32,968,702	43,639,424
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	436,794,937	286,783,794
Unsecured Loans	294,933,534	137,714,025
Total performing loans	933,450,970	573,700,310

Non-cash loans	Current Period - December 31, 2022	Prior Period - December 31, 2021
Secured Loans:	158,503,719	99,788,574
Secured by mortgages	19,463,047	10,517,180
Secured by cash collateral	4,195,436	1,479,603
Guarantees issued by financial institutions	-	-
Secured by government institutions or government securities	128,509	225,107
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	134,716,727	87,566,684
Unsecured Loans	115,744,807	92,350,754
Total non-cash loans	274,248,526	192,139,328

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. 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	877,453,080	-	877,453,080
Bahrain	7,310,840	-	7,310,840
England	4,914,595	-	4,914,595
Germany	1,131,111	-	1,131,111
France	865,020	-	865,020
USA	840,873	-	840,873
Switzerland	633,273	-	633,273
Iraq	629,715	-	629,715
Holland	369,660	-	369,660
Austria	304,298	-	304,298
Other	1,220,614	-	1,220,614
Total	895,673,079	-	895,673,079

Prior Period - December 31, 2021

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	485,947,878	-	485,947,878
England	5,094,320	-	5,094,320
USA	2,421,103	-	2,421,103
Germany	916,623	-	916,623
Switzerland	645,400	-	645,400
Bahrain	582,988	-	582,988
France	510,178	-	510,178
Iraq	424,920	-	424,920
Austria	126,352	-	126,352
Italy	122,240	-	122,240
Other	536,845	-	536,845
Total	497,328,847	-	497,328,847

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. FOREIGN CURRENCY EXCHANGE RISK

Foreign exchange risk that the Bank exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Bank for the positions being 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 Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the 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 and 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 Bank does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

The 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 Bank's strategies by considering the balance with other financial risks.

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

The Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the 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
<u>Foreign currency purchase rates for the days before balance sheet date;</u>		
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
Last 30-days arithmetical average rate	18.6328	19.6211

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period - December 31, 2022	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of Republic of Türkiye	117,126,704	88,891,651	14,521,564	220,539,919
Banks	2,805,599	21,928,170	3,812,037	28,545,806
Financial assets at fair value through profit or loss	-	383,329	16,478,801	16,862,130
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	22,120,401	90,561,790	-	112,682,191
Loans ⁽¹⁾	144,314,518	143,764,374	257,358	288,336,250
Associates, subsidiaries and joint-ventures	1,843,727	-	-	1,843,727
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	-	43,602	4,204	47,806
Intangible assets	-	1,125	-	1,125
Other assets ⁽²⁾	2,851,416	5,960,790	684,886	9,497,092
Total assets	309,851,048	366,782,791	35,758,850	712,392,689
<i>Liabilities:</i>				
Bank deposits	15,304,145	12,243,810	1,620,688	29,168,643
Foreign currency deposits	148,386,476	224,189,024	45,279,935	417,855,435
Interbank money market takings	30,929,181	45,727,488	-	76,656,669
Other funding	49,748,434	63,043,057	8,549,896	121,341,387
Securities issued ⁽³⁾	14,475,926	61,996,970	1,831,608	78,304,504
Miscellaneous payables	5,764,042	3,339,564	689	9,104,295
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ⁽⁴⁾	2,376,685	6,498,835	660,887	9,536,407
Total liabilities	266,984,889	417,038,748	57,943,703	741,967,340
Net 'on balance sheet' position	42,866,159	(50,255,957)	(22,184,853)	(29,574,651)
Net 'off-balance sheet' position	(42,419,589)	46,800,676	22,094,690	26,475,777
Derivative assets ⁽⁵⁾	15,420,752	73,133,107	26,028,604	114,582,463
Derivative liabilities ⁽⁵⁾	57,840,341	26,332,431	3,933,914	88,106,686
Non-cash loans ⁽⁶⁾	64,503,759	80,730,319	5,088,430	150,322,508
Prior Period - December 31, 2021	Euro	US Dollar	Other FC	Total
Total assets	192,824,189	264,632,977	26,874,842	484,332,008
Total liabilities	181,135,361	309,571,652	39,918,809	530,625,822
Net 'on balance sheet' position	11,688,828	(44,938,675)	(13,043,967)	(46,293,814)
Net 'off-balance sheet' position	(9,205,089)	47,522,011	12,990,072	51,306,994
Derivative assets ⁽⁵⁾	10,562,912	57,049,916	21,148,983	88,761,811
Derivative liabilities ⁽⁵⁾	19,768,001	9,527,905	8,158,911	37,454,817
Non-cash loans ⁽⁶⁾	49,879,695	77,774,961	2,754,797	130,409,453

(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). Other Derivative Financial Instruments Currency Income Costs TL 65,542 TL (31 December 2021: 388,490), Prepaid Expenses TL 508,531 (December 31, 2021 : 285,522 1st and 2nd stage expected loss provisions (23,970TL) (December 31, 2021: (17,558)), deferred tax liabilities TL 33,646 (December 31, 2021: None) and derivative financial instruments currency expense accruals of TL 135,989 (December 31, 2021: 290,286). Expected Credit Loss on Non-Cash Loans amounting is none (December 31, 2021: 9,409) unearned income TL 336,688 (December 31, 2021: 267,904) and shareholders' equity TL (4,969) (December 31, 2021: 582,253 are not taken into consideration in the currency risk calculation.

(3). Subordinated debt are shown under securities issued.

(4). 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.

(5). Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% appreciation of the TL against the following currencies as at and for the period ended December 31, 2022 and December 31, 2021 would have effect on equity and profit or loss (without tax effects) by the amounts shown 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	(350,001)	(350,001)	255,454	255,454
Euro	11,531	11,531	226,585	226,585
Other currencies	(9,437)	(9,437)	(5,390)	(5,390)
Total, net ^(**)	(347,907)	(347,907)	476,649	476,649

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

^(**) 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 period ended December 31, 2022 and December 31, 2021 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	Current Period - December 31, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	350,001	350,001	(255,454)	(255,454)
Euro	(11,531)	(11,531)	(226,585)	(226,585)
Other currencies	9,437	9,437	5,390	5,390
Total, net ^(**)	347,907	347,907	(476,649)	(476,649)

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

^(**) 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 FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. 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.

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	-	-	-	-	-	268,935,221	268,935,221
Banks	4,065,564	3,296,034	-	159,947	-	21,024,314	28,545,859
Financial assets at fair value through profit/loss	-	-	-	16,478,799	-	617,409	17,096,208
Interbank money market placements	12,095,635	-	-	-	-	-	12,095,635
Financial assets at fair value through other comprehensive income	52,532,440	18,570,351	63,719,193	45,500,272	16,456,419	119,854	196,898,529
Loans and receivables ⁽¹⁾	285,501,294	231,486,165	248,950,833	91,694,759	75,817,919	20,274,348	953,725,318
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⁾	2,073,762	12,321,570	3,146,075	2,735,311	977,365	23,916,918	45,171,001
Total assets	448,471,460	269,066,530	317,801,275	200,602,748	110,230,546	334,888,064	1,681,060,623
<i>Liabilities:</i>							
Bank deposits	68,496,142	6,513,088	49,181	-	-	3,039,009	78,097,420
Other deposits	601,875,508	148,998,815	43,401,077	700,181	873	254,628,101	1,049,604,555
Interbank money market takings	58,412,936	63,640,619	8,467,417	2,010,983	-	-	132,531,955
Miscellaneous payables	-	-	-	-	-	37,661,137	37,661,137
Securities issued ⁽³⁾	14,566,554	4,509,909	5,822,331	63,528,037	5,470,463	-	93,897,294
Funds borrowed	7,069,657	72,531,813	17,153,546	23,257,564	5,263,136	5,470,526	130,746,242
Other liabilities ⁽⁴⁾	1,635,158	9,202,920	2,702,968	750,458	1,678,437	142,552,079	158,522,020
Total liabilities	752,055,955	305,397,164	77,596,520	90,247,223	12,412,909	443,350,852	1,681,060,623
On balance sheet long position	-	-	240,204,755	110,355,525	97,817,637	-	448,377,917
On balance sheet short position	(303,584,495)	(36,330,634)	-	-	-	(108,462,788)	(448,377,917)
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	(302,358,295)	(17,859,723)	240,899,042	114,019,851	95,854,640	(108,462,788)	22,092,727

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

⁽²⁾ Subsidiaries, associates and tangible and intangible assets, expected credit losses and deferred tax asset 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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK

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
Assets:							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,747,428	144,148,987
Banks	-	812,580	307,252	121,663	-	20,064,843	21,306,338
Financial assets at fair value through profit/loss	3,611,441	-	631,572	11,696,728	-	463,762	16,403,503
Interbank money market placements	-	-	-	-	-	6,914,400	6,914,400
Financial assets at fair value through other comprehensive income	11,369,433	9,631,299	40,457,150	64,212,470	7,793,705	7,246	133,471,303
Loans and receivables ⁽¹⁾	155,124,137	146,467,816	123,424,740	82,034,755	66,648,862	18,309,561	592,009,871
Financial assets measured at amortized cost	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	(4,025,534)	19,097,312
Total assets	220,791,856	168,843,959	179,757,403	182,709,569	94,629,204	160,481,706	1,007,213,697
Liabilities:							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,187	33,227,880
Other deposits	301,065,932	90,795,430	21,666,080	191,232	548	143,996,285	557,715,507
Interbank money market takings	122,576,810	7,719,245	7,467,266	6,117,463	-	-	143,880,784
Miscellaneous payables	-	-	-	-	-	18,185,250	18,185,250
Securities issued ⁽³⁾	1,455,630	4,659,834	21,323,621	57,548,837	5,955,402	-	90,943,324
Funds borrowed	1,424,536	54,201,377	10,074,107	16,504,095	6,859,145	2,367,270	91,430,530
Other liabilities ⁽⁴⁾	1,189,141	3,698,072	1,582,814	1,028,960	2,679,451	61,651,984	71,830,422
Total liabilities	450,026,739	170,099,961	62,113,888	81,390,587	15,494,546	228,087,976	1,007,213,697
On balance sheet long position	-	-	117,643,515	101,318,982	79,134,658	-	298,097,155
On balance sheet short position	(229,234,883)	(1,256,002)	-	-	-	(67,606,270)	(298,097,155)
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	(225,283,233)	13,041,257	117,603,228	100,619,650	77,348,461	(67,606,270)	15,723,093

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

⁽²⁾ Subsidiaries, associates and tangible and intangible assets, expected credit losses and deferred tax asset 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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK (Continued)

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

Current Period - December 31, 2022	Euro %	US Dollar %	Yen %	TL %
Assets:				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	23.94
Loans and receivables	6.29	8.84	-	15.81
Financial assets measured at amortized cost	4.59	6.40	-	25.84
Liabilities:				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.77	2.33	-	17.67
Interbank money market takings	3.26	5.05	-	9.36
Miscellaneous payables	-	-	-	-
Securities issued (**)	5.08	6.24	-	14.70
Funds borrowed	3.46	6.08	-	10.30
Prior Period - December 31, 2021				
Assets:				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans and receivables	4.78	7.24	-	16.01
Financial assets measured at amortized cost	4.59	6.34	-	12.59
Liabilities:				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.41	1.07	-	16.13
Interbank money market takings	1.41	2.06	-	14.04
Miscellaneous payables	-	-	-	-
Securities issued (**)	5.08	6.11	-	15.42
Funds borrowed	1.67	2.51	-	14.19

^(*) 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 FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. STOCK POSITION RISKS

Stock position risks arising from banking book items

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

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

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

Current Period - December 31, 2022	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	7,170,908	7,170,908	7,170,908
1.Stocks Investments Group A	7,170,908	7,170,908	7,170,908
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	7,634,455	7,209,108	-

(*) 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		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	2,341,706	2,341,706	2,341,706
1.Stocks Investments Group A	2,341,706	2,341,706	2,341,706
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	4,819,329	4,575,861	-

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. STOCK POSITION RISKS (Continued)

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

Total unearned 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	-	-	-	4,922,117	4,922,117
3. Other Stocks	-	3,706,012	3,706,012	-	-
4. Total	-	3,706,012	3,706,012	4,922,117	4,922,117

(*) 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	-	-	-	819,966	819,966
3. Other Stocks	-	2,080,669	2,080,669	-	-
4. Total	-	2,080,669	2,080,669	819,966	819,966

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

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	7,170,908	7,060,371	564,830
3.Other Stocks	7,634,455	7,079,634	566,371
4. Total	14,805,363	14,140,005	1,131,201

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

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Portfolio- Prior Period - December 31, 2021	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	2,341,706	2,341,706	187,336
3.Other Stocks	4,819,329	4,291,882	343,351
4. Total	7,161,035	6,633,588	530,687

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. 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 bank. The framework of liquidity risk of the bank 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 Bank is managing liquidity risk according to risk capacity and the Bank'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 Bank monitors the net liquidity position and liquidity requirements continuously and facing the future. The Bank takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Bank (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

Liquidity management in the Bank is carried out under Treasury Department in regard to the Bank's strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, 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 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 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 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 our 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 our 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 Bank's liquidity adequacy is limited.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated March 21, 2014 and numbered 28948, the highest and lowest values of the Bank's Liquidity Coverage Ratio calculated weekly for the last three months and the weeks when these values were observed are given in the table below. In accordance with the related regulation, consolidated and non-consolidated total and foreign currency minimum liquidity coverage ratios are determined as one hundred percent and eighty percent, respectively.

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	December 30, 2022	163.33	December 30, 2022	315.81
The highest value	November 11, 2022	219.77	October 7, 2022	556.99

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)		430,566,928	228,633,753	
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	413,860,821	212,049,452	37,760,415	21,204,945
3	Stable deposits	72,513,345	-	3,625,667	-
4	Less stable deposits	341,347,476	212,049,452	34,134,748	21,204,945
5	Unsecured wholesale funding, of which:	583,006,997	249,522,383	242,660,516	111,194,875
6	Operational deposits	399,574,351	158,357,065	99,555,344	39,589,266
7	Non-operational deposits	112,497,449	55,394,767	72,305,901	35,957,932
8	Other Unsecured debts	70,935,197	35,770,551	70,799,271	35,647,677
9	Secured wholesale funding			-	-
10	Other cash outflows, of which:	89,902,908	42,251,766	89,902,908	42,251,766
11	Outflows related to derivative exposures and other collateral requirements	89,804,600	42,251,766	89,804,600	42,251,766
12	Outflows related to loss of funding on debt products	98,308	-	98,308	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	116,052,378	97,208,582	5,802,619	4,860,429
15	Other contingent funding obligations	258,175,400	71,604,089	20,327,920	5,094,565
16	TOTAL CASH OUTFLOWS			396,454,378	184,606,580
CASH INFLOWS					
17	Secured lending	1,748,624	-	-	-
18	Unsecured lending	107,897,995	62,005,805	87,600,300	55,947,862
19	Other cash inflows	89,348,412	86,185,424	89,348,412	86,185,424
20	TOTAL CASH INFLOWS	198,995,031	148,191,229	176,948,712	142,133,286
Upper Limit Applied Amounts					
21	TOTAL HQLA STOCK			430,566,928	228,633,753
22	TOTAL NET CASH OUTFLOWS			219,505,666	46,151,645
23	LIQUIDITY COVERAGE RATIO (%)			197.76	450.66

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	8 October 2021	130.80	3 December 2021	235.00
The highest value	17 December 2021	176.04	1 October 2021	465.32

Prior Period - December 31, 2021	Total unweighted value *		Total weighted value*	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 Total High Quality Liquid Assets (HQLA)			178,962,497	127,804,670
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers, of which:	245,106,759	137,808,313	22,396,834	13,780,831
3 Stable deposits	42,276,853	-	2,113,843	-
4 Less stable deposits	202,829,906	137,808,313	20,282,991	13,780,831
5 Unsecured wholesale funding, of which:	266,863,351	133,807,808	111,717,781	54,033,798
6 Operational deposits	175,296,492	89,260,019	43,824,123	22,315,005
7 Non-operational deposits	63,486,036	31,735,954	39,919,261	19,012,250
8 Unsecured debt	28,080,823	12,811,835	27,974,397	12,706,543
9 Secured wholesale funding			-	-
10 Additional requirements of which:	35,068,088	13,946,042	35,068,088	13,946,042
11 Outflows related to derivative exposures and other collateral requirements	34,993,946	13,946,042	34,993,946	13,946,042
12 Outflows related to loss of funding on debt products	74,142	-	74,142	-
13 Credit and liquidity facilities	-	-	-	-
14 Other contractual funding obligations	58,041,232	52,158,331	2,902,062	2,607,917
15 Other contingent funding obligations	157,013,169	52,415,858	12,847,447	4,219,394
16 TOTAL CASH OUTFLOWS			184,932,212	88,587,982
CASH INFLOWS				
17 Secured lending	-	-	-	-
18 Inflows from fully performing exposures	32,914,056	15,256,677	23,360,261	12,035,049
19 Other cash inflows	37,121,696	36,523,969	37,121,696	36,523,969
20 TOTAL CASH INFLOWS	70,035,752	51,780,646	60,481,957	48,559,018
Upper Limit Applied Amounts				
21 TOTAL HQLA			178,962,497	127,804,670
22 TOTAL NET CASH OUTFLOWS			124,450,255	40,028,964
23 LIQUIDITY COVERAGE RATIO (%)			143.07	340.99

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

Bank's high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Ministry of Treasury and Finance of the Republic of Türkiye.

Whereas the Banks' important fund sources are deposits, funds obtained from other financial institutions, marketable securities issued and funds obtained from repo transactions.

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

Maturity analysis of assets and liabilities according to remaining maturities

Current Period – December 31, 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets:								
Cash and balance with CBRT	251,157,612	17,777,609	-	-	-	-	-	268,935,221
Banks	23,044,659	2,045,219	3,296,034	-	159,947	-	-	28,545,859
Financial assets at fair value through profit/loss	133,947	-	-	-	16,478,799	-	483,462	17,096,208
Interbank money market placements	-	12,095,635	-	-	-	-	-	12,095,635
Financial assets at fair value through other comprehensive income	-	3,466,525	3,952,634	61,035,804	83,570,767	44,752,945	119,854	196,898,529
Loans and receivables	-	88,190,805	89,404,178	246,578,009	294,988,837	214,289,141	20,274,348	953,725,318
Financial assets measured at amortized cost	-	206,972	3,049,979	11,943,469	71,803,378	71,589,054	-	158,592,852
Other assets ⁽³⁾ (4)	6,077	7,413,016	4,407,253	238,631	7,207,800	9,085,083	16,813,141	45,171,001
Total assets	274,342,295	131,195,781	104,110,078	319,795,913	474,209,528	339,716,223	37,690,805	1,681,060,623
Liabilities:								
Bank deposits	3,039,009	68,496,142	6,513,088	49,181	-	-	-	78,097,420
Other deposits	254,628,101	601,875,508	148,998,815	43,401,077	700,181	873	-	1,049,604,555
Funds borrowed	-	1,823,613	3,605,777	50,134,013	50,476,104	24,706,735	-	130,746,242
Interbank money market takings	-	58,412,936	54,924,684	9,943,262	8,908,884	342,189	-	132,531,955
Securities issued ⁽²⁾	-	14,123,033	3,086,645	2,993,178	64,127,079	9,567,359	-	93,897,294
Miscellaneous payables	-	23,496,785	-	-	-	-	14,164,352	37,661,137
Other liabilities	101,891	1,443,315	8,957,157	420,023	1,866,563	3,184,544	142,548,527	158,522,020
Total liabilities	257,769,001	769,671,332	226,086,166	106,940,734	126,078,811	37,801,700	156,712,879	1,681,060,623
Liquidity gap	16,573,294	(638,475,551)	(121,976,088)	212,855,179	348,130,717	301,914,523	(119,022,074)	-
Net Off Balance Sheet Position	-	203,366	838,753	19,787	7,564,155	3,113,732	-	11,739,793
Receivables from Derivative Financial Instruments	-	60,867,374	11,888,824	7,175,722	69,734,388	57,859,362	-	207,525,670
Payables from Derivative Financial Instruments	-	60,664,008	11,050,071	7,155,935	62,170,233	54,745,630	-	195,785,877
Non-cash Loans	88,561,836	48,818,805	28,134,743	64,111,397	40,888,699	3,733,046	-	274,248,526
Prior Period – December 31, 2021								
	Demand	1 aya kadar	1-3 Ay	3-12 Ay	1-5 Yıl	5 Yıl ve Üzeri	Dağıtılmayan (1)	Total
Total assets	164,241,422	70,723,368	39,819,044	139,856,028	360,394,540	220,723,562	11,455,733	1,007,213,697
Total liabilities	145,883,472	458,208,149	115,811,467	74,478,065	110,819,266	33,771,574	68,241,704	1,007,213,697
Liquidity gap	18,357,950	(387,484,781)	(75,992,423)	65,377,963	249,575,274	186,951,988	(56,785,971)	-
Net Off Balance Sheet Position	-	8,054,170	757,384	309,989	3,720,350	4,262,132	-	17,104,025
Receivables from Derivative Financial Instruments	-	59,675,583	9,574,660	17,903,715	28,260,382	68,052,584	-	183,466,924
Payables from Derivative Financial Instruments	-	51,621,413	8,817,276	17,593,726	24,540,032	63,790,452	-	166,362,899
Non-cash Loans	78,778,041	13,223,627	22,155,655	45,427,011	29,392,087	3,162,907	-	192,139,328

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

(2) Subordinated debt are shown under securities issued.

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VII. LEVERAGE RATIO

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

The Bank's unconsolidated leverage rate which is calculated due to "Regulation on Banks' Measurement and Evaluation of Leverage Level" actualised as 6.16%. Increase in balance sheet assets and Tier I Capital transactions resulted in change in comparison with previous period (December 31, 2021: 5.51%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

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)	1,553,093,715	917,822,488
2. Assets deducted in determining Basel III Tier 1 capital	(620,733)	(454,973)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	1,552,472,982	917,367,515
Derivative exposures		
4. Replacement cost	9,510,444	18,000,551
5. Add-on amount	1,683,481	2,283,055
6. Total derivative exposures	11,193,925	20,283,606
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	10,651,636	12,616,615
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	10,651,636	12,616,615
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	572,926,965	334,234,825
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(198,113,442)	(104,680,461)
12. Total off-balance sheet exposures	374,813,523	229,554,364
Capital and total exposures		
13. Tier 1 capital	119,914,989	64,675,456
14. Total exposures	1,949,132,066	1,179,822,100
Leverage ratio		
15. Leverage ratio	6.16	5.51

^(*) 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	12,095,635	12,095,635
Banks	28,545,859	28,545,859
Financial assets at fair value through profit/loss	17,096,208	17,096,208
Financial Assets at Fair Value through Other		
Comprehensive Income	196,898,529	196,898,529
Assets Measured at Amortised Cost	158,592,852	180,340,363
Loans	953,725,318	945,874,126
Financial Liabilities:		
Bank Deposits	78,097,420	78,097,420
Other Deposits	1,049,604,555	1,046,585,826
Funds Borrowed	130,746,242	123,010,670
Marketable Securities	69,854,008	69,769,393
Subordinated Loans	24,043,286	23,921,171
Prior Period - December 31, 2021	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	6,914,400	6,914,400
Banks	21,306,338	21,306,338
Financial assets at fair value through profit/loss	16,403,503	16,403,503
Financial Assets at Fair Value through Other		
Comprehensive Income	133,471,303	133,471,303
Assets Measured at Amortised Cost	73,861,983	77,492,786
Loans	592,009,871	587,440,334
Financial Liabilities:		
Bank Deposits	33,227,880	33,227,880
Other Deposits	557,715,507	558,262,575
Funds Borrowed	91,430,530	91,006,460
Marketable Securities	61,974,897	62,011,060
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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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 Bank. 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 liabilities 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:	483,706	16,478,799	133,703	17,096,208
Debt securities	-	16,478,799	-	16,478,799
Equity securities	483,706	-	-	483,706
Other financial assets	-	-	133,703	133,703
Financial assets at fair value through other comprehensive income	194,781,989	1,996,686	119,854	196,898,529
Government debt securities	192,561,917	1,623,250	-	194,185,167
Equity securities	-	-	119,854	119,854
Other financial assets	2,220,072	373,436	-	2,593,508
Derivative financial assets held for trading purpose	-	17,361,076	-	17,361,076
Investments in associates and subsidiaries	6,687,203	-	7,209,108	13,896,311
Total Financial Assets	201,952,898	35,836,561	7,462,665	245,252,124
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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:	286,473	15,939,741	177,289	16,403,503
Debt securities	-	15,939,741	-	15,939,741
Equity securities	286,473	-	169,483	455,956
Other financial assets	-	-	7,806	7,806
Financial assets at fair value through other comprehensive income	124,392,068	9,071,989	7,246	133,471,303
Government debt securities	123,870,645	8,798,400	-	132,669,045
Equity securities	-	-	7,246	7,246
Other financial assets	521,423	273,589	-	795,012
Derivative financial assets held for trading purpose	-	21,487,370	-	21,487,370
Investments in associates and subsidiaries	2,341,706	-	4,575,861	6,917,567
Total Financial Assets	127,020,247	46,499,100	4,760,396	178,279,743
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(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	4,760,396	3,524,249
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	2,702,269	1,236,147
Balance at the end of the year	7,462,665	4,760,396

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

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

X. SEGMENT REPORTING

The Bank 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, debtors current loans, 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 Bank 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 was built in order to serve customers' needs effectively and efficiently.

Additionally, the Bank provides banking service to its personnel and enterprises which are active 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 Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

X. 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	21,084,776	51,783,465	85,366,067	335,156	158,569,464
Interest Expense	20,756,386	38,489,227	25,425,541	183,147	84,854,301
Net Interest Income/Losses(Net)	328,390	13,294,238	59,940,526	152,009	73,715,163
Net Fees and Commissions Income	2,263,542	7,804,010	725,183	-	10,792,735
Dividend Income	-	-	149,074	-	149,074
Trading Income/ Losses (Net)	-	-	4,990,170	-	4,990,170
Other Income	-	-	-	9,677,887	9,677,887
Allowance for Expected Credit Losses	-	-	-	44,149,647	44,149,647
Other Expenses	-	-	-	17,931,787	17,931,787
Profit Before Taxes	2,591,932	21,098,248	65,804,953	(52,251,538)	37,243,595
Provision for taxes	-	-	-	-	(13,226,363)
Net Profit/ Loss					24,017,232
Segment Assets	181,252,900	607,353,608	809,281,855	68,970,457	1,666,858,820
Subsidiaries and Associates (Net)	-	-	14,201,803	-	14,201,803
TOTAL ASSETS	181,252,900	607,353,608	823,483,658	68,970,457	1,681,060,623
Segment Liabilities	376,073,295	685,295,223	428,231,550	84,475,666	1,574,075,734
Equity	-	-	-	106,984,889	106,984,889
TOTAL LIABILITIES	376,073,295	685,295,223	428,231,550	191,460,555	1,681,060,623

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	14,232,668	30,677,877	27,283,861	6,191	72,200,597
Interest Expense	12,637,777	17,560,756	22,411,777	46,906	52,657,216
Net Interest Income/Losses(Net)	1,594,891	13,117,121	4,872,084	(40,715)	19,543,381
Net Fees and Commissions Income	1,069,526	3,076,622	355,215	-	4,501,363
Dividend Income	-	-	120,849	-	120,849
Trading Income/ Losses (Net)	-	-	(4,749,785)	-	(4,749,785)
Other Income	-	-	-	7,947,393	7,947,393
Allowance for Expected Credit Losses	-	-	-	12,559,091	12,559,091
Other Expenses	-	-	-	9,508,389	9,508,389
Profit Before Taxes	2,664,417	16,193,743	598,363	(14,160,802)	5,295,721
Provision for taxes	-	-	-	-	(1,120,257)
Net Profit/ Loss					4,175,464
Segment Assets	128,055,671	338,478,160	509,701,254	24,280,779	1,000,515,864
Subsidiaries and Associates (Net)	-	-	6,697,833	-	6,697,833
TOTAL ASSETS	128,055,671	338,478,160	516,399,087	24,280,779	1,007,213,697
Segment Liabilities	241,249,058	320,581,553	360,860,697	32,569,649	955,260,957
Equity	-	-	-	51,952,740	51,952,740
TOTAL LIABILITIES	241,249,058	320,581,553	360,860,697	84,522,389	1,007,213,697

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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 Communiqué on Explanations to the Public Regarding Banks Risk Management" entered into force as of March 31, 2016 are given in this section. Since the Bank 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 Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

The development of the risk culture by the 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 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 bank 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 bank 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 bank 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 Bank 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 Bank 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 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 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 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 Bank's product range and fields of activity are developed.

In response to the sudden and unexpected changes in the macroeconomic indicators and Bank'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 bank's risk group (on the balance sheet - off the 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 bank'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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (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) ^(*)	880,096,643	489,312,822	70,407,731
2 Standardised approach	880,096,643	489,312,822	70,407,731
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	16,193,840	9,242,103	1,295,507
5 Standardised approach for counterparty credit risk	16,193,840	9,242,103	1,295,507
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	6,813,950	7,469,054	545,116
17 Standardised approach	6,813,950	7,469,054	545,116
18 Internal model approaches	-	-	-
19 Operational Risk	32,739,862	29,601,490	2,619,189
20 Basic Indicator Approach	32,739,862	29,601,490	2,619,189
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)	935,977,998	535,633,275	74,878,239

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures

a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Current Period - December 31, 2022						
Assets						
Cash and balances at central bank	268,935,221	268,935,221	-	-	-	-
Banks	28,545,859	28,545,859	-	-	2,171,648	-
Receivables from money markets	12,095,635	12,095,635	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	17,096,208	617,408	-	-	100,375	-
Financial Assets at Fair Value through other comprehensive Income	196,898,529	196,898,529	-	89,788,350	-	-
Financial Assets Measured at amortised cost	158,592,852	158,592,852	-	37,480,964	-	-
Derivative financial assets	17,361,076	-	-	17,361,076	-	484,946
Non-performing financial assets	20,274,348	20,274,348	-	-	-	-
Allowance for expected credit losses	(41,569,629)	(16,483,985)	-	-	-	(25,085,644)
Loans (Net)	933,450,970	933,428,368	-	-	-	22,602
Non-current assets or disposal groups "held for sale" and" from discontinued operations	282,278	282,278	-	-	-	-
Investments in associates (net)	4,066,701	4,066,701	-	-	-	-
Investments in subsidiaries (net)	10,135,102	10,135,102	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	11,991,371	11,784,928	-	-	-	206,443
Intangible assets (net)	429,949	-	-	-	-	429,949
Investment properties (net)	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-
Deferred tax assets	2,478,300	2,478,300	-	-	-	-
Other assets	39,995,853	40,052,990	-	-	-	(57,137)
Total assets	1,681,060,623	1,671,704,534	144,630,390	2,756,969	(24,483,787)	
Liabilities						
Deposits	1,127,701,975	-	-	-	2,209,673	1,125,492,302
Funds borrowed	130,746,242	-	-	-	-	130,746,242
Money market funds	132,531,955	-	132,113,364	-	-	418,591
Marketable Securities (net)	69,854,008	-	-	-	-	69,854,008
Funds	3,005	-	-	-	-	3,005
Financial Liabilities at fair value through profit or loss	-	-	-	-	-	-
Derivatives liabilities	4,719,597	-	4,719,597	-	487,226	-
Factoring liabilities	-	-	-	-	-	-
Lease liabilities	1,021,403	-	-	-	-	1,021,403
Provisions	23,247,158	-	-	-	-	23,247,158
Current tax liabilities	5,182,616	-	-	-	-	5,182,616
Deferred tax liabilities	-	-	-	-	-	-
Non-current liabilities or disposal groups "held for sale" and" from discontinued operations	-	-	-	-	-	-
Subordinated debts	24,043,286	-	-	-	-	24,043,286
Other liabilities	55,024,489	-	-	-	-	55,024,489
Equity	106,984,889	-	-	-	-	106,984,889
Total liabilities	1,681,060,623	-	136,832,961	2,696,899	1,542,017,989	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. 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)

	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 securitization	Subject to the market risk	Subject to capital requirements	
Prior Period - December 31, 2021							
Assets							
Cash and balances at central bank	144,148,987	144,148,987	-	-	-	-	
Financial assets held for trading	21,306,338	21,306,338	-	-	-	-	
Financial assets designated at fair value through profit or loss	6,914,400	6,914,400	-	-	-	-	
Banks	16,403,503	463,763	-	-	-	-	
Receivables from money markets	133,471,303	133,471,303	75,043,394	-	-	-	
Available for sale financial assets (net)	73,861,983	73,861,983	57,188,376	-	-	-	
Loans and receivables	21,487,370	-	21,487,370	-	425,540	-	
Factoring receivables	18,309,561	18,309,561	-	-	-	-	
Held to maturity investments (net)	(25,948,866)	(14,133,868)	-	-	-	(11,814,998)	
Investments in associates (net)	573,700,310	573,689,517	-	-	-	10,793	
Investments in subsidiaries (net)	755,033	755,033	-	-	-	-	
Investments in joint ventures (net)	2,047,712	2,047,712	-	-	-	-	
Leasing receivables	4,650,121	4,650,121	-	-	-	-	
Derivative financial assets held for hedges	-	-	-	-	-	-	
Tangible assets (net)	4,866,852	4,683,411	-	-	-	183,441	
Intangible assets (net)	276,221	-	-	-	-	276,221	
Investment properties (net)	-	-	-	-	-	-	
Tax assets	-	-	-	-	-	-	
Non-current assets and disposal groups classified as held for sale (net)	-	-	-	-	-	-	
Other assets	10,962,869	11,008,920	-	-	-	(46,051)	
Total assets	1,007,213,697	981,177,181	153,719,139	-	425,540	(11,390,594)	
Liabilities							
Deposits	590,943,387	-	-	-	-	590,943,387	
Derivative financial liabilities held for trading	91,430,530	-	-	-	-	91,430,530	
Loans	143,880,784	-	137,805,660	-	-	6,075,124	
Debt to money markets	61,974,897	-	-	-	-	61,974,897	
Debt securities in issue	3,005	-	-	-	-	3,005	
Funds	-	-	-	-	-	-	
Various debts	5,490,278	-	5,490,278	-	426,764	-	
Other liabilities	-	-	-	-	-	-	
Factoring debts	953,912	-	-	-	-	953,912	
Debts from leasing transactions	3,849,848	-	-	-	-	3,849,848	
Derivative financial liabilities held for hedges	943,940	-	-	-	-	943,940	
Provisions	46,378	-	-	-	-	46,378	
Tax liability	-	-	-	-	-	-	
Liabilities included in disposal groups classified as held for sale (net)	28,968,427	-	-	-	-	28,968,427	
Subordinated debts	26,775,571	-	-	-	-	26,775,571	
Equity	51,952,740	-	-	-	-	51,952,740	
Total liabilities	1,007,213,697	-	143,295,938	-	426,764	863,917,759	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. 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		Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
	Total	Items subject to credit risk			
Asset carrying value amount under scope of regulatory consolidation					
1	1,705,544,410	1,671,704,534	-	144,630,390	2,756,969
2	Liabilities carrying value amount under regulatory scope of consolidation	139,042,634	-	136,832,961	2,696,899
3	Total net amount under regulatory scope of consolidation	1,566,501,776	1,671,704,534	7,797,429	60,070
4	Off-balance sheet amounts	-	-	8,686,518	-
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	-	-	99,301,976	-
10	Exposure amounts considered for regulatory	-	1,671,704,534	107,988,495	60,070
Prior Period - December 31, 2021					
Asset carrying value amount under scope of regulatory consolidation					
1	1,018,604,291	981,177,181	-	153,719,139	425,540
2	Liabilities carrying value amount under regulatory scope of consolidation	143,295,938	-	143,295,938	426,764
3	Total net amount under regulatory scope of consolidation	875,308,353	981,177,181	10,423,201	1,224
4	Off-balance sheet amounts	-	-	8,219,733	-
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	-	-	118,553,256	-
10	Exposure amounts considered for regulatory	-	981,177,181	126,772,989	1,224

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 FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations

a) General Information on Credit Risk

If the counterparty does not partially or completely fulfil its obligations in accordance with contract, the credit risk is exposed. Bank'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 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 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 domestic regulations 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, intelligence units and risk management units are playing an active role.

The 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 Bank 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 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 Bank's credit policy, risk appetite and economic changes.

The eventual aim of the 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 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 Bank's inner credit rating systems.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (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	20,274,348	933,450,970	41,537,028	912,188,290
2 Debt Securities	-	357,701,788	1,592,998	356,108,790
3 Off-balance sheet exposure	583,361	488,712,876	50,421	489,245,816
4 Total	20,857,709	1,779,865,634	43,180,447	1,757,542,896

Prior Period - December 31, 2021	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	18,309,561	573,700,310	25,926,377	566,083,494
2 Debt Securities	-	209,519,063	1,722,015	207,797,048
3 Off-balance sheet exposure	507,691	279,325,328	44,305	279,788,714
4 Total	18,817,252	1,062,544,701	27,692,697	1,053,669,256

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	18,309,561	17,444,257
2 Loans and debt securities that have defaulted since the last reporting period	9,443,277	5,238,803
3 Returned to non-defaulted status	47,396	143,467
4 Amounts written-off	3,186,885	834,885
5 Other Changes	(4,244,209)	(3,395,147)
6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4+5)	20,274,348	18,309,561

(*) Provisions for non-cash loans that are not indemnified and not converted into cash are not included.

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 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.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

	Credit receivables/risks December 31, 2022	Credit receivables/risks December 31, 2021
Domestic	866,179,012	524,985,405
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	6,465,241	2,939,074
Other	60,806,717	45,775,831
Total	933,450,970	573,700,310

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

Breakdown of loan receivables by sector

Current Period - December 31, 2022			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	9,549,628	150,584	132,553
Farming and raising livestock	9,256,880	142,622	125,565
Forestry	55,704	2,279	1,901
Fishing	237,044	5,683	5,087
Manufacturing	293,218,788	4,317,450	3,929,136
Mining and Quarrying	20,838,371	309,869	287,312
Production	212,305,303	2,631,593	2,395,321
Electricity, Gas, Water	60,075,114	1,375,988	1,246,503
Construction	89,989,521	4,603,702	4,177,145
Services	357,531,417	8,302,211	6,103,850
Wholesale and Retail Trade	127,322,343	3,552,489	3,143,957
Accommodation and Dining	32,783,806	233,798	194,980
Transportation and Telecommunication	102,347,392	2,117,741	1,182,366
Financial Institutions	43,690,291	188,418	102,571
Real Estate and Rental Services	35,727,333	165,698	162,538
Professional Services	10,000,823	1,860,277	1,152,641
Educational Services	2,195,992	79,089	74,329
Health and Social Services	3,463,437	104,701	90,468
Other	183,161,616	2,900,401	2,141,301
Total	933,450,970	20,274,348	16,483,985

Prior Period - December 31, 2021

Prior Period - December 31, 2021			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	4,069,482	176,928	136,875
Farming and raising livestock	3,925,370	165,123	127,861
Forestry	39,107	1,840	1,632
Fishing	105,005	9,965	7,382
Manufacturing	159,370,804	4,071,499	3,350,947
Mining and Quarrying	15,640,395	311,180	249,905
Production	108,912,378	2,875,211	2,383,602
Electricity, Gas, Water	34,818,031	885,108	717,440
Construction	61,826,191	3,962,355	3,056,452
Services	213,896,239	6,935,582	5,396,495
Wholesale and Retail Trade	72,759,783	4,086,735	3,400,971
Accommodation and Dining	21,678,986	250,646	188,316
Transportation and Telecommunication	73,814,527	510,392	420,383
Financial Institutions	12,938,865	44,747	38,055
Real Estate and Rental Services	22,827,502	204,269	176,480
Professional Services	5,680,181	1,639,195	1,005,035
Educational Services	2,268,613	97,498	75,311
Health and Social Services	1,927,782	102,100	91,944
Other	134,537,594	3,163,197	2,193,099
Total	573,700,310	18,309,561	14,133,868

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. 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
88,190,805	89,404,178	246,578,009	294,988,837	214,289,141	933,450,970
Prior Period - December 31, 2021					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
55,110,275	27,426,156	108,012,809	218,046,147	165,104,923	573,700,310

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 of the provision allocated receivables and related provisions by geographical regions

Current Period - December 31, 2022		
Geographical area	Loans Receivables(Risks)	Provisions
Domestic	20,140,552	16,397,403
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	132,934	85,720
Other	862	862
Total	20,274,348	16,483,985

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

Prior Period - December 31, 2021		
Geographical area	Loans Receivables(Risks)	Provisions
Domestic	18,210,199	14,070,046
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
Total	18,309,561	14,133,868

(*) 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	2,217,068	2,984,425
61-90 days	1,541,596	1,837,407

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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	24,664,128
Non-performing Loans	2,645,272	2,126,026

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

Credit risk mitigation techniques in the Bank are evaluated within the scope of the "Policy Document on Credit Risk Management". Within the scope of "Communiqué on Credit Risk Mitigation", simple financial guarantee method is used for financial guarantees. Cash and cash equivalents 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 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	677,658,878	234,529,412	167,428,336	49,216,390	40,318,184	-	-
2 Debt Securities	356,108,790	-	-	-	-	-	-
3 Total	1,033,767,668	234,529,412	167,428,336	49,216,390	40,318,184	-	-
4 Of which Defaulted	20,274,348	-	-	-	-	-	-
Prior Period December 31, 2022	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	405,509,775	160,573,719	105,407,593	63,010,541	51,179,363	-	-
2 Debt Securities	207,797,048	-	-	-	-	-	-
3 Total	613,306,823	160,573,719	105,407,593	63,010,541	51,179,363	-	-
4 Of which Defaulted	18,309,561	-	-	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. 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+/BBB-
	4	BB+ and BB-	BB+/BB-	BB+/BB-	BBB+/BB-
	5	B+ and B-	B+/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)

Credit risk exposure and credit risk mitigation effects

Current Period - December 31, 2022	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
1 Exposures to central governments or central banks	561,458,653	768,779	579,099,334	550,492	3,474,083	49.61%
2 Exposures to regional governments or local authorities	1,556,289	6,232,224	6,232,224	771,130	882,252	95.38%
3 Exposures to public sector entities	754,550	407,335	754,550	170,394	-	-
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	30,222,786	9,394,320	30,222,786	5,503,471	12,251,173	34.29%
7 Exposures to corporates	399,234,199	322,940,906	381,613,518	135,589,917	421,405,533	81.48%
8 Retail exposures	167,384,659	137,919,165	167,384,659	16,881,354	139,774,279	75.77%
9 Exposures secured by residential property	70,024,092	3,955,445	70,024,092	1,956,017	25,193,038	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	3,790,165	3,790,165	3,790,165	-	2,715,506	71.65%
12 Higher-risk categories by the Agency Board	95,485,180	301,641	95,485,180	149,779	1,683,909	17.34%
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)	56,847,644	-	56,847,644	-	33,319,675	58.61%
16 Other assets	14,140,005	-	14,140,005	-	14,140,005	100.00%
17 Investment in equities	1,485,270,647	492,751,482	1,485,270,647	171,897,732	880,230,346	53.12%
18 Total						

Current Period - December 31, 2021	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
1 Exposures to central governments or central banks	312,898,519	771,950	326,577,791	431,534	264,930	0.08%
2 Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,936,999	49.94%
3 Exposures to public sector entities	812,676	192,293	812,676	75,366	873,575	98.37%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	18,487,682	5,509,853	18,487,682	3,531,966	6,910,515	31.38%
7 Exposures to corporates	232,562,747	192,598,388	218,883,475	79,744,135	287,252,517	96.19%
8 Retail exposures	110,973,807	70,467,000	110,973,807	10,896,764	91,348,974	74.96%
9 Exposures secured by residential property	49,604,814	1,985,151	49,604,814	822,645	17,649,611	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	4,184,225	4,184,225	4,184,225	-	2,759,821	65.96%
12 Higher-risk categories by the Agency Board	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	7,806	-	7,806	-	7,806	100.00%
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	17,868,460	-	17,868,460	-	12,118,245	67.82%
16 Other assets	6,633,588	-	6,633,588	-	6,633,588	100.00%
17 Investment in equities	827,187,702	280,646,327	827,187,702	101,221,843	489,320,627	52.71%
18 Total						

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XII. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures by asset classes and risk weights

Current Period - December 31, 2022	Asset Classes/ Risk Weight*	35% (secured by real estate)										Total credit risk exposure amount (After CCF and CRM)			
		0%	10%	20%	35%	50%	75%	100%	150%	200%	250%				
1	Exposures to central governments or central banks	579,649,826	-	-	-	-	-	-	-	-	-	-	-	-	579,649,826
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	-	-	-	874,281	-	-	-	-	-	-	-	924,944
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	658,894	20,229,142	-	-	13,265,753	1,572,468	-	-	-	-	-	-	-	35,726,257
7	Exposures to corporates	10,522,237	71,026,561	-	-	56,908,833	378,745,804	-	-	-	-	-	-	-	517,203,435
8	Retail exposures	3,547,511	1,260,168	-	-	160,544,354	19,113,980	-	-	-	-	-	-	-	184,466,013
9	Exposures secured by residential property	-	-	-	-	71,980,109	26,998,174	-	-	-	-	-	-	-	71,980,109
10	Exposures secured by commercial real estate	-	-	-	-	62,595,091	94,873	-	-	-	-	-	-	-	89,593,265
11	Past-due loans	35,294	21,372	-	-	2,244,192	1,451,100	-	-	50,085,487	63,843	-	-	-	3,790,165
12	Higher Risk categories by the Agency Board	-	74,700	-	-	-	-	-	-	-	-	-	-	-	74,700
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	133,703	-	-	-	-	-	-	-	133,703
16	Other assets	11,308,980	437,174	-	-	-	14,140,005	-	-	-	-	-	-	-	14,140,005
17	Investments in equities	605,788,155	74,700	93,015,243	71,980,109	141,961,647	160,544,354	476,019,527	45,523,836	50,085,487	12,175,321	-	-	-	1,657,168,379
18 Total															

Prior Period - December 31, 2021	Asset Classes/ Risk Weight*	35% (secured by real estate)										Total credit risk exposure amount (After CCF and CRM)			
		0%	10%	20%	35%	50%	75%	100%	150%	200%	250%				
1	Exposures to central governments or central banks	326,832,705	-	-	-	-	-	-	-	-	-	-	-	-	327,009,325
2	Exposures to regional governments or local authorities	9,955	260	-	-	7,873,893	-	-	-	-	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	6,988	-	-	-	872,177	-	-	-	-	-	-	-	888,042
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,567	14,615,790	-	-	5,611,869	1,181,422	-	-	-	-	-	-	-	22,019,648
7	Exposures to corporates	944,602	7,671,585	-	-	8,586,446	281,424,977	-	-	-	-	-	-	-	298,627,610
8	Retail exposures	793,721	990,724	-	-	115,741,186	4,344,940	-	-	-	-	-	-	-	121,870,571
9	Exposures secured by residential property	-	-	-	-	50,427,459	20,097,408	-	-	-	-	-	-	-	50,427,459
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	97,143	-	-	-	-	-	-	-	56,873,734
11	Past-due loans	32,146	35,200	-	-	2,945,951	1,141,131	-	-	-	-	-	-	-	4,184,225
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	7,806	-	-	-	-	-	-	-	7,806
16	Other assets	3,839,801	2,388,015	-	-	-	6,633,588	-	-	-	-	-	-	-	6,633,588
17	Investments in equities	333,072,374	74,700	25,708,562	50,427,459	61,794,485	115,741,186	327,344,093	14,321,386	50,085,487	12,175,321	-	-	-	928,409,545
18 Total															

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. 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 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 bank are being continued.

In addition to the measurement activities, sensitivity and scenario analysis are used to evaluate the resistance of the Bank 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. The Risk Management Department 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 and ISMA 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 Bank follows the limit follow up system. Limits, which are defined as loan limits and compromise limits in the system, are monitored instantaneously.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

	Renewal Cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
Current Period - December 31, 2022						
1						
2	5,315,771	888,885		1.4	8,686,518	4,227,199
3						
4					99,301,976	8,710,195
5						
6						
7						12,937,394
Prior Period - December 31, 2021						
1	6,745,255	1,474,478			8,219,733	4,234,431
2				1.4		
3						
4					118,553,256	1,961,169
5						
6						
7						6,195,600

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	8,686,518	2,949,839
4	Total subject to the CVA capital obligation	8,686,518	2,949,839
Prior Period - December 31, 2021			
Total portfolios subject to the Advanced CVA capital obligation			
1	(i) VaR component (including the 3×multiplier)		
2	(ii) Stressed VaR component (including the 3×multiplier)		
3	All portfolios subject to the Standardised CVA capital obligation	8,219,733	3,021,813
4	Total subject to the CVA capital obligation	8,219,733	3,021,813

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standardized approach CCR exposures by risk class and risk weights

Current Period - December 31, 2022

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diger	Total Credit Exposures(*)
Claims from central governments and central banks	31,423,616	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	427	2	-	-	-	-	-	-	43
Claims from administration and non commercial entity	-	530	-	-	-	-	327	-	-	380
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	29,796,635	-	8,642,904	8,808,810	-	-	895,205	-	3,190,344	7,091,997
Corporates	871,011	11,108,010	9,551,382	-	-	-	1,081,538	-	22,923	4,103,094
Retail portfolios	148,831	15,634,608	2,031,224	-	-	104,892	-	-	32	2,048,375
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	62,240,093	26,743,575	20,225,512	8,808,810	104,892	1,977,090	3,213,299	13,243,889		

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standardized approach CCR exposures by risk class and risk weights (Continued)

Prior Period - December 31, 2021

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diger	Total Credit Exposures(*)
Claims from central governments and central banks	89,178,835	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	449
Claims from administration and non commercial entity	-	63	-	-	-	-	-	-	-	6
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	18,886,681	-	6,962,858	5,151,513	-	-	66,075	-	920,632	4,052,816
Corporates	896,983	3,375,992	-	-	-	-	1,770,288	-	2,771,571	2,113,439
Retail portfolios	79,031	380,460	-	-	-	19,744	-	-	25,162	53,357
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	109,041,530	3,760,956	6,962,884	5,151,513	19,744	1,836,363	1,223,365	6,220,067		

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

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	-	-	-	-	55,896,137	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	111,352,831	-

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	-	-	-	-	13,734,825	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	131,100,844	-

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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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

Current Period - December 31, 2022	Exposure at default (post-CRM)	RWA
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	15,324,777	306,495
3 (i) OTC Derivatives	3,115,170	62,303
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	12,209,607	244,192
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	5,390	111
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)		
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

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

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

Market Risk- Standardized approach

		Current Period – December 31, 2022	Prior Period – December 31, 2021
		RAT	RAT
Outright products			
1	Interest rate risk (general and specific)	2,102,662	1,785,263
2	Stock risk (general and specific)	200,749	-
3	Foreign exchange risk	3,607,543	5,199,107
4	Commodity risk	896,925	457,555
Options			
5	Simplified approach	-	-
6	Delta-plus method	6,071	27,129
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	6,813,950	7,469,054

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

5. 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 23 October 2015 is used in the operational risk calculation of the Bank. 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 Bank over the last three years by twelve and half is considered as the operational risk.

Annual gross revenue is calculated by deducting profit/loss derived from the sale of available-for-sale assets and held-to-maturity 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	CP Amount	Total/Positive GI year number	Ratio (%)	Total
Gross income	14,087,440	19,420,283	18,876,056	17,461,260	15	2,619,189
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	32,739,862

Prior Period- December 31,2021	2PP	1PP	CP Amount	Total/Positive GI year number	Ratio (%)	Total
Gross income	13,854,660	14,087,440	19,420,283	15,787,461	15	2,368,119
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	29,601,490

6. Interest Rate Risk Related to Banking Book

Bank has evaluated to Interest rate risk arising from on-balance sheet and off-balance sheet positions in banking accounts in 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)			-	(%22.00)
Total (for positive shocks)			(10,848,434)	%8.33

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)			-	(%13.72)
Total (for positive shocks)			(10,655,553)	%8.55

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Cash	4,766,482	8,759,199	1,930,251	2,017,698
Central Bank of the Republic of Türkiye ^(*)	43,544,012	211,076,405	26,610,644	109,585,919
Other	84,808	704,315	819,015	3,185,460
Total	48,395,302	220,539,919	29,359,910	114,789,077

^(*) 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. CBRT pays interest for required reserve kept in TL.

In accordance with "Announcement on Reserve Deposits" of CBRT numbered 2013/15, all banks operating in 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 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

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

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 TL14,383,082)

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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	3,078,373	18,215,437	1,894,303
Futures	-	-	-	-
Options	474	52,603	12,457	173,245
Other	-	-	-	-
Total	14,229,657	3,131,419	19,414,212	2,073,158

The 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, 2022, the fair value of this transaction is TL 1,722,403, with a nominal amount of 120USD and an average maturity of 1.54 years (As of December 31, 2021, the fair value of this transaction was 1,079,186 TL, 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	53	16,845	50	307,252
Foreign	-	28,528,961	1,120,350	19,878,686
Foreign Head Offices and Branches	-	-	-	-
Total	53	28,545,806	1,120,400	20,185,938

Due from foreign banks

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Unrestricted Balance	Restricted Balances ^(**)	Unrestricted Balance	Restricted Balances ^(**)
EU Countries	4,010,416	719,061	308,052	1,029,715
USA, Canada	4,961,928	2,504,957	2,149,336	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	12,563,335	15,965,626	5,330,503	15,668,533

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO 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	FP
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	
	TL	FC	TL	FC
Debt securities	198,351,294	135,177,712	134,904,123	273,589
Quoted on a Stock Exchange	196,350,850	-	134,904,123	-
Unquoted	2,000,444	-	-	273,589
Equity securities	119,854	7,246	-	7,246
Quoted on a Stock Exchange	-	-	-	-
Unquoted	119,854	7,246	-	7,246
Provisions for impairment losses (-)	1,572,619	1,713,655	-	1,713,655
Total	196,898,529	133,471,303	134,904,123	273,589

5. Information on loans

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Current Period - December 31, 2022

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	856,326,634	32,643,876	1,998,708	42,481,752
Loans given to enterprises	216,834,290	17,720,893	1,835,446	37,960,849
Export loans	73,853,772	693,501	-	-
Import loans	-	-	-	-
Loans given to financial sector	36,869,220	8,685	-	-
Consumer loans	133,448,141	1,261,311	9,224	598,439
Credit cards	55,684,826	575,878	153,735	-
Other	339,636,385	12,383,608	303	3,922,464
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	856,326,634	32,643,876	1,998,708	42,481,752

Agreement has been reached between all lenders, including the Bank, to restructure the debts provided to Ojer Telecommunications INC (OTAS), the main shareholder of Turkish Telecommunications INC (Türk Telekom), and is owned by OTAS, Of the 192,500,000,000,000 Group A shares that account for 55% of Türk Telekom's issued capital and are pledged to the guarantee of existing loans, all lenders must be direct or indirect party of LYY Telecommunication INC, which was established as a special purpose company in the Republic of Türkiye, was completed on December 21, 2018. The 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 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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Prior Period - December 31, 2021	Loans and other receivables under close monitoring			
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	511,541,059	37,495,123	2,263,559	22,400,569
Loans given to enterprises	158,767,060	15,170,278	2,059,659	21,750,069
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	10,226,573	5,075	-	281
Consumer loans	105,741,681	1,353,400	45,645	637,877
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	511,541,059	37,495,123	2,263,559	22,400,569
Current Period - December 31, 2022	Standard Loans	Loans under close monitoring		
12-Month expected credit losses	6,238,000	-	-	-
Significant Increase in Credit Risk	-	-	-	18,815,043
Prior Period - December 31, 2021	Standard Loans	Loans under close monitoring		
12-Month expected credit losses	2,799,887	-	-	-
Significant Increase in Credit Risk	-	-	-	8,992,622

Maturity analysis of cash loans

Current Period - December 31, 2022	Loans under close monitoring		
	Standard Loans	Loans not Subject to Restructuring	Loans Restructured
Short-term Loans	360,890,035	18,885,437	12,153,333
Medium, Long-term Loans	495,436,599	13,758,439	32,327,127
Prior Period - December 31, 2021	Standard Loans	Loans under close monitoring	
Short-term Loans	131,581,167	10,123,891	140,321
Medium, Long-term Loans	379,959,892	27,371,232	24,523,807

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO 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	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
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	109,030,062	178,272,858

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO 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	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
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	97,076,362	124,747,590

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO 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	59,277,979	115,454,012	174,731,991
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	58,028,331	108,427,390	166,455,721
Other	-	-	-
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	68,022,514	68,084,604
Real estate loans	-	-	-
Automobile loans	-	22,549	22,549
General purpose loans	62,090	67,999,965	68,062,055
Other	-	-	-
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	92,757,735	184,056,051	276,813,786
Prior Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	3,844,392	114,878,783	118,723,175
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	3,515,549	109,148,060	112,663,609
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	86,808	54,738,633	54,825,441
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,702,756	54,789,564
Other	-	-	-
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	11,811,384	170,121,592	181,932,976

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)***Allocation of loan customers (*)*

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Public Sector	49,841,648	22,781,460
Private Sector	883,609,322	550,918,850
Total	933,450,970	573,700,310

(*) Non-performing loans are not included.

Allocation of domestic and overseas loans ()*

	Current Period- December 31, 2022	Prior Period - December 31, 2021
Domestic loans	931,970,423	572,705,445
Foreign loans	1,480,547	994,865
Total	933,450,970	573,700,310

(*) 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	21,599,570	3,978,742
Indirect loans to associates and subsidiaries	-	-
Total	21,599,570	3,978,742

Specific provisions accounted for loans (Stage 3)

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Loans and receivables with limited collectability	1,087,553	527,488
Loans and receivables with doubtful collectability	1,280,720	923,721
Uncollectible loans and receivables	14,115,712	12,682,659
Total	16,483,985	14,133,868

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

	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	117,559	397,661	2,130,052
Loans Which Are Restructured	117,559	397,661	2,130,052
Prior Period - December 31, 2021			
Gross Amounts Before The Reserves	194,082	359,908	1,572,036
Loans Which Are Restructured	194,082	359,908	1,572,036

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)***Movements in non-performing loan groups*

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period - December 31, 2022			
Balance at the beginning of the period	1,093,465	1,811,703	15,404,393
Additions (+)	6,904,635	359,467	2,179,175
Transfers from other categories of loans under follow-up (+)	-	4,890,359	4,144,129
Transfers to other categories of loans under follow-up (-)	4,890,359	4,144,129	-
Collections (-)(*)	740,308	814,547	2,736,750
Write-offs (-)**	-	-	3,186,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	2,367,433	2,102,853	15,804,062
Provision (-)	1,087,553	1,280,720	14,115,712
Net balance	1,279,880	822,133	1,688,350

(*) 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 Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Prior Period - December 31, 2021			
Balance at the beginning of the period	486,196	2,378,547	14,579,514
Additions (+)	4,782,535	98,945	357,323
Transfers from other categories of loans under follow-up (+)	-	3,934,735	3,862,060
Transfers to other categories of loans under follow-up (-)	3,934,735	3,862,060	-
Collections (-)(*)	240,531	738,464	2,559,619
Write-offs (-)**	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	1,093,465	1,811,703	15,404,393
Provision (-)	527,488	923,721	12,682,659
Net balance	565,977	887,982	2,721,734

(*) 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, 2021, the Bank has TL 834,885 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 3.23% to 3.09%.

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION AND DISCLOSURES RELATED TO 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	1,354,336	448,669	5,330,242
Provision (-)	615,527	321,134	5,060,343
Net balance on balance sheet	738,809	127,535	269,899
Prior Period - December 31, 2021			
Balance at the end of the period	6,313	105,422	4,660,882
Provision (-)	3,810	59,196	3,736,730
Net balance on balance sheet	2,503	46,226	924,152

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

Loan customer concentration of gross and net amounts of non-performing loans

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2022			
Current Period (Net)	1,279,880	822,133	1,688,350
Consumer and Commercial Loans (Gross)	2,364,851	2,102,831	15,784,036
Provision (-)	1,084,976	1,280,705	14,095,700
Consumer and Commercial Loans (Net)	1,279,875	822,126	1,688,336
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
Prior Period - December 31, 2021			
Current Period (Net)	565,977	887,982	2,721,734
Consumer and Commercial Loans (Gross)	1,093,130	1,811,691	15,381,413
Provision (-)	527,153	923,713	12,659,700
Consumer and Commercial Loans (Net)	565,977	887,978	2,721,713
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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)***Information on interest accruals, discounts 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 other 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 other financial assets measured at amortized 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 discount differences in marketable securities.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period - December 31, 2022				
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.

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

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

7. Information on investments in associates

Information on investments in associates

Title	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Türkiye	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/ Türkiye	9.93	9.93
4 Bankalararası Kart Merkezi AŞ	İstanbul/ Türkiye	4.75	4.75
5 KKB Kredi Kayıt Bürosu AŞ (*)	İstanbul/ Türkiye	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/ Türkiye	0.07	0.07
7 İzmir Enternasyonal Otelcilik AŞ (*)	İstanbul/ Türkiye	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/ Türkiye	4.37	4.37
9 Kredi Garanti Fonu AŞ (*)	Ankara/ Türkiye	1.49	1.49
10 Türkiye Ürün İhtisas Borsası AŞ (*)	Ankara/ Türkiye	3.00	3.00
11 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ (*)	İstanbul/ Türkiye	33.33	33.33
12 JCR Avrasya Derecelendirme AŞ (*)	İstanbul/ Türkiye	2.86	2.86
13 Birleşik İpotek Finansmanı AŞ (*)	İstanbul/ Türkiye	8.33	8.33
14 Tasfiye Halinde World Vakıf UBB Ltd. (**)	Lefkoşa/KKTC	83.00	83.62

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI**UNCONSOLIDATED FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (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	3,366,230	154,902	9,374	193,138	6,082	23,669	20,982	-
2	117,621,660	12,992,456	3,534,763	6,235,037	4,139,197	3,980,412	1,081,109	12,280,800
3	19,395,343	6,735,373	2,119,538	76,360	2,876	2,667,040	783,247	28,520,000
4	805,905	685,073	131,150	82,758	-	314,832	137,294	-
5	766,973	155,774	323,981	25,990	-	29,975	47,719	-
6	131,036	(244,148)	88,063	1	-	(139,204)	21,149	-
7	81,583	(656,613)	71,756	-	-	(226,086)	(67,129)	-
8	69,545,788	3,858,400	196,241	959,546	144,416	1,071,449	655,999	-
9	1,975,639	1,186,043	25,815	94,539	-	205,844	87,976	-
10	255,837	223,572	39,466	15,414	-	146,841	28,767	-
11	420,964	327,342	123,853	26,266	-	(22,715)	261	-
12	156,130	138,959	31,453	9,643	-	78,817	46,508	-
13	66,975	64,773	1,609	1,914	885	12,972	-	-
14	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 associates is taken from the financial statements dated December 31, 2019.

Movement table of investments in associates

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	2,047,712	1,394,406
Movements during the period	2,018,989	653,306
Transfers	-	-
Acquisitions	92,566	-
Bonus shares received	63,745	-
Share of current year profit	-	-
Sales/liquidations	(1,750)	-
Fair value changes	1,864,428	732,825
Impairment losses	-	(79,519)
Balance at the end of the period	4,066,701	2,047,712
Capital commitments	-	3,150
Share percentage at the end of period (%)	-	-

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current period, 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, 588,211 TL from internal resources. The remaining 3/4 of the TL 26,872 worth of shares corresponding to our Bank's share, TL 20,154, has been paid and is shown in Acquisitions row in the movement table for associates.

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 Bank's are shown under the Bonus Shares row in the Movement table of investments in associates

In the current period, 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, 588,211 TL from internal resources. A portion of 6,718 TL, which is 1/4 of the 26,872 TL worth of shares corresponding to the Bank's, has been paid and is shown in Acquisitions column in the movement table for associates. Bonus shares worth of TL 58,417 corresponding to the Bank's is shown in Bonus Shares column in the movement table for associates

Cari dönemde JCR Avrasya Derecelendirme AŞ'nin sermayesinin 1,000 TL'den 30,000 TL yükseltilmesine karar verilmiştir. Banka payına isabet eden 828 TL'lik bedelsiz hisse iştiraklere ilişkin hareket tablosunda Bedelsiz Edinilen Hisse Senetleri içerisinde gösterilmiştir.

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Banks	1,073,842	379,004
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	11,825	11,825
Total	1,085,667	390,829

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

In the prior period, all of the 39.30% shares owned by the Bank in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, which was followed under the Subsidiaries Account in the Bank's balance sheet, was transferred to T.C. Ziraat Bankası AŞ and the Bank does not have any shares left in the company as of January 8, 2021.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama A.Ş.	Vakıf Yatırım Menkul Değerler A.Ş.	Vakıf Faktoring A.Ş.	Gayrimenkul Yat. Ort. A.Ş.	Vakıf Yat. Ort. A.Ş.	Vakıf Menkul Kıymet Yat. Ort. A.Ş.
Current Period - December 31, 2022	311,248	600,000	250,000	450,000	1,145,000	1,145,000	30,000
Paid in Capital	-	18,476	137	-	322,717	322,717	121
Share Premium	-	1,366	-	-	301,118	301,118	28
Equity share premiums	-	-	-	-	-	-	-
Share cancellation profits	-	-	-	-	-	-	-
Other capital reserves	-	17,110	137	-	21,599	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	-	8,474	5,594	(530)	(530)	176
Other accumulated comprehensive income that will be reclassified in profit or loss	2,080,850	-	-	-	-	-	-
Profit Reserves	26,550	92,683	152,736	135,080	155,104	155,104	1,645
Legal Reserves	26,550	20,737	53,122	29,006	19,520	19,520	478
Statutory reserves	-	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	135,037	1,167
Other Profit Reserves	-	-	75,050	-	547	547	-
Profit/Loss	256,106	230,354	215,674	301,066	874,909	874,909	3,536
Prior Period's Profit/Loss	148,344	(39,235)	5,058	(31,857)	5,221	5,221	(3)
Current Period's Profit/Loss	107,762	269,589	210,616	332,923	869,688	869,688	3,539
Minority Rights	-	-	-	-	-	-	-
Total Core Capital	2,674,754	963,153	627,021	891,740	2,497,200	2,497,200	35,478
SUPPLEMENTARY CAPITAL	2,674,754	963,153	627,021	891,740	2,497,200	2,497,200	35,478
CAPITAL	2,674,754	963,153	627,021	891,740	2,497,200	2,497,200	35,478
NET AVAILABLE EQUITY							

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries (Continued)

	Vakıfbank International AG	Vakıf Finansal Kiralama A.Ş.	Vakıf Yatırım Menkul Değerler A.Ş.	Vakıf Faktoring A.Ş.	Gayrimenkul Yat. Ort. A.Ş.	Vakıf Yat. Ort. A.Ş.	Vakıf Menkul Kıymet Yat. Ort. A.Ş.
Prior Period - December 31, 2021	311,248	468,895	150,000	350,000	1,000,000	1,000,000	30,000
Paid in Capital	-	13,232	137	-	322,717	322,717	121
Share Premium	-	-	-	-	301,118	301,118	28
Equity share premiums	-	-	-	-	-	-	-
Share cancellation profits	-	-	-	-	-	-	-
Other capital reserves	-	13,232	137	-	21,599	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	-	10,720	5,594	(187)	(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	145,336	408
Legal Reserves	21,149	14,333	33,808	23,191	11,781	11,781	395
Statutory reserves	-	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	42,588	95,603	133,008	133,008	13
Other Profit Reserves	-	-	75,050	-	547	547	-
Profit/Loss	153,745	88,836	206,348	84,425	159,988	159,988	1,669
Prior Period's Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	6,752	(1,401)
Current Period's Profit/Loss	85,312	153,983	202,267	125,845	153,236	153,236	3,070
Minority Rights	-	-	-	-	-	-	-
Total Core Capital	2,689,362	662,642	518,651	558,813	1,627,854	1,627,854	32,162
SUPPLEMENTARY CAPITAL	2,689,362	662,642	518,651	558,813	1,627,854	1,627,854	32,162
CAPITAL	2,689,362	662,642	518,651	558,813	1,627,854	1,627,854	32,162
NET AVAILABLE EQUITY							

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every six months 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.

Information on investments in subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Faktoring AŞ (*)	İstanbul/ Türkiye	92.10	94.45
2 Vakıf Finansal Kiralama AŞ (*)	İstanbul/ Türkiye	62.05	62.05
3 Vakıf Yatırım Menkul Değerler AŞ (*)	İstanbul/ Türkiye	99.50	99.66
4 VakıfBank International AG (*)	Vienna/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/ Türkiye	33.77	33.77
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)	İstanbul/ Türkiye	49.65	49.65
7 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/ Türkiye	67.27	84.82
8 Taksim Otelcilik AŞ (*)	İstanbul/ Türkiye	52.43	52.43
9 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Türkiye	96.73	98.76
10 Vakıf Gayrimenkul Değerleme AŞ (*)	İstanbul/Türkiye	97.14	97.14
11 Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ (*)	İstanbul/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 9,833,413	920,834	3,458	1,450,589	-	330,161	84,279	1,022,000
2 13,219,851	1,324,939	221,292	1,212,791	-	518,566	128,071	3,213,600
3 3,026,636	627,020	62,658	116	15,949	210,615	140,230	839,000
4 15,845,371	3,062,147	10,746	257,563	-	4,328	75,147	1,843,727
5 38,120	37,366	102	399	8,810	5,643	3,067	242,370
6 5,008,237	3,259,090	3,317,308	147,811	39,296	818,303	93,968	7,215,790
7 253,396	253,038	34,327	5,091	-	62,788	(4,077)	140,984
8 569,640	530,410	202,882	33,524	-	81,938	50,921	816,136
9 251,605	154,673	109,784	10,547	194	8,733	(422)	180,670
10 71,920	61,154	360	5,877	-	5,194	(8,732)	61,154
11 109,290	109,088	2,123	14,488	-	8,760	-	100,000

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

Movement table of investments in subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	4,650,121	3,651,134
Movements during the period	5,484,981	998,987
Transfers	-	-
Acquisitions	378,945	526,846
Bonus shares received	307,337	183,689
Share of current year profit	(99,397)	(99,250)
Sales and liquidations	-	-
Fair value changes	4,913,528	981,424
Impairment losses	(15,432)	(593,722)
Balance at the end of the period	10,135,102	4,650,121
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current period, all of the 13,71% nominal shares of 61,674 TL owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Faktoring AŞ, have been purchased by our 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 our 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, 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. The share of TL 11,695 corresponding to the Bank's are shown under Acquisitions row in the movement table of subsidiaries.

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. TL 2,494 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 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 our Bank for a price of 17,635 TL. 17,635 TL of shares corresponding to the Bank's share are shown 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 our Bank for a price of 2,098 TL. Shares amounting to TL 2,098 corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

Türkiye Sigorta A.Ş. one of the partners of Vakıf Finansal Kiralama AŞ in the current period, was purchased for a nominal 49,000 TL of 20,000,000 amount of shares. Shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

In the current period, 2,522,434 shares of Türkiye Sigorta AŞ, one of the partners of Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ, and 2,399,981 shares of Türkiye Hayat ve Emeklilik AŞ were purchased for a price of 25,990 TL. Shares amounting to TL 25,990 corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from 500,000 TL to 600,000 TL. Bonus shares amounting to 58,712 TL 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 1,000,000 TL to 1,145,000 TL. Bonus shares amounting to 70,982 TL 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 Pazarlama Sanayi ve Ticaret AŞ from 30,241 TL to 100,000 TL by an increase of 69,759 TL. 60,671 TL worth of shares corresponding to the Bank's share are shown in Purchases in the movement table for subsidiaries.

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from 350,000 TL to 450,000 TL Bonus shares amounting to 78,393 TL 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 150,000 TL to 250,000 TL. Bonus shares amounting to 99,250 TL 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 200,000 TL to 250,000 TL. 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 250,000 TL to 500,000 TL by an increase of 250,000 TL. 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 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares 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 Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 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 Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. Bonus shares amounting to TL 8,029 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Methods to measure investments in subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Measured at cost	-	-
Measured at fair value	10,135,102	4,650,121
Equity method of accounting	-	-
Total	10,135,102	4,650,121

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

Sectoral distribution of 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	4,499,288	1,407,055
Total	9,278,156	4,141,635

Quoted 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

Investments in subsidiaries disposed during the period

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

Investments in subsidiaries acquired during the period

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

In the prior period, the 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 Bank's share in the Company is 100% and shares worth 100,000 TL are shown under Purchases in the movement table for subsidiaries

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

	Real Estates	Right of Use Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	3,367,282	1,571,190	221,322	2,074,040	7,233,834
Accumulated depreciation(-)	47,929	709,106	96,548	1,504,947	2,358,530
Impairment(-)	8,438	-	-	14	8,452
Net book value	3,310,915	862,084	124,774	569,079	4,866,852
Net book value at the beginning of the current year	3,310,915	862,084	124,774	569,079	4,866,852
Additions	6,373,133	1,214,477	2,260	616,351	8,206,221
Transferred cost	1,022,158	-	-	-	1,022,158
Transferred amortization	13	-	-	-	13
Cost of the disposals(-)	665,976	1,022,688	2,104	40,104	1,730,872
Depreciation of the disposals (+)	678	157,218	1,562	13,870	173,328
Depreciation of the current year	11,123	308,602	41,126	202,578	563,429
Impairment (-)	10,414	-	-	-	10,414
Exchange differences related to foreign associates	-	-	457	27,057	27,514
Cost at the end of the current year	10,096,597	1,762,979	221,935	2,677,344	14,758,855
Accumulated depreciation at the end of the year (-)	58,361	860,490	136,112	1,693,655	2,748,618
Impairment (-)	18,852	-	-	14	18,866
Net book value at the end of the current year	10,019,384	902,489	85,823	983,675	11,991,371

The Bank revalued the real estate recorded in the intangible assets on 31 December 2022, and the revaluation increase of value amounting to TL 2,774,557 is included in the acquisitions.

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

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

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

The Bank has not given any commitment for the acquisition of intangible assets.

14. Information on investment properties

None.

15. Information on deferred tax assets

The deferred tax asset of the Bank as of December 31, 2022 is TL 2,478,300. (December 31, 2021: None) Accounting policies applied for deferred tax assets and deferred tax liabilities are shown in the financial statements by being netted. Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

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 283,264 (December 31, 2021: TL 756,779) and the provision for impairment is TL 986 (December 31, 2021: TL 1,746).

17. Information on other assets

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

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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	9,728	12,710
Total	12,593	14,242
Financial Assets Measured at Amortized Cost	20,008	8,247
Total	32,601	22,489

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Prior Period December 31, 2021	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	15,231,477	-	11,559,594	46,268,755	10,470,493	1,432,528	1,827,314	9,738	86,799,899
Foreign currency deposits	65,786,514	-	51,598,343	149,552,268	7,377,612	4,741,286	10,795,082	-	289,851,105
Residents in Türkiye	63,114,039	-	50,946,434	144,540,887	6,023,351	3,303,784	5,794,328	-	273,722,823
Residents in abroad	2,672,475	-	651,909	5,011,381	1,354,261	1,437,502	5,000,754	-	16,128,282
Public sector deposits	13,816,572	-	8,028,818	8,796,107	920,075	372,760	125,928	-	32,060,260
Commercial deposits	10,997,173	-	29,554,441	35,196,846	2,239,806	917,073	138,202	-	79,043,541
Other	11,570,970	-	4,063,921	20,653,480	3,433,962	445,265	336,249	-	40,503,847
Precious metal deposits	26,593,579	-	-	14,891	-	2,585,813	262,572	-	29,456,855
Bank deposits	1,887,187	-	17,814,826	13,011,031	-	67,299	447,537	-	33,227,880
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,156	-	17,098,189	2,192,613	-	-	-	-	20,405,958
Foreign banks	529,772	-	716,637	10,818,418	-	67,299	447,537	-	12,579,663
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
Total	145,883,472	-	122,619,943	273,493,378	24,441,948	10,562,024	13,932,884	9,738	590,943,387

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

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	67,118,488	127,237,104	38,157,515	48,642,384
Foreign currency saving deposits	47,027,029	134,690,674	35,113,479	119,335,680
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	114,145,517	261,927,778	73,270,994	167,978,064

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Deposits and other accounts at foreign branches	187,327	127,496
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	31,444	17,472
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Türkiye, which are solely established for off-shore banking	-	-

1. Information on derivative financial liabilities held for trading purpose

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

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Forwards	5,120	79	1,167,111	3,555
Swaps	202,661	4,458,210	428,039	3,702,220
Futures	-	-	-	-
Options	-	53,527	14,062	175,291
Other	-	-	-	-
Total	207,781	4,511,816	1,609,212	3,881,066

2. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	9,000,667	1,116,440	484,900	1,791,814
Domestic banks and institutions	371,242	7,598,260	404,632	5,356,443
Foreign banks, institutions and funds	32,946	112,626,687	170,844	83,221,897
Total	9,404,855	121,341,387	1,060,376	90,370,154

b) Maturity information of funds borrowed

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Short-term (*)	4,648,420	3,464,551	718,210	2,552,479
Medium and Long-term (*)	4,756,435	117,876,836	342,166	87,817,675
Total	9,404,855	121,341,387	1,060,376	90,370,154

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

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for %8.90 (December 31, 2021: %9.57) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

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

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

Syndicated Loans Received

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)

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Securitisation Loans Received

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

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on securities issued

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

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

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

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - December 31, 2022				
Nominal	4,577,831	1,478,000	1,396,773	61,190,763
Cost	4,344,317	1,478,000	1,396,125	60,920,066
Net Book Value	4,465,332	1,560,098	1,411,042	62,417,536

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Prior Period - December 31, 2021				
Nominal	5,351,822	5,180,500	870,290	49,667,408
Cost	5,162,221	5,180,500	869,722	49,473,094
Net Book Value	5,264,846	5,301,471	871,154	50,537,426

3. Components of "other external resources payable" in the 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 financials do not exceed 10% of total liabilities and equity.

4. Information on lease payables (net)

Obligations under financial leasing

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

	Service Buildings		Vehicles		Total
	Current Period - December 31, 2022	Prior Period - December 31, 2021	Current Period - December 31, 2022	Prior Period - December 31, 2021	
Lease payables	2,039,148	1,432,275	118,060	57,818	2,157,208
Deferred rental expenses	1,074,684	526,341	61,121	9,840	1,135,805
Lease payables (Net)	964,464	905,934	56,939	47,978	1,021,403
Right of use assets	854,229	815,929	48,260	46,155	902,489

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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, 114,543 TL of lease payments were made in the related period. (December 31, 2021: TL 81,738)

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Gross	Net	Gross	Net
Under 1 year	836,477	369,457	47,705	44,359
1-4 Years	567,756	276,665	364,367	297,588
Over 4 years	752,975	375,281	1,078,021	611,965
Total	2,157,208	1,021,403	1,490,093	953,912

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.

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

Negative fair values of hedging purpose derivatives

None.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

7. Information on Provision(Continued)

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 1,958,653 (December 31, 2021: TL 979,244) provision for severance pay and TL 180,576 (December 31, 2021 TL 95,048) 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	979,244	781,077
Current service cost	95,605	76,353
Previous service cost	226	377
Interest cost	174,860	95,976
Paid compensation	(64,627)	(39,964)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	5,409	2,055
Actuary loss/(gain)	767,936	63,370
Closing balance	1,958,653	979,244

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 current period the actuarial report, neither technical nor actual deficit has been identified that requires provisioning.

Transferable retirement and health liabilities	Current Period - December 31, 2022	Prior Period - December 31, 2021
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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on pension rights (Continued)

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

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

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

None

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

As of December 31, 2022, 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)

8. Taxation

Current taxes

Tax provision

As of December 31, 2022, the Bank's corporate tax payable is TL 3,866,582 (December 31, 2021: TL 10,325).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation (Continued)

Information on taxes payable

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Corporate taxes payable	3,866,582	10,325
Taxation on securities	464,843	372,700
Capital gains tax on property	5,540	5,763
Banking and Insurance Transaction Tax (BITT)	610,791	350,451
Taxes on foreign exchange transactions	22,623	59,585
Value added tax payable	30,428	21,368
Other	167,906	114,146
Total	5,168,713	934,338

Information on premiums payable

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	4,634	3,114
Unemployment insurance- employer share	9,267	6,229
Other	2	259
Total	13,903	9,602

Information on deferred tax liabilities

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	(46,378)	1,125,282
Deferred tax income/(loss)	6,462,173	(953,358)
Deferred tax that is accounted under Equity	(3,911,523)	(193,287)
Other	(25,972)	(25,015)
Deferred tax asset/(Liability)	2,478,300	(46,378)

The reconciliation of the deferred tax on the assets directly related to the equity is as follows:

	Current Period December 31, 2022	Prior Period December 31, 2021
Securities available for sale	(3,328,217)	(190,521)
Associates and subsidiaries	(421,076)	(15,773)
Tangible assets	(368,646)	333
Assets held for sale	-	-
Actuarial gains and losses	206,416	12,674
Total	(3,911,523)	(193,287)

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

None.

10. Information on subordinated debts

Stated bonds' total balance sheet value 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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

11. Information on 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 Bank amounted to TL 7,111,364TL 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 bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling per RegisteredShare 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 prior period, the 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 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.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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	8,742,381	(194,979)	3,002,827	(182,919)
Financial assets at fair value through other comprehensive income	11,534,896	(349,442)	1,251,170	354,576
Foreign exchange differences	80,727	-	80,727	-
Total	20,358,004	(544,421)	4,334,724	171,657

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

1. Disclosures related to other contingent liabilities

Type and amount of 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	60,802,246	34,013,637
Commitments for cheque payments	6,916,438	7,029,711
Asset purchase sale commitments	56,192,549	13,030,758
Other	9,156,781	2,931,623
Total	215,047,711	87,693,691

Type and amount of possible losses from off-balance sheet items including those referred to below

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

The Bank provided specific provision amounting to TL 583,361 (December 31, 2021: TL 507,691) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 50,421 (December 31, 2021: TL 44,305).

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

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	100,115,220	61,543,637
Total	219,489,869	133,518,682

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	219,477,978	147,357,915
Total	274,248,526	192,139,328

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2022				Prior Period - December 31, 2021			
	TL	%	FC	%	TL	%	FC	%
Agricultural	244,348	0.20	472,287	0.31	139,996	0.23	615,401	0.47
Farming and Cattle	224,411	0.18	187,736	0.12	124,298	0.2	537,647	0.41
Forestry	8,032	0.01	-	-	12,157	0.02	-	-
Fishing	11,905	0.01	284,551	0.19	3,541	0.01	77,754	0.06
Manufacturing	49,401,506	39.86	69,019,266	45.92	19,502,805	31.59	71,808,891	55.07
Mining	1,038,377	0.84	1,482,590	0.99	436,029	0.7	1,021,326	0.78
Production	38,985,823	31.46	61,690,706	41.04	12,775,324	20.7	65,154,049	49.97
Electric, gas and water	9,377,306	7.56	5,845,970	3.89	6,291,452	10.19	5,633,516	4.32
Construction	23,530,449	18.99	25,771,591	17.14	14,800,027	23.98	17,549,761	13.46
Services	49,155,854	39.67	43,591,726	29.00	26,235,282	42.5	34,094,890	26.14
Wholesale and retail trade	22,972,726	18.54	16,005,899	10.65	11,533,354	18.69	13,427,929	10.3
Hotel, food and beverage Services	1,520,860	1.23	1,096,002	0.73	599,846	0.97	863,562	0.66
Transportation and telecommunication	8,373,286	6.76	21,194,630	14.10	5,179,687	8.39	16,557,465	12.7
Financial institutions	8,802,446	7.10	1,224,308	0.81	4,694,387	7.6	1,545,143	1.18
Real estate and renting Services	3,022,793	2.44	1,914,088	1.27	2,180,150	3.53	1,323,085	1.01
Self-employment services	3,634,382	2.93	989,576	0.66	1,721,447	2.79	315,385	0.24
Education services	423,681	0.34	56,232	0.04	124,387	0.2	49,930	0.04
Health and social services	405,680	0.32	1,110,991	0.74	202,024	0.33	12,391	0.01
Other	1,593,861	1.28	11,467,638	7.63	1,051,765	1.7	6,340,510	4.86
Total	123,926,018	100.00	150,322,508	100.00	61,729,875	100.00	130,409,453	100.00

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

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	118,953,159	94,085,967	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	-	-	-	-
Other Guarantees and Sureties	-	1,770,089	-	-
Non-Cash Loans	120,717,223	146,704,751	2,982,982	3,260,209

Prior Period - December 31, 2021	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	59,172,198	70,452,246	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	-	-	-	-
Other Guarantees and Sureties	-	195,776	-	-
Non-Cash Loans	59,744,845	128,209,549	1,737,613	1,939,630

5. Information on derivative transactions

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Trading Derivatives		
Foreign Currency Related		
Derivative Transactions (I)	185,239,680	151,003,473
Currency Forwards	2,185,436	14,493,825
Currency Swaps	159,083,184	129,227,973
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)	403,311,547	349,829,823
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency	-	-
Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	403,311,547	349,829,823

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS (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	50,296,725	151,148	4,712,643	-	-	55,160,516
Sale	57,249,909	1,175,378	4,705,819	-	-	63,131,106
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	60,867,374	11,888,824	7,175,722	69,734,388	57,859,362	207,525,670
Total sales	60,664,008	11,050,071	7,155,935	62,170,233	54,745,630	195,785,877
Total	121,531,382	22,938,895	14,331,657	131,904,621	112,604,992	403,311,547

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	49,869,131	4,826,580	3,457,399	-	402,000	58,555,110
Sale	45,167,561	3,937,512	3,454,440	-	-	52,559,513
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	59,675,583	9,574,660	17,903,715	28,260,382	68,052,584	183,466,924
Total sales	51,621,413	8,817,276	17,593,726	24,540,032	63,790,452	166,362,899
Total	111,296,996	18,391,936	35,497,441	52,800,414	131,843,036	349,829,823

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Contingent assets and liabilities

Bank allocates TL 34,381 as provision for lawsuits against the Bank (December 31, 2021: TL 37,141).

7. Services rendered on behalf of third parties

The 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 Bank's custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. INFORMATION ON DISCLOSURES RELATED TO THE 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	30,244,287	1,818,221	13,234,079	847,202
Medium and Long-Term Loans	38,393,469	13,948,696	29,637,589	8,152,410
Non-performing Loans	907,019	-	662,874	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	69,544,775	15,766,917	43,534,542	8,999,612

Information on interest income received from banks

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Central Bank of Republic of Türkiye	-	276,567	-	-
Domestic Banks	27,940	20,626	6,698	3,107
Foreign Banks	-	311,903	-	10,341
Foreign Head Office and Branches	-	-	-	-
Total	27,940	609,096	6,698	13,448

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	-	358,840	-	217,454
Financial assets at fair value through other comprehensive income	21,639,349	4,676,567	6,861,009	2,383,084
Financial assets measured at amortized cost	43,664,117	1,613,903	8,260,089	1,010,249
Total	65,303,466	6,649,310	15,121,098	3,610,787

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

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	1,370,972	349,291

2. Interest expense

Interest expense on funds borrowed

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Banks	406,899	3,431,503	86,909	1,406,586
Central Bank of Republic of Türkiye	329,049	7,441	17,505	7,059
Domestic Banks	64,429	158,760	44,764	124,257
Foreign Banks	13,421	3,265,302	24,640	1,275,270
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	195,875	-	70,446
Total	406,899	3,627,378	86,909	1,477,032

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Interest Paid to Associates and Subsidiaries	635,507	174,488

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2022 is TL 7,744,330 (TL 2,426,357 and 5,317,973 FC). (December 31, 2021: TL 6,172,494 (TL 2,631,272 and 3,541,222 FC)).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Maturity structure of the interest expense on deposits

Current Period December 31, 2022	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
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	8,213,402	7,505,769	2,292,371	4,123,138	455,655	-	22,617,414
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	15,841,359	19,281,663	13,107,351	5,020,435	1,266,849	960	54,603,623
FC								
Foreign currency deposits	245,946	1,008,713	3,585,554	787,035	97,974	93,502	-	5,818,724
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	1,050,126	4,088,460	791,118	126,339	94,684	-	6,406,723
Grand Total	341,002	16,891,485	23,370,123	13,898,469	5,146,774	1,361,533	960	61,010,346

Prior Period - December 31, 2021	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
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	4,241,305	5,388,939	213,160	113,171	40,389	-	9,998,973
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	7,441,298	19,213,516	1,205,903	627,690	421,787	745	28,950,109
FC								
Foreign currency deposits	21,574	300,187	1,460,099	88,275	68,162	95,741	-	2,034,038
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	350,750	1,563,035	88,275	75,526	96,775	-	2,200,487
Grand Total	65,296	7,792,048	20,776,551	1,294,178	703,216	518,562	745	31,150,596

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE 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	3,536	997
Financial assets at fair value through other comprehensive income	-	-
Others	145,538	119,852
Total	149,074	120,849

4. Information on trading income/loss

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Profit	79,760,888	65,735,232
Income from capital market operations	2,369,282	796,843
Income from derivative financial instruments	53,190,852	39,351,597
Foreign exchange gains	24,200,754	25,586,792
Losses	(74,770,718)	(70,485,017)
Loss from capital market operations	(627,895)	(48,151)
Loss from derivative financial instruments	(53,944,817)	(46,060,164)
Foreign exchange loss	(20,198,006)	(24,376,702)
Net trading profit/loss	4,990,170	(4,749,785)

Net loss arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments is amounting to 1,603,219as at and for the year ended December 31, 2022 (December 31, 2021: TL 5,413,043 net loss).

5. Information on other operating income

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Income from reversal of the specific provisions for loans from prior periods	7,902,432	6,782,862
Communication income	24,095	22,335
Gain on sale of assets	1,083,824	867,987
Rent income	11,984	8,973
Other income	655,552	265,236
Total	9,677,887	7,947,393

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Expected Credit Loss and Other Provision Expenses

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Expected Credit Loss	26,865,264	11,849,562
12 month expected credit loss (stage 1)	6,031,168	2,009,424
Significant increase in credit risk (stage 2)	14,710,691	6,337,465
Non-performing loans (stage 3)	6,123,405	3,502,673
Marketable Securities Impairment Expense	12,425	9,529
Financial Assets at Fair Value through Profit or Loss	244	-
Financial Assets at Fair Value Through Other Comprehensive Income	12,181	9,529
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	17,271,958	700,000
Total	44,149,647	12,559,091

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

7. Information on other operating expenses

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Reserve for Employee Termination Benefits	211,473	134,796
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	17,754	-
Depreciation Expenses on Tangible Assets	563,150	473,550
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	51,195	42,932
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	6,852,484	3,263,434
Leasing expenses related to TFRS 16 exceptions	114,543	81,738
Repair and maintenance expenses	196,380	130,960
Advertisement expenses	479,371	260,521
Other expenses	6,062,190	2,790,215
Loss on sale of assets	1,188	4,267
Other (*)	3,004,186	1,590,209
Total	10,701,430	5,509,188

(*) Other operating expenses amounted TL 3,004,186 (December 31: TL 1,590,209); Dividend provision expenses to be paid to staff amounted 948,282 TL (December 31: 375,840 TL), 636,153 (December 31, 2021: 364,378 TL) taxes, duties, fees and funds, 848,641 TL (December 31, 2021: 515,735 TL) SDIF expenses and 571,110 TL (December 31, 2021: 334,256 TL) consists of other expenses.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

9. Information on tax provision from discontinued and continuing operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

10. Information on net profit/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information on net profit/loss from continuing operations is presented in disclosures 1-12 in this section.

11. Provision for taxes

Current period taxation benefit or charge and deferred tax benefit or charge

In the current period, the Bank has recorded a tax charge of TL 19,688,536 (December 31, 2021: TL 166,899) from the net taxable profit calculated in accordance the laws and regulations in effect.

Deferred tax benefit of the Bank is detailed in the table below.

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

As of December 31, 2022, the Bank's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 6,170,444 (December 31, 2021: (TL 1,884,224)), from the taxable temporary differences (Occurrence)/Closing TL 291,729 (December 31, 2021: (TL 2,837,582)) has deferred tax expense

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

The Bank has earned TL 158,569,464 interest income, TL 84,854,301 interest expenses, TL 10,792,735 net fees and commissions income, from ordinary banking transactions (December 31, 2021: TL 72,200,597 interest income, TL 52,657,216 interest expenses, TL 4,501,363 net fees and commissions income).

Any changes in estimations that might have a material effect on current and subsequent period results

None.

13. Information related to the 20% of the sub-accounts belonging to components of other items in the statement of income exceeding 10% of the group total

Banks' other commissions income mainly consists of credit card fee and commissions, insurance commissions and intelligence commissions.

Banks' other commissions expense mainly consists of credit card fee and commissions and commissions given for foreign banks credits.

14. Fees for services received from independent audit

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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on increases of 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 assets, 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	1,605,746	838,992
Fair value changes in the current year	13,121,853	892,961
Valuation differences transferred to the statement of income	8,993	74,353
Effect of deferred and corporate taxes	(3,551,138)	(200,560)
Valuation differences at the end of the year	11,185,454	1,605,746

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	2,900,635	2,596,895
Fair value changes in the current year	6,148,570	319,513
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	(421,076)	(15,773)
Valuation differences at the end of the year	8,628,129	2,900,635

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 differences in shareholders' equity accounts due to inflation accounting

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 Bank held on March 25, 2022, it was decided to distribute TL 4,175,464 of the distributable net period profit of 2022 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 decrease in the current year. Detailed information about the decreases is explained above in Note 1.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED 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 9,023,922 (December 31, 2021: 12,759,483) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

"Net increase/decrease in other liabilities" amounting to TL 14,250,403 (December 31, 2021: 54,734,348 TL) under "changes in operating assets and liabilities" is mainly comprised of cash inflows from miscellaneous payables and rcrephuse agreements.

"Other" item under "net cash flow from investing activities" amounting to TL (203,518) (December 31, 2021: (47,261) TL) 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 256,513 (December 31, 2021: 5,926,375 TL).

2. Cash outflows 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

	Period Period December 31, 2021	Prior Period December 31, 2020
Cash on hand	3,947,949	3,097,959
Cash in TL	1,930,251	1,681,202
Cash in foreign currency	2,017,698	1,416,757
Cash equivalents	94,693,591	51,953,636
CBRT	136,196,563	88,034,872
Banks	21,306,338	2,584,919
Receivables from money markets	6,914,400	187,753
Other ^(*)	4,004,475	2,055,955
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	(3,117)	(863)
Total	98,641,540	55,051,595

^(*) As of 31 December 2021, TL 4,004,475 (31 December 2020: 2,005,955) and TL 3,164,175 (31 December 2020: 1,848,689) out of TL, 840,300 (31 December 2020: 207,266) that were classified under "Other" was cash in transit and precious metals, respectively.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Information on cash and cash equivalents (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	13,525,681	3,947,949
Cash in TL	4,766,482	1,930,251
Cash in foreign currency	8,759,199	2,017,698
Cash equivalents	115,910,587	94,693,591
CBRT	254,620,417	136,196,563
Banks	28,545,859	21,306,338
Receivables from money markets	12,095,635	6,914,400
Other ^(*)	789,123	4,004,475
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	(27,470)	(3,117)
Total	129,436,268	98,641,540

(*) As of 31 December 2022, TL 789,123 (31 December 2021: 4,004,475) and TL 565,894 (31 December 2021: 3,164,175) out of TL, 223,229 (31 December 2021: 840,300) that were 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, 2021: TL 57,255,114) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 19,000,637 (December 31, 2021: TL 16,044,151) is blocked and has not been included in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Bank.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE BANK'S RISK GROUP

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

Information on loans and other receivables held by the Bank's risk group

Current Period - December 31, 2022	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 and other receivables						
Balance at the beginning of the year	3,978,742	208,949	-	8,344	228,644	22,489
Balance at the end of the year	21,599,570	184,738	-	1,187	264,014	55,935
Interest and commission income	1,370,972	4,555	-	-	11,166	932

Prior Period - December 31, 2021	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 and other receivables						
Balance at the beginning of the year	3,582,369	772,579	-	32,511	63,311	64,767
Balance at the end of the year	3,978,742	208,949	-	8,344	228,644	22,489
Interest and commission income	349,291	422	-	-	5,337	43

Information on deposits held by the 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	2,729,465	2,682,838	3,908,130	2,237,815	82,435	117,989
Balance at the end of the year	13,514,572	2,729,465	2,398,302	3,908,130	195,275	82,435
Interest on deposits	635,507	174,488	668,436	548,536	26,196	1,892

Information on forwards and option agreements and other similar agreements made with the Bank's risk group

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
Transactions at Fair Value						
Through Profit or Loss	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	850,262	-	-	-	-
Total profit/loss	-	(2,567)	-	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE BANK'S RISK GROUP (Continued)

2. Disclosures of transactions with the Bank's risk group

Relations with entities in the risk group of/ or controlled by the 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 74,080 was paid to the Bank's top management. (December 31, 2021: 43,399 TL).

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

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
			Country		
			Total Assets	Capital	
Domestic Branches ^(*)	945	16,921			
Foreign Representative Offices	-	-			
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 is 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) and 5 branches have been closed (2021: 1).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK'S ACTIVITY

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

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

II. INFORMATION ON THE 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-

Agust 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.

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OTHER DISCLOSURES (Continued)

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

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

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 (of magnitudes: 7.5 and 7.8) 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.

SECTION SEVEN INDEPENDENT AUDITORS’ REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REPORT

The Bank’s unconsolidated 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 14, 2023 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.