

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2020
TOGETHER WITH INDEPENDENT AUDITOR’S REPORT**

**(Convenience Translation of Publicly Announced
Consolidated Financial Statements and Independent Auditor’s Report
Originally Issued in Turkish,
See in Note I. of Section Three)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH
(See Note I of Section Three)**

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of Türkiye Vakıflar Bankası T.A.O. (the "Bank") and its subsidiaries (collectively referred to as "the Group") which comprise the statement of consolidated balance sheet as at 31 December 2020, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis for Qualified Opinion section below, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated 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.



2. Basis for Qualified Opinion

As explained in Section Five Part II-7 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as of 31 December 2020 include a free provision amounting to TL 1,072,000 thousand which consist of TL 852,000 thousand provided in prior years and TL 220,000 thousand recognized in the current year by the Bank management considering the negative circumstances that may arise from possible changes in the economy and market conditions. Thus, the amount of free provision in the accompanying consolidated financial statements which does not meet the requirements of BRSA Accounting and Financial Reporting Legislation is the TL 1,072,000 thousand as at 31 December 2020.

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

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



Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p><i>Expected Credit Losses for Loans and Receivables in Accordance with TFRS 9 “Financial Instruments Standard”</i></p> <p>The Group has total expected credit losses of TL 22,145,495 thousand in respect to loans and receivables of TL 449,874,776 thousand which represent a significant portion of the Group’s total assets in its consolidated financial statements as at 31 December 2020. Explanations and notes related to provision for impairment of loans and receivables are presented Section III Part VII, Section III Part VIII, Section IV Part II, Section IV Part XI-3, Section V Part I-5 and Section V Part II-7 in the accompanying consolidated financial statements as at 31 December 2020.</p> <p>The Group recognizes provision for impairment in accordance with “TFRS 9 Financial Instruments” requirements in line with the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment. The Group determines staging of loan in accordance with applicable regulation and identifying significant increase in credit risk with quantitative and qualitative assessments and default event disclosed in Section Three Part VIII in the accompanying consolidated financial statements. As of 31 December 2020, the impacts of COVID-19 global pandemic have increased the importance of the estimations and assumptions used by the Group management in determination of the expected credit loan loss provision. The uncertainties arising from these impacts have been evaluated by the management in their judgements and estimations.</p>	<p>With respect to stage classification of loans and receivables and calculation of expected credit losses in accordance with the applicable regulations considering also the impacts of COVID-19, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We assessed the design and the operating effectiveness of relevant controls implemented in accordance with these principles.</p> <p>Within the framework of the policies and procedures applied by the Group, together with our financial risk experts, we have checked and assessed the appropriateness of the methods used in the model developed for staging of loans and calculation of expected credit losses in accordance with TFRS 9. For forward looking assumptions (including macro-economic factors) made by the Group’s management in its expected credit loss calculation, we held discussions with management and evaluated the assumptions using publicly available information that includes the impacts of COVID-19. We have tested model calculations through re-performance together with our modelling specialists on a sample selection basis.</p>



Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p><i>Expected Credit Losses for Loans and Receivables in Accordance with TFRS 9 “Financial Instruments Standard” (Continued)</i></p> <p>The Group uses complex models, that requires data to be derived from multiple systems for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses. Information used in the expected credit loss assessment such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan and receivable balances; the classification of loans and receivables as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>Our audit processes also include the following procedures:</p> <ul style="list-style-type: none"> • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used. • The basic and important estimates and the assumptions related to macroeconomic variables, significant increase in credit risk in the calculation of expected credit losses, default definition, probability of default and loss given default were assessed and tested with the help of our financial risk experts. • For a selected sample, we have checked expected credit losses determined based on individual assessment per Group’s policy by means of supporting data and evaluated via inquiries with management appropriateness of the estimations and judgements made including areas affected by the uncertainties caused by COVID-19 . • We checked sources for data used in expected credit losses calculations. We assessed reliability and completeness of the data used in expected credit losses calculations with our information systems specialists. We checked the accuracy of resultant expected credit loss calculations on a sample basis. • We checked accuracy of resultant expected credit losses calculations on a sample basis. • To assess appropriateness of the Group’s determination of staging for credit risk in accordance with applicable regulation, identification of impairment and timely and appropriate provisioning for impairment under TFRS 9, we have performed loan review procedures based on a selected sample. • We assessed accuracy and completeness of the disclosures with respect to loan and related expected credit losses presented in the financial statements of the Group.

Key Audit Matters	How Our Audit Addressed the Key Audit Matter
<p><i>Valuation of Pension Fund Obligations</i></p> <p>Explanations on Valuation of Pension Obligations are presented in the Section III Part XVI in the accompanying consolidated financial statements as at 31 December 2020.</p> <p>“Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı” (“the Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The president of republic is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. Evaluation of Pension Fund liabilities include uncertainty of estimates and assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. The Group’s management uses external actuaries for the purpose of valuations of pension obligations.</p> <p>During our audit, above mentioned fundamental assumption and estimates used in calculations of pension fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p>Within our audit, we tested on a sample basis the accuracy of the employee data supplied by the Group management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets on a sample basis.</p> <p>We examined whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and regulations related to valuations exist, and tested significant changes.</p> <p>Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>In addition to the above procedures, we have reviewed disclosures made with respect to pension funds in the consolidated financial statements.</p>



4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Halûk Yalçın, SMMM
Partner

Istanbul, 18 February 2021

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020**

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The consolidated financial report as at and for the year ended December 31, 2020 prepared in accordance with the "Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

The accompanying consolidated financial statements for the year period, 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 18, 2021

Abdülkadir AKSU
Chairman of The Board

Serdar TUNÇBİLEK
Board and Audit
Committee Member

Dilek YÜKSEL
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS
FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

As at December 31, 2020, the Parent Bank’s paid-in capital is TL 3,905,622 TL (December 31, 2019: TL 2,500,000) divided into 390,562,248,996 shares with each has a nominal value of Kr 1. (December 31, 2019: TL 250,000,000,000)

The Parent Bank’s shareholders structure as at December 31, 2020 and December 31, 2019 is stated below:

Shareholders - December 31, 2020	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık			
Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	3,905,622,490	3,905,622	100.00

Shareholders - December 31, 2019	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık			
Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	16.10
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	15.51
Other appendant foundations (Group B)	2,652,715	2,653	0.11
Other real persons and legal entities (Group C)	1,527,393	1,528	0.06
Publicly traded (Group D)	630,535,258	630,535	25.22
Total	2,500,000,000	2,500,000	100.00

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AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020**

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

GENERAL INFORMATION (Continued)

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

With the Decree Law No. 696 published in the Official Gazette dated 24 December 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 3 December 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 11 December 2019 and 58.51% of the Parent Bank's share has been transferred to the Treasury and has been recorded in the Parent Bank's share book on behalf of the Ministry of Treasury and Finance of the Republic of Turkey.

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

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

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

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

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Abdülkadir AKSU	Chairman	May 27, 2019	Bachelor's	1 years
Dr.Cemil Ragıp ERTEM	Member – Deputy Chairman	June 12, 2020	PhD	22 years
Abdi Serdar ÜSTÜNSALİH	Member- General Manager	May 27, 2019	Master's	29 years
Dr.Adnan ERTEM	Member	October 28, 2010	PhD	32 years
Dilek YÜKSEL	Member	March 29, 2016	Bachelor's	10 years
Şahin UĞUR	Member	June 9 2017	Bachelor's	34 years
Serdar TUNÇBİLEK	Member	June 9 2017	Bachelor's	34 years
Sadık YAKUT	Member	May 27, 2019	Bachelor's	1 years
Hamza YERLİKAYA	Member	June 12, 2020	Master's	-
<u>Audit Committee</u>				
Serdar TUNÇBİLEK	Member	June 15, 2017	Bachelor's	34 years
Dilek YÜKSEL	Member	June 12, 2020	Bachelor's	10 years
<u>Auditor</u>				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor's	36 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master's	1 years
<u>Assistant General Managers</u>				
Metin Recep ZAFER	R&D and Business Intelligence Application Development, Basic Banking Application Development, Channel Management and Payment Systems App. Development, System Management, IT System and Application Support, IT Planning and Coordination, Treasury Operations, Foreign Operations, Banking Operations, Credit, Customer and Account Operations	June 13, 2006	PhD	25 years
Muhammet Lütü ÇELEBİ	Retail Banking Marketing, Retail Banking Marketing Services	October 23, 2013	Bachelor's	25 years
Şuayyip İLBİLGİ	Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor's	24 years
Mikail HİDİR	Credit Risk Planning and Monitoring Evaluation and Rating, Credit Risk Liquidation, Legal Affairs	December 26, 2018	Bachelor's	17 years
Hazım AKYOL	Corporate Banking Marketing, Commercial Banking Marketing, Corporate Branches Cash Management Product Development and Foreign Trade Marketing	May 31, 2019	Bachelor's	27 years
Alaattin ŞİMŞEK	Corporate Loans Allocation and Management SME and Retail Loans Allocation, Commercial Loans Allocation, Application of Credit Policies and Processes 1-2, Specific Loans Management	May 31, 2019	Bachelor's	25 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master's	24 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor's	20 years
Arif ÇOKÇETİN	Corporate Loans Allocation Management Retail and SME Loans Allocation Management Commercial Loans Allocation Management 1-2 Featured Loans Management	July 8, 2020	Bachelor's	25 years
Kadir KARATAŞ	Human Resources, Corporate Development and Academy	August 13, 2020	Bachelor's	24 years

The persons listed in the table above do not have any interest in the non-public part of the Bank.

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GENERAL INFORMATION (Continued)

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

Board of Directors Operations Chairmanship Departments and Support Services are working dependent to the General Manager.

The decisions taken at the 66th Ordinary General Assembly Meeting of the Parent Bank held on June 12, 2020 regarding the renewal of the Members of the Board of Directors are as follows; It was resolved by majority of votes to appoint Mr. Hamza Yerlikaya as Independent Board Member to replace Mr. Şahap Kavcıoğlu representing Group (A) to serve for 3 years and to appoint Mr. Mehmet Emin Baysa to replace Mr. Yunus Arıncı as members of the Supervisory Board for 3 years.

At the Board of Directors Meeting held on 12 June 2020, in accordance with the Related Articles of our Bank's Articles of Association:

- Mr. Abdulkadir Aksu 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.

With the decision of the Parent Bank's Board of Directors dated July 8, 2020, Arif ÇOKÇETİN was appointed as the Assistant General Manager.

According to the decision of the Parent Bank's Board of Directors dated August 13, 2020, Deputy General Manager Hüseyin Uğur BİLGİN was retired and Kadir KARATAŞ, Head of Banking Support Services, was appointed as Deputy General Manager.

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GENERAL INFORMATION (Continued)

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Shareholders-31 December 2020	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (D Grubu)	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	-

Shareholders-31 December 2019	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	43.00	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve				
Sağlık Yardım Sandığı Vakfı (Group C)	402,553	16.10	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	15.51	387,673	-

As of December 31, 2020, shareholder holding control over the Bank is the Republic of Turkey Ministry of Treasury and Finance having 37.45% of the Parent Bank’s outstanding shares. Other organizations that are qualified shareholders are Turkey Wealth Fund, with 35.99% share and Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, with 10.31% share.

As of December 31, 2019, shareholder holding control over the Parent Bank is the Republic of Turkey Ministry of Treasury and Finance having 58.51% of the Parent Bank’s outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı, having 16.10% of outstanding shares of the Parent Bank.

With the Decree Law No. 696 published in the Official Gazette dated December 24, 2017 and the Presidential Decree dated December 3, 2019, the changes in the capital structure of the Parent Bank are explained in detail under the title II in the General Information Section I. of the report.

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GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

The Parent Bank and its consolidated subsidiaries are called as “The Group” in the report.

As at December 31, 2020, The Parent Bank has 933 domestic, 3 foreign, in total 936 branches (December 31, 2019: 940 domestic, 3 foreign, in total 943 branches). As at December 31, 2020, The Parent Bank has 16,748 employees (December 31, 2019: 16,835 employees).

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GENERAL INFORMATION (Continued)

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

As at and for the year ended December 31, 2020, the financial statements of T. Vakıflar Bankası T.A.O., Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the full consolidated financial statements of the Group.

As at and for the year ended December 31, 2020, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

None.

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SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS AT DECEMBER 31, 2020**

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

ASSETS	Notes	Current Period December 31, 2020			Prior Period December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		53,386,866	143,243,468	196,630,334	23,839,465	51,504,253	75,343,718
1.1 Cash and cash equivalents	V-I-1	14,925,286	81,577,857	96,503,143	2,399,213	40,329,046	42,728,259
1.1.1 Cash and balances at Central Bank	V-I-1	14,662,490	78,544,752	93,207,242	2,387,874	34,116,718	36,504,592
1.1.2 Banks	V-I-3	58,997	3,033,183	3,092,180	6,120	6,212,378	6,218,498
1.1.3 Receivables from Money Markets		206,589	-	206,589	14,535	-	14,535
1.1.4 Allowance for expected credit losses (-)	V-I-18	2,790	78	2,868	9,316	50	9,366
1.2 Financial assets at fair value through profit or loss	V-I-2	297,243	7,161,038	7,458,281	178,298	2,129,634	2,307,932
1.2.1 Public debt securities		110,576	7,000,000	7,110,576	198	2,017,593	2,017,791
1.2.2 Equity instruments		170,609	161,038	331,647	173,286	112,041	285,327
1.2.3 Other financial assets		16,058	-	16,058	4,814	-	4,814
1.3 Financial assets at fair value through other comprehensive income	V-I-4	31,026,129	52,901,796	83,927,925	17,673,354	8,126,945	25,800,299
1.3.1 Public debt securities		30,422,704	51,083,898	81,506,602	17,089,209	7,011,397	24,100,606
1.3.2 Equity instruments		14,131	4,028	18,159	14,131	3,924	18,055
1.3.3 Other financial assets		589,294	1,813,870	2,403,164	570,014	1,111,624	1,681,638
1.4 Derivative financial assets	V-I-2	7,138,208	1,602,777	8,740,985	3,588,600	918,628	4,507,228
1.4.1 Derivative financial assets at fair value through profit or loss		7,138,208	1,602,777	8,740,985	3,588,600	918,628	4,507,228
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		343,944,228	142,525,708	486,469,936	224,392,334	106,479,466	330,871,800
2.1 Loans	V-I-5	315,239,878	125,612,148	440,852,026	202,068,252	92,213,963	294,282,215
2.2 Receivables from leasing transactions	V-I-10	903,110	2,367,900	3,271,010	696,678	2,077,438	2,774,116
2.3 Factoring receivables		5,481,094	270,646	5,751,740	2,504,062	369,208	2,873,270
2.4 Other financial assets measured at amortised cost	V-I-6	44,218,605	14,528,647	58,747,252	35,004,414	12,010,219	47,014,633
2.4.1 Public debt securities		44,159,655	14,342,399	58,502,054	34,945,546	11,700,580	46,646,126
2.4.2 Other financial assets		58,950	186,248	245,198	58,868	309,639	368,507
2.5 Allowance for expected credit losses (-)		21,898,459	253,633	22,152,092	15,881,072	191,362	16,072,434
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-16	1,256,254	-	1,256,254	7,240,607	456,388	7,696,995
3.1 Held for sale purpose		1,256,254	-	1,256,254	7,240,607	456,388	7,696,995
3.2 Related to discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		1,883,825	3	1,883,828	1,481,250	3	1,481,253
4.1 Investments in associates (Net)	V-I-7	1,495,974	3	1,495,977	1,138,780	3	1,138,783
4.1.1 Associates accounted by using equity method		530,191	-	530,191	447,762	-	447,762
4.1.2 Unconsolidated associates		965,783	3	965,786	691,018	3	691,021
4.2 Investments in subsidiaries (Net)	V-I-8	387,851	-	387,851	342,470	-	342,470
4.2.1 Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Non-consolidated non-financial subsidiaries		387,851	-	387,851	342,470	-	342,470
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. TANGIBLE ASSETS (Net)	V-I-12	4,882,144	14,266	4,896,410	3,029,550	11,417	3,040,967
VI. INTANGIBLE ASSETS AND GOODWILL (Net)	V-I-13	273,776	348	274,124	237,755	304	238,059
6.1 Goodwill		14,631	-	14,631	14,631	-	14,631
6.2 Other		259,145	348	259,493	223,124	304	223,428
VII. INVESTMENT PROPERTIES (Net)	V-I-14	502,143	-	502,143	608,990	-	608,990
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	V-I-15	1,234,832	-	1,234,832	801,616	-	801,616
X. OTHER ASSETS	V-I-17	8,005,234	10,937,422	18,942,656	5,328,857	7,628,874	12,957,731
TOTAL ASSETS		415,369,302	296,721,215	712,090,517	266,960,424	166,080,705	433,041,129

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

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

	LIABILITIES	Notes	Current Period December 31, 2020			Prior Period December 31, 2019		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	214,241,507	203,280,375	417,521,882	142,276,343	111,854,405	254,130,748
II.	BORROWINGS	V-II-3	2,450,296	49,238,699	51,688,995	2,286,766	42,776,918	45,063,684
III.	MONEY MARKET FUNDS		79,758,688	21,553,517	101,312,205	19,825,274	5,598,794	25,424,068
IV.	MARKETABLE SECURITIES ISSUED (Net)	V-II-3	11,262,156	34,892,367	46,154,523	11,792,577	17,455,479	29,248,056
4.1	Bills		5,960,553	2,188,163	8,148,716	6,494,825	-	6,494,825
4.2	Asset backed securities		-	-	-	-	-	-
4.3.	Bonds		5,301,603	32,704,204	38,005,807	5,297,752	17,455,479	22,753,231
V.	FUNDS		3,053	-	3,053	3,053	-	3,053
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		3,053	-	3,053	3,053	-	3,053
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	V-II-2	4,061,171	2,022,130	6,083,301	2,226,099	1,085,898	3,311,997
7.1	Derivative financial liabilities at fair value through profit or loss		4,061,171	2,022,130	6,083,301	2,226,099	1,085,898	3,311,997
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII.	FACTORING PAYABLES		672	-	672	1,823	549	2,372
IX.	LEASE PAYABLES (Net)	V-II-5	978,735	-	978,735	935,839	99	935,938
X.	PROVISIONS	V-II-7	2,980,102	70,295	3,050,397	2,219,860	39,067	2,258,927
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		1,555,683	5,534	1,561,217	1,153,968	3,997	1,157,965
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		1,424,419	64,761	1,489,180	1,065,892	35,070	1,100,962
XI.	CURRENT TAX LIABILITIES	V-II-8	950,476	4,329	954,805	1,138,988	3,003	1,141,991
XII.	DEFERRED TAX LIABILITIES	V-II-8	103	57,525	57,628	1,232	30,758	31,990
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	5,018,668	353,532	5,372,200
13.1	Held for sale		-	-	-	5,018,668	353,532	5,372,200
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	V-II-10	6,401,461	13,057,337	19,458,798	6,394,877	12,850,576	19,245,453
14.1	Loans		-	-	-	-	-	-
14.2	Other debt instruments		6,401,461	13,057,337	19,458,798	6,394,877	12,850,576	19,245,453
XV.	OTHER LIABILITIES	V-II-4	13,798,644	3,874,792	17,673,436	9,705,538	3,612,824	13,318,362
XVI.	SHAREHOLDERS' EQUITY	V-II-11	45,408,347	1,743,740	47,152,087	32,573,508	978,782	33,552,290
16.1	Paid-in capital	V-II-11	3,905,622	-	3,905,622	2,500,000	-	2,500,000
16.2	Capital reserves		6,265,527	-	6,265,527	839,941	-	839,941
16.2.1	Equity share premiums		6,303,347	-	6,303,347	723,962	-	723,962
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		(37,820)	-	(37,820)	115,979	-	115,979
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		1,603,596	-	1,603,596	1,285,422	-	1,285,422
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		169,087	1,210,809	1,379,896	561,289	682,614	1,243,903
16.5	Profit reserves		26,431,074	273,876	26,704,950	23,431,326	200,064	23,631,390
16.5.1	Legal reserves		2,811,181	17,882	2,829,063	2,538,782	10,669	2,549,451
16.5.2	Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3	Extraordinary reserves		21,810,638	252,379	22,063,017	20,061,308	185,780	20,247,088
16.5.4	Other profit reserves		1,802,918	3,615	1,806,533	824,899	3,615	828,514
16.6	Profit or loss		6,291,176	254,385	6,545,561	3,134,638	45,862	3,180,500
16.6.1	Prior years' profits or losses		196,734	11,374	208,108	(148,390)	(40,469)	(188,859)
16.6.2	Current period net profit or loss		6,094,442	243,011	6,337,453	3,283,028	86,331	3,369,359
16.7	Minority interests		742,265	4,670	746,935	820,892	50,242	871,134
TOTAL LIABILITIES AND EQUITY			382,295,411	329,795,106	712,090,517	236,400,445	196,640,684	433,041,129

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES
TO THE CONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT DECEMBER 31, 2020

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

	Notes	Current Period December 31, 2020			Prior Period December 31, 2019		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		168,755,052	278,884,858	447,639,910	130,858,298	206,289,254	337,147,552
I. GUARANTEES AND WARRENTIES	V-III-2	43,928,944	58,547,258	102,476,202	38,069,926	40,210,391	78,280,317
1.1. Letters of guarantee	V-III-1	43,395,971	32,027,856	75,423,827	37,379,041	21,625,025	59,004,066
1.1.1. Guarantees subject to state tender law		2,594,448	10,005,488	12,599,936	2,904,236	7,080,944	9,985,180
1.1.2. Guarantees given for foreign trade operations		2,335,826	-	2,335,826	1,322,033	-	1,322,033
1.1.3. Other letters of guarantee		38,465,697	22,022,368	60,488,065	33,152,772	14,544,081	47,696,853
1.2. Bank acceptances		4,258	5,111,534	5,115,792	7,842	4,574,992	4,582,834
1.2.1. Import letter of acceptance		-	289,665	289,665	-	220,683	220,683
1.2.2. Other bank acceptances	V-III-4	4,258	4,821,869	4,826,127	7,842	4,354,309	4,362,151
1.3. Letters of credit	V-III-4	253,982	20,667,442	20,921,424	141,830	13,590,815	13,732,645
1.3.1. Documentary letters of credit		253,982	20,667,442	20,921,424	141,830	13,590,815	13,732,645
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Pre-financings given as guarantee		-	5,925	5,925	-	4,736	4,736
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Purchase guarantees for securities issued		-	-	-	-	-	-
1.7. Factoring guarantees		1,000	474,188	475,188	324,144	142,897	467,041
1.8. Other guarantees		187,331	106,963	294,294	51,444	49,964	101,408
1.9. Other warranties		86,402	153,350	239,752	165,625	221,962	387,587
II. COMMITMENTS		72,066,613	42,415,370	114,481,983	50,408,925	32,589,509	82,998,434
2.1. Irrevocable commitments	V-III-1	62,318,729	6,517,443	68,836,172	43,325,448	5,794,937	49,120,385
2.1.1. Asset purchase and sales commitments	V-III-1	5,695,753	6,147,096	11,842,849	2,407,191	5,561,794	7,968,985
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		3,150	-	3,150	7,500	-	7,500
2.1.4. Loan granting commitments	V-III-1	26,086,273	2,419	26,088,692	18,076,739	2,340	18,079,079
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments	V-III-1	5,723,932	-	5,723,932	3,528,150	-	3,528,150
2.1.8. Tax and fund liabilities on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits	V-III-1	21,320,698	-	21,320,698	17,293,741	-	17,293,741
2.1.10. Commitments for credit card and banking services promotions		597,623	-	597,623	484,519	-	484,519
2.1.11. Receivables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.12. Payables from short sale commitments on marketable securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		2,891,300	367,928	3,259,228	1,527,608	230,803	1,758,411
2.2. Revocable commitments		9,747,884	35,897,927	45,645,811	7,083,477	26,794,572	33,878,049
2.2.1. Revocable loan granting commitments		9,747,884	35,897,927	45,645,811	7,083,477	26,794,572	33,878,049
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	52,759,495	177,922,230	230,681,725	42,379,447	133,489,354	175,868,801
3.1. Derivative financial instruments held for hedging purposes		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedging for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		52,759,495	177,922,230	230,681,725	42,379,447	133,489,354	175,868,801
3.2.1. Forward foreign currency purchase and sale transactions		1,523,642	1,550,002	3,073,644	2,320,043	2,217,584	4,537,627
3.2.1.1. Forward foreign currency purchase transactions		864,639	681,888	1,546,527	1,163,458	1,109,150	2,272,608
3.2.2.2. Forward foreign currency sales		659,003	868,114	1,527,117	1,156,585	1,108,434	2,265,019
3.2.2. Currency and interest rate swaps		42,382,470	153,888,563	196,271,033	30,978,513	115,422,998	146,401,511
3.2.2.1. Currency swap purchase transactions		1,626,406	56,087,175	57,713,581	1,781,342	38,137,242	39,918,584
3.2.2.2. Currency swap sale transactions		37,636,064	20,995,076	58,631,140	25,527,171	14,629,740	40,156,911
3.2.2.3. Interest rate swap purchase transactions		1,560,000	38,403,156	39,963,156	1,835,000	31,328,008	33,163,008
3.2.2.4. Interest rate swaps sale transactions		1,560,000	38,403,156	39,963,156	1,835,000	31,328,008	33,163,008
3.2.3. Currency, interest rate and security options		247,144	919,172	1,166,316	576,987	759,416	1,336,403
3.2.3.1. Currency purchase option		143,814	430,420	574,234	367,787	294,076	661,863
3.2.3.2. Currency sale option		103,330	488,752	592,082	209,200	465,340	674,540
3.2.3.3. Interest rate purchase options		-	-	-	-	-	-
3.2.3.4. Interest rate sale options		-	-	-	-	-	-
3.2.3.5. Security purchase options		-	-	-	-	-	-
3.2.3.6. Security sale options		-	-	-	-	-	-
3.2.4. Currency futures		195,835	186,250	382,085	-	-	-
3.2.4.1. Currency purchase futures		-	186,250	186,250	-	-	-
3.2.4.2. Currency sales futures		195,835	-	195,835	-	-	-
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		8,410,404	21,378,243	29,788,647	8,503,904	15,089,356	23,593,260
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		3,978,687,376	3,684,354,649	7,663,042,025	2,297,605,505	1,578,274,516	3,875,880,021
IV. ITEMS HELD IN CUSTODY		73,978,380	28,612,031	102,590,411	76,566,563	15,168,557	91,735,120
4.1. Customer fund and portfolio balances		4,274,226	-	4,274,226	2,113,691	-	2,113,691
4.2. Securities held in custody		47,305,937	8,853,001	56,158,938	57,617,522	5,230,911	62,848,433
4.3. Checks received for collection		11,974,344	1,763,897	13,738,241	8,743,308	1,190,464	9,933,772
4.4. Commercial notes received for collection		8,327,754	1,406,998	9,734,752	6,704,176	1,084,425	7,788,601
4.5. Other assets received for collection		2,152	298	2,450	2,152	238	2,390
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		636,516	10,335,188	10,971,704	204,705	4,909,862	5,114,567
4.8. Custodians		1,457,451	6,252,649	7,710,100	1,181,009	2,752,657	3,933,666
V. PLEDGED ITEMS		775,302,799	312,599,654	1,087,902,453	775,988,471	242,582,316	1,018,570,787
5.1. Marketable securities		321,148	200,660	521,808	299,466	44,434	343,900
5.2. Guarantee notes		1,153,894	4,085,645	5,239,539	837,716	1,783,494	2,621,210
5.3. Commodity		111,710,308	3,495,630	115,205,938	106,248,275	2,762,344	109,010,619
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		529,461,764	262,692,582	792,154,346	552,289,678	193,747,833	746,037,511
5.6. Other pledged items		132,138,333	41,983,730	174,122,063	115,697,559	44,107,197	159,804,756
5.7. Depositories receiving pledged items		517,352	141,407	658,759	615,777	137,014	752,791
VI. ACCEPTED GUARANTEES AND WARRANTS		3,129,406,197	3,343,142,964	6,472,549,161	1,445,050,471	1,320,523,643	2,765,574,114
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		4,147,442,428	3,963,239,507	8,110,681,935	2,428,463,803	1,784,563,770	4,213,027,573

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES
TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2020**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

			Current Period January 1, 2020- December 31, 2020	Prior Period January 1 2019- December 31,2019
	Notes			
I.	INTEREST INCOME	V-IV-1	48,002,021	43,070,830
1.1	Interest on loans	V-IV-1	37,070,419	35,176,932
1.2	Interest received from reserve deposits		151,349	295,226
1.3	Interest received from banks	V-IV-1	78,338	281,479
1.4	Interest received from money market transactions		3,388	4,532
1.5	Interest received from marketable securities portfolio	V-IV-1	10,414,784	7,045,289
1.5.1	Financial assets at fair value through profit or loss		115,374	111,381
1.5.2	Financial assets at fair value through other comprehensive income		4,407,480	2,211,420
1.5.3	Financial assets measured at amortised cost		5,891,930	4,722,488
1.6	Finance lease interest income		261,703	234,637
1.7	Other interest income		22,040	32,735
II.	INTEREST EXPENSES	V-IV-2	27,607,459	29,275,576
2.1	Interest on deposits	V-IV-2	16,466,527	17,967,936
2.2	Interest on funds borrowed	V-IV-2	1,508,717	1,810,958
2.3	Interest on money market transactions		4,552,830	5,140,630
2.4	Interest on securities issued	V-IV-2	4,601,930	4,150,779
2.5	Leasing interest income		137,516	156,346
2.6	Other interest expenses		339,939	48,927
III.	NET INTEREST INCOME/EXPENSE (I - II)		20,394,562	13,795,254
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		2,984,080	3,399,115
4.1	Fees and commissions received		3,843,383	4,517,283
4.1.1	Non-cash loans		769,342	715,981
4.1.2	Other		3,074,041	3,801,302
4.2	Fees and commissions paid		859,303	1,118,168
4.2.1	Non-cash loans		6,651	8,387
4.2.2	Other		852,652	1,109,781
V.	DIVIDEND INCOME	V-IV-3	17,633	8,682
VI.	TRADING PROFIT/LOSS (Net)	V-IV-4	(2,336,832)	(2,496,541)
6.1	Profit/losses from capital market transactions	V-IV-4	1,611,005	499,899
6.2	Profit/losses from derivative financial transactions	V-IV-4	(1,552,660)	(3,660,970)
6.3	Foreign exchange profit/losses	V-IV-4	(2,395,177)	664,530
VII.	OTHER OPERATING INCOME	V-IV-5	8,080,957	6,581,012
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		29,140,400	21,287,522
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-6	11,617,157	8,356,813
X.	OTHER PROVISION EXPENSES (-)	V-IV-6	288,433	138,349
XI.	PERSONNEL EXPENSES (-)		3,476,315	3,141,000
XII.	OTHER OPERATING EXPENSES (-)	V-IV-7	5,835,903	5,213,200
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		7,922,592	4,438,160
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		62,032	61,872
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	V-IV-8	7,984,624	4,500,032
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-11	(1,577,244)	(991,203)
18.1	Current tax provision	V-IV-11	(2,037,612)	(1,873,816)
18.2	Expense effect of deferred tax (+)	V-IV-11	(1,935,535)	(1,104,237)
18.3	Income effect of deferred tax (-)	V-IV-11	2,395,903	1,986,850
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-10	6,407,380	3,508,829
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	V-IV-12	6,407,380	3,508,829
25.1	Group's profit/(loss)		6,337,453	3,369,359
25.2	Minority shares (-)	V-IV-13	69,927	139,470
	Profit/Loss per 100 shares (full TL)	III-XXIV	1.8986	1.3477

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
YEAR ENDED DECEMBER 31, 2020

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

		Current Period January 1, 2020- December 31, 2020	Prior Period January 1, 2019- December 31, 2019
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
I.	PROFIT (LOSS)	6,407,380	3,508,829
II.	OTHER COMPREHENSIVE INCOME	453,443	1,139,363
2.1.	Other comprehensive income that will not be reclassified to profit or loss	317,450	(16,681)
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	222,193	(270,011)
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(94,754)	(75,694)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	204,035	207,492
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(14,024)	121,532
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	135,993	1,156,044
2.2.1.	Exchange Differences on Translation	259,352	100,132
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	28,544	1,231,273
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	(141,050)	58,934
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	(10,853)	(234,295)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	6,860,823	4,648,192

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

STATEMENT OF CHANGES IN SHAREHOLDERS						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity
Current Period December 31, 2020	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6						
I. Prior Period End Balance		2,500,000	723,962	-	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	23,631,390	3,180,500	-	32,681,156	871,134	33,552,290
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)		2,500,000	723,962	-	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	23,631,390	3,180,500	-	32,681,156	871,134	33,552,290
IV. Total Comprehensive Income		-	-	-	-	198,103	(75,295)	195,366	259,352	17,691	(141,050)	-	-	6,337,453	6,791,620	69,203	6,860,823
V. Capital Increase by Cash		1,405,622	5,579,385	-	-	-	-	-	-	-	-	-	-	-	6,985,007	-	6,985,007
VI. Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	(153,799)	-	-	-	-	-	-	208,869	(107,701)	-	(52,631)	(193,402)	(246,033)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	2,864,691	(2,864,691)	-	-	-	-
11.1. Dividends paid	V-V-5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves	V-V-5	-	-	-	-	-	-	-	-	-	-	2,864,691	(2,864,691)	-	-	-	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance		3,905,622	6,303,347	-	(37,820)	892,001	(181,267)	892,862	666,826	897,478	(184,408)	26,704,950	208,108	6,337,453	46,405,152	746,935	47,152,087

- 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 consolidated financial statements.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Prior Period December 31, 2019	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity
							1	2	3	4	5	6						
I.	Prior Period End Balance		2,500,000	724,276	-	91,433	776,360	(41,357)	441,729	307,342	(117,769)	(102,292)	18,687,653	5,096,704	-	28,364,079	741,674	29,105,753
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)		2,500,000	724,276	-	91,433	776,360	(41,357)	441,729	307,342	(117,769)	(102,292)	18,687,653	5,096,704	-	28,364,079	741,674	29,105,753
IV.	Total Comprehensive Income		-	-	-	-	(82,462)	(64,615)	255,767	100,132	997,556	58,934	-	-	3,369,359	4,634,671	13,521	4,648,192
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		-	(314)	-	24,546	-	-	-	-	-	-	220,695	(562,521)	-	(317,594)	115,939	(201,655)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	4,723,042	(4,723,042)	-	-	-	-
11.1.	Dividends paid	V-V-5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves	V-V-5	-	-	-	-	-	-	-	-	-	-	4,723,042	(4,723,042)	-	-	-	-
11.3.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance		2,500,000	723,962	-	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	23,631,390	(188,859)	3,369,359	32,681,156	871,134	33,552,290

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

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2020**

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

	Notes	Current Period December 31, 2020	Prior Period December 31, 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		5,117,759	4,227,641
1.1.1 Interest received (+)		39,899,527	38,572,024
1.1.2 Interest paid (-)		(27,588,024)	(29,315,375)
1.1.3 Dividends received (+)		17,633	8,682
1.1.4 Fees and commissions received (+)		4,488,853	4,900,049
1.1.5 Other income (+)		310,576	1,436,108
1.1.6 Collections from previously written off loans and other receivables (+)		4,620,474	2,588,979
1.1.7 Cash payments to personnel and service suppliers (-)		(3,734,404)	(3,421,139)
1.1.8 Taxes paid (-)		(2,463,361)	(2,611,647)
1.1.9 Other (+/-)	V-VI-1	(10,433,515)	(7,930,040)
1.2 Changes in operating assets and liabilities subject to banking operations		59,904,144	9,311,696
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		(5,098,212)	(2,483,456)
1.2.2 Net decrease (increase) in due from banks (+/-)		(28,573,163)	5,186,759
1.2.3 Net decrease (increase) in loans		(142,419,565)	(58,002,787)
1.2.4 Net decrease (increase) in other assets (+/-)		(10,222,523)	(3,704,373)
1.2.5 Net increase (decrease) in bank deposits (+/-)		12,514,480	3,467,320
1.2.6 Net increase (decrease) in other deposits (+/-)		149,575,049	68,765,791
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 (+/-)		6,313,324	(232,410)
1.2.9 Net increase (decrease) in matured payables (+/-)		-	-
1.2.10 Net increase (decrease) in other liabilities (+/-)	V-VI-1	77,814,754	(3,685,148)
I. Net cash provided from banking operations(+/-)		65,021,903	13,539,337
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities(+/-)		(63,480,374)	(16,208,303)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(86,913)	(181,576)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures		700	1,342
2.3 Cash paid for the purchase of tangible and intangible asset (-)		(2,869,989)	(446,485)
2.4 Cash obtained from the sale of tangible and intangible asset (+)		1,084,778	617,688
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)		(78,589,443)	(23,053,852)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income (+)		22,321,668	11,743,882
2.7 Cash paid for the purchase of financial assets at amortised cost (-)		(10,980,105)	(6,514,751)
2.8 Cash obtained from sale of financial assets at amortised cost (+)		5,718,504	1,664,238
2.9 Other (+/-)	V-VI-1	(79,574)	(38,789)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flows from financing activities (+/-)		22,936,449	11,836,288
3.1 Cash obtained from funds borrowed and securities issued (+)		36,069,490	31,528,262
3.2 Cash outflow from funds borrowed and securities issued (-)		(19,755,746)	(19,336,122)
3.3 Equity instruments issued (+)		7,000,000	-
3.4 Dividends paid (-)		-	-
3.5 Payments for finance lease liabilities (-)		(377,295)	(355,852)
3.6 Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	V-VI-1	25,608	545,639
V. Net increase/decrease in cash and cash equivalents (I+II+III+IV)		24,503,586	9,712,961
VI. Cash and cash equivalents at beginning of the period (+)	V-VI-4	31,092,461	21,379,500
VII. Cash and cash equivalents at end of the period (V+VI)	V-VI-4	55,596,047	31,092,461

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

	Notes	Current Period December 31, 2020	Prior Period December 31, 2019
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1 CURRENT YEAR'S PROFIT		6,439,273	3,612,583
1.2 TAXES AND LEGAL DUTIES PAYABLE		(1,428,817)	(810,292)
1.2.1 Corporate tax (income tax)	V-IV-11	(1,899,145)	(1,715,496)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties (*)	V-IV-11	470,328	905,204
A. NET PROFIT FOR THE YEAR		5,010,456	2,802,291
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	-	94,855
1.6 OTHER STATUTORY RESERVES	V-V-5	-	94,854
C. NET PROFIT AVAILABLE FOR DISTRIBUTION(**)		-	1,707,378
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	-	1,634,563
1.14 OTHER RESERVES		-	-
1.15 SPECIAL FUNDS	V-V-5	-	72,815
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)		1.5408	1.1209
3.2 TO OWNERS OF ORDINARY SHARES (%)		154.08	112.09
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 2020 profit distribution is not taken.

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

The preparation of 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. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Group has explained the effects of Covid-19, which it reflects in the financial statements dated December 31, 2020, in the following sections. In addition, while preparing the financial statements dated December 31, 2020, the fair value measurements were reviewed within the scope of TFRS 13 Fair Value Measurement standard.

The Indicator Interest Rate Reform - Phase 2, which introduced changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 1, 2021, was published in December 2020 and early implementation of the changes is permitted. With the amendments made, certain exceptions are provided in the basis for determining contractual cash flows and hedge accounting provisions. The changes have not been implemented early and the developments are being evaluated by the Parent Bank. From items indexed to benchmark interest rates, loans and securities constitute assets; securities issued and loans borrowed through repo constitute liabilities in the Parent Bank’s financial statements. The effects of these changes on the financial statements and performance of the Parent Bank are evaluated by the management. As of 31 December 2020, the Parent Bank does not have any hedging transactions for interest rate risk.

Additional paragraph for convenience translation to English

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

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

ACCOUNTING POLICIES (Continued)

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

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

ACCOUNTING POLICIES (Continued)

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

Information on foreign currency transactions

Foreign currency transactions are recorded in TL which is the functional currency of the Parent Bank. Monetary assets and liabilities denominated in foreign currencies at the balance sheet, are translated into Turkish Lira by using the foreign exchange rates effective at the balance sheet date. Non-monetary foreign currency items which are recorded at fair value are valued at historical foreign exchange rates. Foreign exchange gain/loss amounts due to conversion of monetary items or collection or payments foreign currency denominated transactions are recognized in income statement.

While foreign exchange differences arising from amortized cost values of financial assets that fair value differences' in foreign currency is reflected in other comprehensive income are recognized in the income statement, the exchange differences calculated on unrealized gains and losses are accounted under the "Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss" item in equity.

In March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Turkey Foundations Bank, are purchased by the Bank. Since the reporting period of 30 September 2016, the Group has been implementing net investment hedging strategy in order to avoid foreign exchange risk arising from the Group's € 75.7 million share capital in the Vakıfbank International AG's € 100 million paid-in capital. In this context, 76.8 Million EUR portion of the securities issued by the Bank on 4 May 2016 with a nominal amount of 500 million Euros and the redemption date of 4 May 2021, 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 other accumulated comprehensive income or expenses to be reclassified in profit or loss under equity as long as the hedging transaction is effective. In this context, as of December 31, 2020, the foreign exchange income presented in the income statement is TL 184,408. 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, 2020, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL
SUBSIDIARIES EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

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

ACCOUNTING POLICIES (Continued)

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

Consolidated subsidiaries

As at and for the year ended December 31, 2020, the financial statements of T. Vakıflar Bankası T.A.O, Vakıfbank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

A share transfer agreement was signed with TVF Finansal Yatırımlar AŞ on April 22, 2020 for Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ and the same share transfers were completed as of the same date. In the previous period, the aforementioned subsidiaries were consolidated over Non-Current Assets or Disposal Groups "Held for Sale" and "From Discontinued Operations" in the Assets and Liabilities section of the balance sheet, and in the income statement they were consolidated with full consolidation method. Subsidiaries were excluded from the scope of consolidation after the transaction. Balances belonging to income and expense items realized until the sale transaction date of the mentioned subsidiaries are accounted in the consolidated income statement.

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

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

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

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

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

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

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at December 31, 2020 and December 31, 2019 but until the liquidation decision date its accumulated previous years' loss has been included in the accompanying consolidated financial statements.

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ACCOUNTING POLICIES (Continued)

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

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

As per the resolution of the Board of Directors of the Parent Bank held on September 8, 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at December 31, 2020 and December 31, 2019, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates consolidated per equity method

As at and for the year ended December 31, 2020, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

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 Parent Bank has classified its derivative transactions, mentioned above, as "Derivative Financial Assets at Fair Value Through Profit or Loss" in accordance with the "TFRS 9 – Financial Instruments".

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

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

Embedded derivative products are not separated from the articles of association and are accounted according to the standard on which the articles of association are based. As of December 31, 2020, the Parent Bank does not have any embedded derivative financial instruments.

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ACCOUNTING POLICIES (Continued)

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

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

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

Finance leasing activities

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

Factoring operations

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

VII. INFORMATION ON FINANCIAL ASSETS

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

Group recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by The Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and Measurement of Financial Instruments

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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

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

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

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

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

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.

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

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.

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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

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

Financial Assets Measured at Amortized Cost

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

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

Both "Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Group include Consumer Price Indexed (CPI) Bonds. These securities are valued and accounted using the effective interest rate method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months. The Bank also sets the estimated inflation rate accordingly. The estimated inflation rate used is updated as needed within the year. At the end of the year real interest rate is used.

Derivative Financial Assets

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

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

The information of classification of derivative instruments are disclosed in Section 3 Note IV.

Loans

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS

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

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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

The relation of all risk parameters with macroeconomic conditions has been tested and it has been determined that macroeconomic conditions have an effect on the probability of default. In this context, macroeconomic forecasts are taken into account in changing the probability of default.

Different macroeconomic models have been created for the retail 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 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 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 expected credit loss in accordance with TFRS 9, certain part of commercial and corporate loans are subject to individual assessment on a customer basis in accordance with internal evaluations. The models and methodologies used for TFRS 9 are evaluated at least once a year by the teams responsible for the model and methodology for their accuracy and suitability. The models and other issues that were created within the scope of TFRS 9 and which need to be updated in 2020 were revised and reflected in financial statements of December 2020.

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 Parent Bank applies the expected 12-month default probabilities to the estimated default amount and multiplies with the loss given default and downgrades to the present day with the original effective interest rate of the loan. For these assets, an expected 12-month credit loss is recognized and interest income is calculated over the gross carrying amount. 12-month expected credit loss is the loss arising from possible risks in the first 12 months following the reporting date.

Stage 2:

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Stage 3:

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

Significant Increase in Credit Risk

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

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

Restruction: Classification of financial assets under the Stage2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

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

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

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

Within the scope of the measures taken for COVID-19, the Parent Bank, pursuant to the BRSA's decision numbered 8970 dated 27 March 2020, effective as of March 17, 2020, and within the scope of Article 4 of the "Regulation on the Principles and Procedures Regarding the Classification of Loans and the Provisions", 30-day delay period which was envisaged for classification in the Group II has started to be applied as 90 days until 31 December 2020 for the loans followed in the Group I. This regulation will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312. In this context, receivables that are not collected by the Parent Bank for up to 90 days can be classified under the First Group. In the classification of loans, the Parent Bank also takes into account whether it is due to a temporary liquidity shortage experienced by the borrower because of the COVID-19 outbreak. The Parent Bank continues to calculate the Expected Credit Loss based on its own risk models.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

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

Due to COVID-19, effective as of 17 March 2020, the "more than 90 days past due" condition used in the definition of default for the classification of loans has started to be applied as "more than 180 days past due" in accordance with the 4th and 5th articles of "Regulation on Classification of Loans and Procedures and Principles for Provisions to Be Allocated for them" announcement of BRSA. This regulation will be valid until 30 June 2021 according to the decision of the BRSA dated 8 December 2020 and numbered 9312. In this context, receivables that are not collected by the Parent Bank for up to 180 days can be classified under the Second Group. The Parent Bank, continues the calculate expected credit loss according to its own risk models for these loans. For loans that are not subject to individual evaluation on a customer basis and have a delay of more than 90 days, the Parent Bank determines the information and factors that cannot be included in the expected credit loss calculations based on expert opinion and reflects them in the provision.

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 890,789 for which 100% provision has been made. (31 December 2019: None.)

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 31 December 2020 and 31 December 2019, there are no transactions of this nature at the Parent Bank.

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

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ACCOUNTING POLICIES (Continued)

**X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES
LENDING**

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

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

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

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

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has no discontinued operations.

As per the Board of Directors decision in December 13th, 2019, the Bank has started the process of transfer of shares held in subsidiaries Güneş Sigorta and Vakıf Emeklilik ve Hayat AŞ respectively, including publicly held shares, to a new company to be established by Türkiye Varlık Fonu Yönetimi AŞ. These two companies have been removed from the subsidiaries account and started to be classified under the Assets Held for Sale and Discontinued Operations account. The method of consolidation of the related subsidiaries is stated under the title numbered III in the Section Three, Accounting Policies.

On April 22, 2020, a share transfer agreement was signed between TVF Financial Investments as the buyer and the Parent Bank as the seller, in order to transfer the Parent Banks shares which represent 51.1% of Güneş Sigorta AŞ's capital and 53.9% of Vakıf Emeklilik ve Hayat AŞ's capital to TVF Financial Investments AŞ ("TVF Financial Investments"). The share transfer has been completed as of the same date.

As of April 22, 2020, all of the shares owned by the Parent Bank in Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ were transferred to TVF Finansal Yatırımlar AŞ, and the Parent Bank have not had any shares left in the relevant companies.

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The difference between the values of net assets in the financial statements prepared as of the date of the change of shares in the real estate project in which Vakıfbank Gayrimenkul Yatırım Ortaklığı AŞ, which is a subsidiary of the Parent Bank, participates and fair value of the project partnership are classified under Intangible Assets - Goodwill Arising from Purchasing Accounting. As of December 31, 2020, the goodwill amount is TL 14,631. (December 31, 2019: TL 14,631)

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

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 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 Parent Bank allocates amortization shares of intangible fixed assets over their inflation adjusted values using the straight-line depreciation method according to the useful lives of the related assets.

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ACCOUNTING POLICIES (Continued)

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

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

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

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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

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

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

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

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2020 is TL 7,117 (full TL) (December 31, 2019: TL 6,380 (full TL)).

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

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ACCOUNTING POLICIES (Continued)

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

As of December 31, 2020, and December 31, 2019, actuarial estimates used are

	Current Period – December 31, 2020	Prior Period – December 31, 2019
Discount Rate	12.80%	12.10%
Estimated Inflation Rate	9.50%	8.20%
Increase in Real Wage Rate	10.50%	9.20%

Other benefits to employees

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

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

Pension fund

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

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

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

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

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

- 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 09 July 2018.

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ACCOUNTING POLICIES (Continued)

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

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

The technical financial statements of the Fund are audited by the certified actuary according to the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report regarding December 31, 2020 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at December 31, 2020.

XVII. INFORMATION ON TAXATION

Corporate tax

Corporate tax rate is 20% in Turkey according to Article 32 of the Corporate Taxes Law No. 5520. However, the mentioned ratio will be applied as 22% for a period of three years between 2018-2020, according to Law No: 7061 "The Law regarding amendments on Certain Tax Laws and their implications on Deferred Tax Calculations" published in the Official Gazette dated December 5, 2017. This rate is applied to total income of the Bank adjusted for certain disallowable expenses, exempt income and any other allowances.

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 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. No further tax is paid if the profit is not distributed.

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

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

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

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

There is no procedure in Turkey that provides the opportunity to come to a mutual agreement with the tax authorities about tax due. Corporate tax return declared until the evening of the last day of the fourth month following the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records within five years and change the tax amount if there is a wrong transaction.

Corporation tax legislation for the foreign branches

Bahrain

The Parent Bank's branch that is operating in Bahrain is nontaxable because there is no corporate tax practice in that country. Bahrain Branch's income is added to headquarters income and it is taxed in Turkey according to Law No. 5520 on Corporate Tax Laws published in the Official Gazette dated June 5, 2012, numbered B.07.1.GİB.4.99.16.02-KVK-5/1-b-128.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Erbil

The Parent Bank's branch that is operating in Erbil is taxable according to the country's law legislation. Declaration of financial records and their tax payments are differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

New York

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

Deferred taxes

According to the TAS 12 - Income Taxes; deferred tax assets and liabilities are recognized, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, and initial recognition of assets and liabilities which affect neither accounting nor taxable profit. The delayed tax debt or assets is determined by calculating the "taxable temporary differences " between the assets' and debts' book values versus the values on the legal tax base accounts . According to tax legislation, differences that do not affect the financial or commercial profit of the assets or liabilities at the acquisition date are excluded from these calculations.

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 Parent Bank, the book value of the deferred tax asset will be decreased.

The deferred tax assets and liabilities are reported as net in the financial statements only if the Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

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

Transfer Pricing

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

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

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ACCOUNTING POLICIES (Continued)

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

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

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The Parent Bank is not hedging about debt instruments.

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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

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

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, 2020, Vakıf Finansal Kiralama AŞ, a consolidated subsidiary of the Group, has unused investment incentives amounting to TL 150,852 (December 31, 2019: TL 197,513).

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ACCOUNTING POLICIES (Continued)

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

XXIV. OTHER MATTERS

Earnings per shares

Earnings per share has been calculated by dividing the net profit for the period to weighted average of outstanding shares. In Turkey, the companies may perform capital increase ("Bonus Shares") from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the year ended December 31, 2020, earnings per 100 shares are full TL 1.8986 (December 31, 2019: full TL 1.3477).

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.

Insurance operations

Written Premiums: Written premiums represent premiums on policies written during the year net of taxes and premiums of the cancelled policies produced in previous years. Written premiums, after deduction of premiums ceded to reinsurance companies are recorded under other operating income in the accompanying consolidated statement of income.

Reserve for unearned premiums: Reserve for unearned premiums represents the proportions of the premiums written in a period that relate to the period of risk subsequent to the balance sheet date, without deductions of commission or any other expense. Reserve for unearned premiums is calculated for all contracts except for the insurance contracts for which the Group provides mathematical reserve. Reserve for unearned premiums is also calculated for the annual premiums of the annually renewed long-term insurance contracts.

Reserve for outstanding claims: Accounts for outstanding claim reserve for ultimate cost of the claims incurred, but not paid in the current or previous periods or, for the estimated ultimate cost if the cost is not certain yet, and for the incurred but not reported claims. Claim provisions are accounted for based on reports of experts or initial assessments of policyholders and experts, and in the calculations related to the claim reserves, claim recoveries, salvage and similar gains are not deducted. The difference between the outstanding claim reserve that is accrued and determined on account and the amount that is calculated by using the actuarial chain ladder method, of which the content and implementation fundamentals are determined on the Legislation for Technical Provision and the "Circular on Outstanding Claim Reserve" numbered. 2014/16 and dated December 5, 2014 and is effective from January 1, 2015, is accounted as incurred but not reported claims reserve. The calculation of incurred but not reported outstanding claim reserve considering best estimations of the Company's actuary has been calculated in the line with the related regulation.

Mathematical provisions: Mathematical provisions are the provisions recorded against the liabilities of the Group to the beneficiaries of long-term life and individual accident policies based on actuarial assumptions. Mathematical provisions consist of actuarial mathematical provisions and profit sharing reserves.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Actuarial mathematical provisions are calculated as the difference between the net present values of premiums written in return of the risk covered by the Group and the liabilities to policyholders for long-term insurance contracts based on the basis of actuarial mortality assumptions (prospective method). Mathematical provision also includes the saving portion of the provisions for saving life product.

For the contracts that the Group has committed to pay dividends, from the income of the assets on which the provisions set aside for their liabilities to policyholders and beneficiaries, limited to the technical interest income calculated according to the dividend distribution system specified in the approved dividend technical principles, the amount including the guaranteed portion, consists of accumulated dividend provisions from previous years.

Deferred acquisition cost and deferred commission income: Commissions given to the intermediaries and other acquisition costs that vary with and are related to securing new contracts and renewing existing insurance contracts are capitalized as deferred acquisition cost. Deferred acquisition costs are amortized on a straight-line basis over the life of the contracts. Commission income obtained from the premiums ceded to reinsurance firms are also deferred and amortized on a straight-line basis over the life of the contracts.

Liability adequacy test: At each reporting date, a liability adequacy test is performed, to ensure the adequacy of unearned premiums net of related deferred acquisition costs. In performing this test, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision in the accompanying consolidated financial statements.

If the result of the test is that a loss is required to be recognized, the first step is to reduce any intangible item arising from business combinations related to insurance. If there is still a loss remaining, then the deferred acquisition cost is reduced to the extent that expense loadings are considered not recoverable. Finally, if there is a still remaining amount of loss, this should be booked as an addition to the reserve for premium deficiency.

Individual pension business

Individual pension system receivables presented under 'other assets' in the accompanying consolidated financial statements consists of 'receivables from the clearing house on receivables from the clearing houses'. Pension funds are the mutual funds that the individual pension companies invest in, by the contributions of the participants. Shares of the participants are kept at the clearing house on behalf of the participants.

'Receivables from the clearing house on behalf of the participants' is the receivable from the clearing house on pension fund basis against the contributions of the participants. The same amount is also recorded as payables to participants for the funds acquired against their contributions under the 'individual pension system payables'.

In addition to the 'payables to participants' account, mentioned in the previous paragraph, individual pension system payables also includes participants' temporary accounts, and payables to individual pension agencies. The temporary account of participants includes the contributions of participants that have not yet been invested.

Fees received from individual pension business consist of investment management fees, fees levied on contributions and entrance fees.

Classifications

In the previous periods "Gain on Sale of Immovable and Shares of Associates and Subsidiaries" which was classified under "Other Accumulated Comprehensive Income or Expenses that will not be Reclassified in Profit or Loss" in the balance sheet, were classified under "Other Profit Reserves" in the balance sheet dated 31 December 2020, and the balance sheet dated 31 December 2019 is shown in accordance with the current period.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Explanations on TFRS 16 Standard

TFRS 16 Leases Standard was published in the Official Gazette dated 16 April 2018 and numbered 30393, effective from 1 January 2019. This Standard specifies the principles for the leasing, presentation, presentation and disclosure of leases. The purpose of the standard is to provide tenants and lessees with appropriate information and to provide them with appropriate information. This information is the basis for evaluating the impact of the leases on the entity's financial position, financial performance and cash flows by users of financial statements.

The Parent Bank has applied the simplified transition approach and elected not to restate comparative figures. The Parent Bank has not reassessed whether a contract is a lease or not a lease at the date of initial application for leases previously classified as operating leases in accordance with TAS 17 by preferring simplified transition approach. For the leases previously classified as operational leases in accordance with TAS 17, the lease liability calculated on the present value of the remaining lease payments, discounted using the alternative borrowing interest rate of the lessee at the initial application date is reflected to the financial statements. A right of use is also reflected in the financial statements at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately prior to the initial application date, adjusted for the amount of all prepayment or accrued lease payments.

The amounts recognized under IFRS 16 as of December 31, 2020 and December 31, 2019 are presented below.

Current Period-December 31, 2020	Service Buildings	Vehicles	Total
Lease payables	1,326,014	23,835	1,349,849
Deferred rental expenses(-)	368,083	3,031	371,114
Lease payables (Net)	957,931	20,804	978,735
Right of use assets	880,554	19,267	899,821

Prior Period -December 31, 2019	Service Buildings	Vehicles	Total
Lease payables	1,413,536	20,589	1,434,125
Deferred rental expenses(-)	495,782	2,405	498,187
Lease payables (Net)	917,754	18,184	935,938
Right of use assets	876,242	16,979	893,221

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 Parent Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, TL 81,040 of lease payments were made in the related period. (December 31, 2019: TL 92,870)

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SECTION FOUR

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of capital adequacy ratio, equity amount was used for the ones acquired before this date, excluding the negative valuation differences of securities in the "Fair Value of Financial Assets Through Other Comprehensive Income" portfolio.

In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, 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.

In accordance with the BRSA regulation dated April 16, 2020, and numbered 8999, 0% risk weight was used in the calculation of the amount subject to credit risk for the receivables of the banks from the CBRT and in FX.

As of December 31, 2020 Group's equity amount TL 66,178,344. (December 31, 2019: TL 52,330,948) and capital adequacy ratio is 16.05 % (December 31, 2019: 16.22 %).

Information about the consolidated shareholder equity items

Current Period - December 31, 2020	Amount	Amount as per the regulation before 1/1/2014(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	-
Share Premium	6,303,347	-
Reserves	26,704,950	-
Income recognized under equity in accordance with TAS ⁽¹⁾	3,195,394	-
Profit	6,545,561	-
Current Period's Profit	6,337,453	-
Prior Period's Profit	208,108	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(37,820)	-
Minority shares	745,159	-
Common Equity Tier 1 Capital Before Deductions	47,362,213	
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	176,087	-
Leasehold Improvements on Operational Leases	187,151	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	270,836	274,124
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	-	-
Communique 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	634,074	
Common Equity Tier 1 capital (CET1)	46,728,139	
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	11,397,014	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	11,397,014	
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

	Amount	Amount as per the regulation before 1/1/2014(*)
Current Period- December 31, 2020		
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 Capital (AT1)	11,397,014	-
Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	58,125,153	-
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	3,271,420	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	325,763	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	1,776	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4,791,107	-
Tier 2 Capital Before Deductions	8,064,303	-
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	8,064,303	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	66,189,456	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	11,112	-
Other items to be defined by the BRSA (-)	-	-
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	66,178,344	-
Total Risk Weighted Amounts	412,226,342	-
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	11.34	-
Consolidated Tier 1 Capital Adequacy Ratio (%)	14.10	-
Consolidated Capital Adequacy Ratio (%)	16.05	-
BUFFERS		
Total buffer requirement (a+b+c)	3,5160	-
a) Capital conservation buffer requirement (%)	2,5000	-
b) Bank specific counter-cyclical buffer requirement (%)	0,016	-
c) Systemically important banks buffer requirement (%) (**)	1,0000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.84	-
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	8,777,846	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used (***)	4,791,107	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

(*)In accordance with the BRSA's regulation dated December 8, 2020 and numbered 9312, in the calculation of the capital adequacy ratio, the equity amount is calculated without taking into account the negative valuation differences regarding the securities included in the "Securities with Fair Value Differences Reflected in Other Comprehensive Income" portfolio acquired before December 8, 2020.
(**)It will be filled only by systemically important banks that do not have the obligation to prepare consolidated financial statements within the scope of the 4th paragraph of Article 4 of the Regulation on Systemically Important Banks, and will be reported as zero by other banks.
(***)In accordance with the BRSA's regulation dated December 8, 2020 and numbered 9312, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date was taken into account in the calculation of the amount subjected to credit risk

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I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Amount	Amount as per the regulation before 1/1/2014(*)
Prior Period - December 31, 2019		
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	2,500,000	
Share Premium	723,962	
Reserves	23,631,390	
Income recognized under equity in accordance with TAS	2,769,902	
Profit	3,180,500	
Current Period's Profit	3,369,359	
Prior Period's Profit	(188,859)	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	115,979	
Minority shares	859,371	
Common Equity Tier 1 Capital Before Deductions	33,781,104	
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	240,577	-
Leasehold Improvements on Operational Leases	194,483	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	234,853	238,059
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	669,913	
Common Equity Tier 1 capital (CET1)	33,111,191	
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	9,670,380	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital -	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	9,670,380	-
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Amount	Amount as per the regulation before 1/1/2014(*)
Prior Period- December 31, 2019		
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 Capital	9,670,380	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	42,781,571	-
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	5,873,555	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	488,644	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	11,763	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3,669,673	-
Tier 2 Capital Before Deductions	9,554,991	-
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	9,554,991	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	52,336,562	-
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 (-)	5,614	-
Other items to be defined by the BRSA (-)	-	-
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	52,330,948	-
Total Risk Weighted Amounts	322,729,325	-
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	10.26	-
Consolidated Tier 1 Capital Adequacy Ratio (%)	13.26	-
Consolidated Capital Adequacy Ratio (%)	16.22	-
BUFFERS		
Total buffer requirement (a+b+c)	3,520	-
a) Capital conservation buffer requirement (%)	2,500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.020	-
c) Systemically important banks buffer requirement (%) ^(*)	1,000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5.76	-
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3,736,281	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,669,673	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period - December 31, 2020						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	325	1,696	525	4,994	6,403	725
Par value of instrument (in million)	4,644	1,696	525	4,994	6,403	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES EXPLANATIONS AND NOTES RELATED TO THE
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Prior Period - December 31, 2019							
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1175854923/ US90015WAC73	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment							
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	488	2,780	1,355	525	4,994	4,677	725
Par value of instrument (in million)	4,119	2,788	1,355	525	4,994	4,677	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 2, 2015	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: February 3, 2025	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 2, 2015	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at February 3, 2020 is available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES EXPLANATIONS AND NOTES RELATED TO THE
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Coupons / dividends							
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	6.875% fixed interest rate	8% fixed interest rate	5 years maturity "Indicator Government Debt Security" +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil	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 convertible into	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	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 of 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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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period December 31, 2020	Prior Period December 31, 2019
Shareholders' equity	47,152,087	33,552,290
Valuation differences of the marketable securities	35,815	-
Leasehold improvements on operational leases	(187,151)	(194,483)
Goodwill and intangible assets	(270,836)	(234,853)
General provision (1.25% of the amount that subject to credit risk)	4,791,107	3,669,673
Subordinated debt	14,668,434	15,543,935
Deductions from shareholders' equity	(11,112)	(5,614)
Capital	66,178,344	52,330,948

(*) In accordance with the BRSA regulation dated April 16, 2020, and numbered 8999, 0% risk weight was used in the calculation of the amount subject to credit risk for the receivables of the banks from the CBRT and in FX.

(**) In accordance with the BRSA regulation dated December 8, 2020, and numbered 9312, 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.

II. CONSOLIDATED CREDIT RISK

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

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

For credit risk management purposes, Risk Management Department operates in

- The determination of credit risk policies in coordination with the Bank's other units,
- The determination and monitoring of the distribution of concentration limits with respect to sector and country,
- 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 The Parent Bank's credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of The Parent Bank's risk management concept, long term commitments are accepted more risky than short term commitments. Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

In addition, in accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, 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 Group's largest 100 cash loan customers compose 29.07% of the total cash loan portfolio (December 31, 2019: 30.29%).

The Group's largest 100 non-cash loan customers compose 48.33% of the total non-cash loan portfolio (December 31, 2019: 48.82%).

The Group's largest 100 cash loan customers compose 17.27% of total assets of the Group and the Group's largest 100 non-cash loan customers compose 11.06% of total off-balance sheet items (December 31, 2019: 19.36% and 11.34%).

The Group's largest 200 cash loan customers compose 35.46% of the total cash loan portfolio (December 31, 2019: 37.82%).

The Group's largest 200 non-cash loan customers compose 62.19% of the total non-cash loan portfolio (December 31, 2019: 63.27%).

The Group's largest 200 cash loan customers compose 21.06% of total assets of the Group and the Parent Bank's largest 200 non-cash loan customers compose 14.24% of total off-balance sheet items (December 31, 2019: 24.18% and 14.69%).

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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

II. CONSOLIDATED CREDIT RISK (Continued)

Information on loan types and expected loss provisions:

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Current Period-December 31, 2020	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	336,395,807	18,833,317	97,977,844	2,197,849	15,501,125	1,114,329	449,874,776	22,145,495
Stage 1	279,793,494	2,335,219	94,967,658	513,241	14,393,403	330,780	389,154,555	3,179,240
Stage 2	41,294,689	4,971,400	1,251,391	248,036	243,970	28,919	42,790,050	5,248,355
Stage 3	15,307,624	11,526,698	1,758,795	1,436,572	863,752	754,630	17,930,171	13,717,900
Financial Assets	269,327,960	133,889	-	-	-	-	269,327,960	133,889
Non Cash Loans and Commitments	156,303,022	278,244	-	-	-	-	156,303,022	278,244
Stage 1	153,026,076	186,159	-	-	-	-	153,026,076	186,159
Stage 2	2,660,603	30,203	-	-	-	-	2,660,603	30,203
Stage 3	616,343	61,882	-	-	-	-	616,343	61,882
Total	762,026,789	19,245,450	97,977,844	2,197,849	15,501,125	1,114,329	875,505,758	22,557,628

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Prior Period-December 31, 2019	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	229,013,476	13,230,705	59,094,854	1,843,595	11,821,271	993,080	299,929,601	16,067,380
Stage 1	181,436,133	1,314,069	55,354,636	166,583	10,512,442	143,713	247,303,211	1,624,365
Stage 2	32,952,941	1,838,978	1,648,613	93,687	312,320	31,563	34,913,874	1,964,228
Stage 3	14,624,402	10,077,658	2,091,605	1,583,325	996,509	817,804	17,712,516	12,478,787
Financial Assets	132,026,409	43,897	-	-	-	-	132,026,409	43,897
Non Cash Loans and Commitments	117,369,872	168,114	-	-	-	-	117,369,872	168,114
Stage 1	114,445,533	95,498	-	-	-	-	114,445,533	95,498
Stage 2	2,083,308	8,293	-	-	-	-	2,083,308	8,293
Stage 3	841,031	64,323	-	-	-	-	841,031	64,323
Total	478,409,757	13,442,716	59,094,854	1,843,595	11,821,271	993,080	549,325,882	16,279,391

Information on expected loss provisions for loans:

Current Period- December 31, 2020	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	1,624,365	1,964,228	12,478,787
Additional provisions during the period	1,937,412	3,181,507	3,624,150
Disposals during the period (-)	453,094	552,124	768,947
Deleted from assets (-)	-	-	890,789
Transfers to stage 1	126,682	(126,122)	(560)
Transfers to stage 2	(48,999)	1,124,446	(1,075,447)
Transfers to stage 3	(7,126)	(343,580)	350,706
Provision Balance at the end of the Period	3,179,240	5,248,355	13,717,900

Prior Period - December 31, 2019	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	1,636,242	1,326,580	8,266,764
Additional provisions during the period	679,165	1,675,989	4,156,363
Disposals during the period (-)	619,064	572,567	482,092
Deleted from assets (-)	-	-	-
Transfers to stage 1	64,333	(64,126)	(207)
Transfers to stage 2	(109,512)	144,378	(34,866)
Transfers to stage 3	(26,799)	(546,026)	572,825
Provision Balance at the end of the Period	1,624,365	1,964,228	12,478,787

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

II. CONSOLIDATED CREDIT RISK (Continued)

The general provision of Group's for credit risk amounts to TL 8,777,846 (December 31, 2019: TL 3,736,281)

Risk Classifications:	Current Period Risk Amount^(*)	Average Risk Amount^(*)
Claims on sovereigns and Central Banks	311,407,817	214,944,745
Claims on regional governments or local authorities	9,611,695	10,431,664
Claims on administrative bodies and other non-commercial undertakings	498,818	487,629
Claims on multilateral development banks	38,810	33,163
Claims on international organizations	-	-
Claims on banks and intermediary institutions	58,004,394	37,290,042
Claims on corporate	232,059,662	195,434,396
Claims included in the regulatory retail portfolios	98,677,464	88,441,951
Claims secured by residential property	83,489,456	73,013,673
Past due loans	3,914,529	4,426,375
Higher risk categories decided by the Agency	200,935	135,837
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	411	34
Stock Investments	2,222,895	1,881,990
Other claims	18,901,264	17,375,792

^(*) 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 2020 period.

Risk Classifications:	Prior Period Risk Amount^(*)	Average Risk Amount^(*)
Claims on sovereigns and Central Banks	138,752,133	140,689,343
Claims on regional governments or local authorities	10,786,106	10,589,072
Claims on administrative bodies and other non-commercial undertakings	469,778	528,148
Claims on multilateral development banks	39,719	38,627
Claims on international organizations	-	-
Claims on banks and intermediary institutions	36,837,826	37,236,272
Claims on corporate	170,479,127	148,765,161
Claims included in the regulatory retail portfolios	71,262,659	64,183,428
Claims secured by residential property	61,289,648	56,312,194
Past due loans	5,234,621	3,780,485
Higher risk categories decided by the Agency	197,804	179,105
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	-	3,960
Stock Investments	1,780,859	1,308,368
Other claims	15,508,763	14,976,436

^(*) 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 2019 period.

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to the geographical concentration (***)

Current Period- December 31, 2020	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	307,651,640	9,611,695	495,497	29,475	-	9,154,726	216,587,024	98,671,276	83,389,634	3,914,529	-	-	-	-	411	324,935	18,854,498	748,685,340
EU countries	3,297,483	-	3,321	9,335	-	43,921,502	4,402,687	5,481	-	-	1,288	-	-	-	-	-	46,766	51,687,863
OECD countries (*)	86,397	-	-	-	-	183,706	-	-	-	-	-	-	-	-	-	-	-	270,103
Off-shore banking regions	-	-	-	-	-	884,126	9,440,475	-	94,325	-	-	-	-	-	-	-	-	10,418,926
USA, Canada	288,607	-	-	-	-	2,510,592	1,426,908	376	5,497	-	-	-	-	-	-	-	-	4,231,980
Other countries	83,690	-	-	-	-	1,249,390	202,568	331	-	-	199,647	-	-	-	-	-	-	1,735,626
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	100,352	-	-	-	-	-	-	-	-	-	1,897,960	-	1,998,312
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	311,407,817	9,611,695	498,818	38,810	-	58,004,394	232,059,662	98,677,464	83,489,456	3,914,529	200,935	-	-	-	411	2,222,895	18,901,264	819,028,150

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to the geographical concentration (***)

Prior Period - December 31, 2019	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	133,936,502	10,786,106	466,303	-	-	12,991,051	158,541,471	71,249,090	61,226,035	5,234,621	-	-	-	-	-	285,475	15,482,207	470,198,861
EU countries	1,456,331	-	3,475	11,759	-	19,267,653	2,225,381	4,038	-	-	5,732	-	-	-	-	-	26,556	23,000,925
OECD countries (*)	71,974	-	-	-	-	115,506	-	-	-	-	-	-	-	-	-	-	-	187,480
Off-shore banking regions	-	-	-	-	-	-	7,848,407	8,030	63,263	-	-	-	-	-	-	-	-	7,919,700
USA, Canada	3,213,268	-	-	193	-	3,714,269	1,678,019	1,501	350	-	-	-	-	-	-	-	-	8,607,600
Other countries	74,058	-	-	27,767	-	695,518	185,849	-	-	-	192,072	-	-	-	-	-	-	1,175,264
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	53,829	-	-	-	-	-	-	-	-	-	1,495,384	-	1,549,213
Undistributed Assets/ Liabilities(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	138,752,133	10,786,106	469,778	39,719	-	36,837,826	170,479,127	71,262,659	61,289,648	5,234,621	197,804	-	-	-	-	1,780,859	15,508,763	512,639,043

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period - December 31, 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	491,965	3,565	2,368	-	-	308	861,206	1,250,418	1,002,276	44,362	-	-	-	-	-	-	-	3,468,203	188,265	3,656,468
<i>Farming and raising livestock</i>	453,490	3,074	2,368	-	-	308	797,800	1,158,067	976,996	39,921	-	-	-	-	-	-	-	3,304,585	127,439	3,432,024
<i>Forestry</i>	6,355	491	-	-	-	-	8,458	69,258	16,478	480	-	-	-	-	-	-	-	90,875	10,645	101,520
<i>Fishing</i>	32,120	-	-	-	-	-	54,948	23,093	8,802	3,961	-	-	-	-	-	-	-	72,743	50,181	122,924
Manufacturing	15,233,218	368,360	708	-	-	31,457	99,573,886	8,556,658	13,585,312	930,554	-	-	-	-	-	-	-	77,213,596	61,066,557	138,280,153
<i>Mining</i>	348,433	-	-	-	-	-	8,677,975	251,601	405,695	40,037	-	-	-	-	-	-	-	3,437,934	6,285,807	9,723,741
<i>Production</i>	14,719,396	4,864	343	-	-	2,713	67,593,019	7,868,041	12,697,523	620,683	-	-	-	-	-	-	-	66,265,299	37,241,283	103,506,582
<i>Electric, Gas, Water</i>	165,389	363,496	365	-	-	28,744	23,302,892	437,016	482,094	269,834	-	-	-	-	-	-	-	7,510,363	17,539,467	25,049,830
Construction	11,690,100	1,965	187	-	-	516	27,047,927	3,561,813	8,748,958	1,203,809	-	-	-	-	-	-	-	30,302,595	21,952,680	52,255,275
Services	175,296,685	9,182,913	158,512	38,810	-	57,971,131	58,142,319	10,783,329	14,922,890	266,714	200,935	-	-	-	411	324,909	-	163,424,541	163,865,017	327,289,558
<i>Wholesale and retail trade</i>	11,003	1,685	499	-	-	-	510,310	34,146	5,301	63	-	-	-	-	-	-	-	100,978	462,029	563,007
<i>Hotel, Food and Beverage Services</i>	2,096,680	2,856	17	-	-	-	6,332,978	1,609,735	6,764,771	57,387	-	-	-	-	-	-	-	8,235,323	8,629,101	16,864,424
<i>Transportation and Telecommunication</i>	7,320,579	1,153	22,942	-	-	47,024	34,932,039	4,599,967	3,580,941	111,535	-	-	-	-	-	-	-	13,046,863	37,569,317	50,616,180
<i>Financial Institutions</i>	164,988,092	964	4,881	38,810	-	57,922,118	11,316,216	1,029,522	493,175	10,571	200,935	-	-	-	411	324,909	-	121,761,530	114,569,074	236,330,604
<i>Real Estate and renting services</i>	525,075	4	96,323	-	-	1,915	2,548,310	2,759,306	2,499,059	45,329	-	-	-	-	-	-	-	7,367,202	1,108,119	8,475,321
<i>Self-employment services</i>	-	-	-	-	-	-	103,537	15,127	-	-	-	-	-	-	-	-	-	93,359	25,305	118,664
<i>Education services</i>	346,983	1,206	64	-	-	-	1,097,950	257,970	813,192	23,925	-	-	-	-	-	-	-	2,477,516	63,774	2,541,290
<i>Health and social services</i>	8,273	9,175,045	33,786	-	-	74	1,300,979	477,556	766,451	17,904	-	-	-	-	-	-	-	10,341,770	1,438,298	11,780,068
Other	108,695,849	54,892	337,043	-	-	982	46,434,324	74,525,246	45,230,020	1,469,090	-	-	-	-	-	1,897,986	18,901,264	200,947,686	96,599,010	297,546,696
Total	311,407,817	9,611,695	498,818	38,810	-	58,004,394	232,059,662	98,677,464	83,489,456	3,914,529	200,935	-	-	-	411	2,222,895	18,901,264	475,356,621	343,671,529	819,028,150

(*) 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 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 Board
- 12- Secured by mortgages
- 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 receivables

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Prior Period- December 31, 2019	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	228,752	147	1,846	-	-	-	629,161	1,064,158	688,130	94,677	-	-	-	-	-	-	-	2,490,087	216,784	2,706,871
<i>Farming and raising livestock</i>	220,050	147	1,846	-	-	-	600,526	978,646	672,831	93,646	-	-	-	-	-	-	-	2,392,349	175,343	2,567,692
<i>Forestry</i>	4,710	-	-	-	-	-	1,163	65,039	9,294	640	-	-	-	-	-	-	-	75,505	5,341	80,846
<i>Fishing</i>	3,992	-	-	-	-	-	27,472	20,473	6,005	391	-	-	-	-	-	-	-	22,233	36,100	58,333
Manufacturing	5,591,248	421,596	282	-	-	-	68,810,898	7,731,989	10,299,637	1,376,957	-	-	-	-	-	-	-	44,686,292	49,546,315	94,232,607
<i>Mining</i>	145,421	-	-	-	-	-	5,654,644	223,741	224,719	54,308	-	-	-	-	-	-	-	1,786,804	4,516,029	6,302,833
<i>Production</i>	5,364,192	-	12	-	-	-	45,180,649	7,025,394	9,687,593	849,611	-	-	-	-	-	-	-	36,714,689	31,392,762	68,107,451
<i>Electric, Gas, Water</i>	81,635	421,596	270	-	-	-	17,975,605	482,854	387,325	473,038	-	-	-	-	-	-	-	6,184,799	13,637,524	19,822,323
Construction	2,156,275	24	445	-	-	-	20,985,366	3,702,258	7,738,016	690,074	-	-	-	-	-	-	-	21,470,106	13,802,352	35,272,458
Services	89,864,551	10,361,963	166,175	39,719	-	34,234,855	45,402,775	8,986,751	10,789,581	1,134,504	197,804	-	-	-	-	285,448	-	115,468,070	85,996,056	201,464,126
<i>Wholesale and retail trade</i>	2,890	70	-	-	-	-	241,597	16,280	2,830	125	-	-	-	-	-	-	-	75,121	188,671	263,792
<i>Hotel, Food and Beverage Services</i>	480,614	13	87	-	-	-	3,761,620	1,399,832	4,794,261	790,699	-	-	-	-	-	-	-	4,262,866	6,964,260	11,227,126
<i>Transportation and Telecommunication</i>	711,851	695	14,954	-	-	-	22,250,776	4,180,573	2,492,644	179,079	-	-	-	-	-	-	-	9,328,987	20,501,585	29,830,572
<i>Financial Institutions</i>	87,836,596	-	3,510	39,719	-	34,234,855	15,267,747	699,714	310,717	22,633	197,804	-	-	-	-	285,448	-	83,159,143	55,739,600	138,898,743
<i>Real Estate and renting services</i>	184,910	-	115,270	-	-	-	2,356,360	2,130,992	2,007,634	85,243	-	-	-	-	-	-	-	5,461,535	1,418,874	6,880,409
<i>Self-employment services</i>	-	-	-	-	-	-	43,482	15,867	-	-	-	-	-	-	-	-	-	27,994	31,355	59,349
<i>Education services</i>	173,724	-	52	-	-	-	728,017	223,576	634,160	33,899	-	-	-	-	-	-	-	1,697,064	96,364	1,793,428
<i>Health and social services</i>	473,966	10,361,185	32,302	-	-	-	753,176	319,917	547,335	22,826	-	-	-	-	-	-	-	11,455,360	1,055,347	12,510,707
Other	40,911,307	2,376	301,030	-	-	2,602,971	34,650,927	49,777,503	31,774,284	1,938,409	-	-	-	-	-	1,495,411	15,508,763	119,789,407	59,173,574	178,962,981
Total	138,752,133	10,786,106	469,778	39,719	-	36,837,826	170,479,127	71,262,659	61,289,648	5,234,621	197,804	-	-	-	-	1,780,859	15,508,763	303,903,962	208,735,081	512,639,043

(*) 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 corporates
- 8- Claims included in the regulatory retail portfolios
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**INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)**

II. CONSOLIDATED CREDIT RISK (Continued)

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

Risk Classifications-Current Period - December 31, 2020	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	27,587,297	1,955,988	4,976,580	10,387,674	266,500,278	-
Claims on regional governments or local authorities	10,776	145,653	153,478	386,643	8,915,145	-
Claims on administrative bodies and other non-commercial undertakings	49,743	3,750	6,974	11,267	427,084	-
Claims on multilateral development banks	9,335	-	-	-	29,475	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	25,587,306	4,382,907	3,685,338	4,067,183	20,281,660	-
Claims on corporate	19,584,728	14,755,723	16,380,812	28,456,625	152,881,774	-
Claims included in the regulatory retail portfolios	1,368,695	1,320,746	1,842,946	7,233,664	86,911,413	-
Claims secured by residential property	702,242	1,826,025	1,970,450	7,857,813	71,132,926	-
Past due loans	-	-	-	-	-	3,914,529
Higher risk categories decided by the Agency	3,481	1,461	-	-	195,993	-
Marketable securities secured by mortgages	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	411	-
Stock Investments	3	-	-	-	2,222,892	-
Other claims	46,766	-	-	-	18,854,498	-
TOTAL	74,950,372	24,392,253	29,016,578	58,400,869	628,353,549	3,914,529

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

Risk Classifications-Prior Period- December 31, 2019	According to their outstanding maturities					Dağıtılama yan
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	
Claims on sovereigns and Central Banks	6,154,735	1,209,763	2,761,506	3,792,488	124,833,641	-
Claims on regional governments or local authorities	3,474	128,433	37,644	330,986	10,285,569	-
Claims on administrative bodies and other non-commercial undertakings	3,038	6,198	37,413	120,176	302,953	-
Claims on multilateral development banks	-	11,759	193	-	27,767	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	8,389,341	3,203,339	2,614,530	2,224,629	20,405,987	-
Claims on corporate	14,185,162	10,290,207	10,353,311	23,487,753	112,162,694	-
Claims included in the regulatory retail portfolios	997,705	1,235,863	2,062,150	7,876,805	59,090,136	-
Claims secured by residential property	685,644	1,115,576	2,246,873	7,652,964	49,588,591	-
Past due loans	-	-	-	-	-	5,234,621
Higher risk categories decided by the Agency	17,727	19,499	6,282	2,281	152,015	-
Marketable securities secured by mortgages	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Stock Investments	3	-	-	-	1,780,856	-
Other claims	26,556	-	-	-	15,482,207	-
TOTAL	30,463,385	17,220,637	20,119,902	45,488,082	394,112,416	5,234,621

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

Risk balances according to risk weights

Risk Weights Current Period- December 31, 2020	Risk Weights													Deductions from the shareholders' equity
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
Pre-Amount of Credit Risk Mitigation	301,931,165	9,606,441	-	-	30,764,379	39,258,365	69,523,438	98,054,471	269,608,956	280,935	-	-	-	469,099
Amount after Credit Risk Mitigation	328,901,603	580,404	-	3,793,810	29,251,498	39,258,365	64,770,160	96,715,442	255,475,933	280,935	-	-	-	469,099

Risk Weights Prior Period- December 31, 2019	Risk Weights													Deductions from the shareholders' equity
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
Pre-Amount of Credit Risk Mitigation	112,320,835	16,178,949	-	-	9,357,629	28,900,741	81,326,210	70,800,323	193,464,645	289,711	-	-	-	434,950
Amount after Credit Risk Mitigation	127,385,358	1,209,176	-	5,229,106	8,607,838	28,900,741	88,458,225	70,098,831	182,460,057	289,711	-	-	-	434,950

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II. CONSOLIDATED CREDIT RISK (Continued)

Credit rating of the credit rating agency, related to the Bank's Capital Adequacy Assessment of the Measurement is listed in Appendix 1 which corresponds to the credit quality step that is given in the table below.

Ratings Matched	Credit Quality Rank	Fitch Ratings
Long Term Credit Ratings	1	Between AAA and AA-
	2	Between A+ and A-
	3	Between BBB+ and BBB-
	4	Between BB+ and BB-
	5	Between B+ and B-
	6	CCC+ and below
Short Term Credit Ratings	1	Between F1+ and F1
	2	F2
	3	F3
	4	F3 below
	5	-
	6	-

Information According to Sectors and Counterparties

Current Period - December 31, 2020	Impaired (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agricultural	379,481	193,059	169,112
Farming and raising livestock	371,535	175,007	157,097
Forestry	4,101	3,179	2,900
Fishing	3,845	14,873	9,115
Manufacturing	14,530,081	4,267,687	4,442,392
Mining	845,168	281,800	288,601
Production	9,454,186	3,101,604	3,228,338
Electric, Gas, Water	4,230,727	884,283	925,453
Construction	9,194,711	3,959,450	3,911,582
Services	17,755,192	6,651,515	8,030,072
Wholesale and retail trade	6,847,116	4,235,827	4,032,076
Hotel, Food and Beverage Services	2,468,189	356,000	1,376,447
Transportation and telecommunication	3,446,899	569,195	781,759
Financial Institutions	558,471	72,310	87,791
Real estate and renting services	2,149,601	227,459	615,164
Self-employment services	1,661,510	967,355	886,837
Education services	313,841	110,013	134,030
Health and social services	309,565	113,356	115,968
Other	930,585	2,858,460	2,413,097
Toplam	42,790,050	17,930,171	18,966,255

Prior Period - December 31, 2019	Impaired (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agricultural	284,726	349,767	274,676
Farming and raising livestock	273,274	336,327	261,237
Forestry	2,343	10,175	9,737
Fishing	9,109	3,265	3,702
Manufacturing	8,994,661	4,496,624	3,515,468
Mining	479,150	286,472	248,510
Production	5,188,551	3,245,978	2,608,531
Electric, Gas, Water	3,326,960	964,174	658,427
Construction	9,673,247	2,258,182	2,072,987
Services	13,917,140	7,682,077	6,121,812
Wholesale and retail trade	5,697,226	3,934,402	3,219,210
Hotel, Food and Beverage Services	632,588	1,691,403	942,945
Transportation and telecommunication	2,918,897	665,857	755,381
Financial Institutions	516,693	61,293	49,619
Real estate and renting services	1,883,696	217,174	288,954
Self-employment services	1,672,287	901,220	682,412
Education services	368,256	94,643	74,419
Health and social services	227,497	116,085	108,872
Other	2,044,100	2,925,866	2,458,072
Total	34,913,874	17,712,516	14,443,015

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(Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2020	Opening Balance 1 January 2020	Provisions reserved during the period	Cancellations	Other Adjustments ^(*)	Closing Balance
Specific provisions	12,543,110	4,518,777	(3,343,726)	61,621	13,779,782
General provisions	3,736,281	7,098,380	(2,034,767)	(22,048)	8,777,846

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

Prior Period- December 31, 2019	Opening Balance 1 January 2019	Provisions reserved during the period	Cancellations	Other Adjustments ^(*)	Closing Balance
Specific provisions	8,298,299	5,269,614	(1,005,000)	(19,803)	12,543,110
General provisions	3,126,095	3,074,180	(2,296,167)	(167,827)	3,736,281

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

Fair value of collateral held against impaired loans

	Current Period December 31, 2020	Prior Period - December 31, 2019
Cash collateral ^(*)	-	-
Mortgage	8,593,313	7,441,090
Promissory note ^(*)	-	-
Others ^(**)	9,336,858	10,271,426
Total	17,930,171	17,712,516

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

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

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

Cash loans	Current Period- December 31, 2020	Prior Period - December 31, 2019
Secured Loans:	327,829,827	214,685,773
Secured by mortgages	79,279,009	57,759,069
Secured by cash collateral	2,432,473	1,701,967
Guarantees issued by financial institutions	1,066,489	888,161
Secured by government institutions or government securities	63,686,242	24,744,773
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	181,365,614	129,591,803
Unsecured Loans	104,114,778	67,531,312
Total performing loans	431,944,605	282,217,085

Non-cash loans	Current Period- December 31, 2020	Prior Period - December 31, 2019
Secured Loans:	59,292,422	44,610,715
Secured by mortgages	7,639,220	5,576,009
Secured by cash collateral	1,042,003	639,016
Guarantees issued by financial institutions	526,364	363,401
Secured by government institutions or government securities	306,285	396,293
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	49,778,550	37,635,996
Unsecured Loans	43,183,780	33,669,602
Total performing loans	102,476,202	78,280,317

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II. CONSOLIDATED CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period – December 31, 2020

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	352,053,664	-	352,053,664
Bahrain	9,883,516	-	9,883,516
Germany	4,921,671	-	4,921,671
France	4,001,216	-	4,001,216
England	3,810,890	-	3,810,890
USA	2,068,301	-	2,068,301
Switzerland	1,139,574	-	1,139,574
Austria	840,349	-	840,349
Netherlands	591,081	-	591,081
Iraq	455,701	-	455,701
Other	1,214,680	-	1,214,680
Total	380,980,643	-	380,980,643

Prior Period - December 31, 2019

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	256,546,323	-	256,546,323
Bahrain	7,775,599	-	7,775,599
France	2,552,378	-	2,552,378
USA	2,502,813	-	2,502,813
England	2,235,770	-	2,235,770
Switzerland	1,095,437	-	1,095,437
Germany	953,355	-	953,355
Netherlands	670,850	-	670,850
Austria	631,625	-	631,625
Iraq	376,547	-	376,547
Other	2,231,667	-	2,231,667
Total	277,572,364	-	277,572,364

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

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

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

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

As at December 31, 2020 and December 31, 2019, the Group does not have derivative financial instruments held for hedging purpose.

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank's foreign currency purchase rate at the balance sheet date	7.4500	9.14777
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	7.3719	9.0487
Day 2	7.3502	9.0100
Day 3	7.4460	9.1002
Day 4	7.5443	9.1838
Day 5	7.5729	9.2257
	US Dollar	Euro
Last 30-days arithmetical average rate	7.7334	9.3645

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- December 31, 2020	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Turkey	40,750,401	28,991,780	8,802,571	78,544,752
Banks	887,218	1,584,363	561,602	3,033,183
Financial assets at fair value through profit or loss	-	161,038	7,000,000	7,161,038
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	13,155,249	39,746,547	-	52,901,796
Loans ^{(1) (2)}	70,495,780	58,363,301	214,357	129,073,438
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	7,238,241	7,290,406	-	14,528,647
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,146	13,120	-	14,266
Intangible assets	348	-	-	348
Other assets ⁽³⁾	5,113,291	6,809,326	155,039	12,077,656
Total assets	137,641,677	142,959,881	16,733,569	297,335,127
<i>Liabilities:</i>				
Bank deposits	7,630,195	6,395,505	184,045	14,209,745
Foreign currency deposits	66,471,355	102,509,016	20,090,259	189,070,630
Interbank money market takings	13,714,059	7,839,458	-	21,553,517
Other funding	23,806,452	25,268,094	164,153	49,238,699
Securities issued ⁽⁴⁾	11,270,337	34,618,642	2,060,725	47,949,704
Miscellaneous payables	1,561,448	851,964	1,300	2,414,712
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ⁽³⁾	654,786	2,644,912	4,649	3,304,347
Total liabilities	125,108,632	180,127,591	22,505,131	327,741,354
Net 'on balance sheet' position	12,533,045	(37,167,710)	(5,771,562)	(30,406,227)
Net 'off-balance sheet' position	(10,700,743)	37,289,924	5,788,929	32,378,110
Derivative assets ⁽⁵⁾	10,739,105	42,735,050	6,909,282	60,383,437
Derivative liabilities ⁽⁵⁾	21,439,848	5,445,126	1,120,353	28,005,327
Non-cash loans ⁽⁶⁾	26,268,248	31,104,665	1,174,345	58,547,258
Prior Period - December 31, 2019	Euro	US Dollar	Other FC	Total
Total assets	81,179,147	81,204,896	4,773,065	167,157,108
Total liabilities	78,138,900	110,524,081	6,692,965	195,355,946
Net 'on balance sheet' position	3,040,247	(29,319,185)	(1,919,900)	(28,198,838)
Net 'off-balance sheet' position	(1,473,866)	23,197,295	1,937,708	23,661,137
Derivative assets ⁽⁵⁾	8,297,016	32,111,731	2,728,069	43,136,816
Derivative liabilities ⁽⁵⁾	9,770,882	8,914,436	790,361	19,475,679
Non-cash loans ⁽⁶⁾	18,482,281	21,259,341	468,769	40,210,391

⁽¹⁾ Foreign currency indexed loans amounting to TL 538,028 (December 31, 2019: TL 1,041,327) which are presented in TL column in the balance sheet are included in the table above.

⁽²⁾ Foreign currency indexed factoring receivables amounted to TL 284,716 (December 31, 2019: TL 244,250) presented in TL column in the accompanying consolidated balance sheet are included.

⁽³⁾ Derivative Financial Instruments Currency Income Rediscounts on Other Assets TL 53,691 (December 31, 2019: TL 128,610), Prepaid Expenses TL 179,634 (December 31, 2019: TL 129,290), 1st and 2nd stage expected loss provisions TL (24,493) (December 31, 2019: TL (48,726)), and derivative financial instruments currency expense accruals of TL 28,593 (December 31, 2019: TL 63,526), deferred tax liabilities TL 57,525 (December 31, 2019: TL 30,758), Expected Credit Loss on Non-Cash Loans amounting to TL 5,542 (31 December 2019: TL 5,873), unearned income TL 218,352 (December 31, 2019: TL 211,672) and shareholders' equity TL 1,743,740 (December 31, 2019: TL 978,782) are not taken into consideration in the currency risk calculation.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 468,092 (December 31, 2019: TL 2,203,998) and asset sales commitments amounting to TL 5,679,004 (December 31, 2019: TL 3,357,796) are included.

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

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% depreciation of the TL against the following currencies as at and for the year ended December 31, 2020 and December 31, 2019 would have effect on consolidated equity and the consolidated statement of income (without tax effects) by the amounts shown in the table below.

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

	Current Period- December 31, 2020		Prior Period- December 31, 2019	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	10,909	10,909	(608,153)	(608,153)
Euro	183,081	330,621	162,340	237,569
Other currencies	1,737	1,737	1,781	1,781
Total, net ^(**)	195,727	343,267	(444,032)	(368,803)

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

^(**) Associates, subsidiaries and jointly controlled partnerships are included in the impact calculation for the income statement, but are not included in the impact calculation for the equity. Tangible and intangible assets are not included in the calculation of equity and income statement.

10% appreciation of the TL against the following currencies as at and for the year ended December 31, 2020 and December 31, 2019 would have effect on consolidated equity and consolidated statement of income (without tax effects) by the amounts shown in the table below.

	Current Period- December 31, 2020		Prior Period- December 31, 2019	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(10,909)	(10,909)	608,153	608,153
Euro	(183,081)	(330,621)	(162,340)	(237,569)
Other currencies	(1,737)	(1,737)	(1,781)	(1,781)
Total, net ^(**)	(195,727)	(343,267)	444,032	368,803

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

^(**) Associates, subsidiaries and jointly controlled partnerships are included in the impact calculation for the income statement, but are not included in the impact calculation for the equity. Tangible and intangible assets are not included in the calculation of equity and income statement.

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(Continued)

IV. CONSOLIDATED INTEREST RATE RISK

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

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

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

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

Current Period- December 31, 2020	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	12,125,735	-	-	-	-	81,081,507	93,207,242
Banks	58,004	864,828	-	-	-	2,169,348	3,092,180
Financial assets at fair value through profit/loss	3,038	2,990,006	1,930,131	2,190,923	-	344,183	7,458,281
Interbank money market placements	203,259	3,330	-	-	-	-	206,589
Financial assets at fair value through other comprehensive income	7,787,829	5,715,566	20,595,310	41,174,425	8,636,636	18,159	83,927,925
Loans ^(*)	144,392,490	74,156,428	92,857,180	72,375,326	48,163,181	17,930,171	449,874,776
Financial assets measured at amortized cost	21,435,614	3,920,978	11,726,453	16,327,735	5,336,472	-	58,747,252
Other assets ^(**)	1,119,830	3,162,424	3,377,619	199,622	1,935,742	5,781,035	15,576,272
Total assets	187,125,799	90,813,560	130,486,693	132,268,031	64,072,031	107,324,403	712,090,517
<i>Liabilities:</i>							
Bank deposits	16,980,113	4,416,355	-	-	-	1,636,729	23,033,197
Other deposits	227,148,438	70,354,742	16,543,171	1,454,494	58,501	78,929,339	394,488,685
Interbank money market takings	84,629,165	3,262,412	6,310,789	7,109,839	-	-	101,312,205
Miscellaneous payables	-	-	-	-	-	13,669,237	13,669,237
Securities issued ^(***)	2,297,746	5,016,792	12,916,833	36,381,213	9,000,737	-	65,613,321
Funds borrowed	2,369,839	30,856,762	10,897,561	5,419,524	507,370	1,637,939	51,688,995
Other liabilities ^(****)	1,155,079	2,250,577	3,199,591	119,308	1,883,337	53,676,985	62,284,877
Total liabilities	334,580,380	116,157,640	49,867,945	50,484,378	11,449,945	149,550,229	712,090,517
On balance sheet long position	-	-	80,618,748	81,783,653	52,622,086	-	215,024,487
On balance sheet short position	(147,454,581)	(25,344,080)	-	-	-	(42,225,826)	(215,024,487)
Off-balance sheet long position	3,114,500	8,115,216	-	-	-	-	11,229,716
Off-balance sheet short position	-	-	(2,342,817)	(815,150)	(1,813,464)	-	(4,971,431)
Net position	(144,340,081)	(17,228,864)	78,275,931	80,968,503	50,808,622	(42,225,826)	6,258,285

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

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

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

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

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IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2019	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	339,913	-	-	-	-	36,164,679	36,504,592
Banks	3,303,790	603,035	329,183	-	-	1,982,490	6,218,498
Financial assets at fair value through profit/loss	199	-	2,019,711	-	-	288,022	2,307,932
Interbank money market placements	14,535	-	-	-	-	-	14,535
Available-for-sale financial assets	2,262,635	1,985,624	7,692,370	8,212,306	5,629,310	18,054	25,800,299
Loans ^(*)	78,288,213	38,401,850	85,452,931	52,678,243	27,290,137	17,818,227	299,929,601
Held-to-maturity investments	9,120,723	4,987,724	12,906,825	13,666,366	6,332,995	-	47,014,633
Other assets ^(**)	629,914	721,430	266,623	2,253,453	746,922	10,632,697	15,251,039
Total assets	93,959,922	46,699,663	108,667,643	76,810,368	39,999,364	66,904,169	433,041,129
<i>Liabilities:</i>							
Bank deposits	6,416,799	3,135,429	311,986	-	-	651,040	10,515,254
Other deposits	139,688,798	35,484,320	16,962,445	1,484,184	41,826	49,953,921	243,615,494
Interbank money market takings	21,550,539	2,749,500	383,796	740,233	-	-	25,424,068
Miscellaneous payables	-	-	-	-	-	8,531,664	8,531,664
Securities issued ^(***)	2,355,658	4,353,007	2,989,974	31,860,385	6,934,485	-	48,493,509
Funds borrowed	2,255,577	28,558,228	8,462,570	3,407,580	1,360,533	1,019,196	45,063,684
Other liabilities ^(****)	569,198	764,191	81,040	2,033,618	1,066,200	46,883,209	51,397,456
Total liabilities	172,836,569	75,044,675	29,191,811	39,526,000	9,403,044	107,039,030	433,041,129
On balance sheet long position	-	-	79,475,832	37,284,368	30,596,320	-	147,356,520
On balance sheet short position	(78,876,647)	(28,345,012)	-	-	-	(40,134,861)	(147,356,520)
Off-balance sheet long position	2,535,875	4,804,841	-	-	-	-	7,340,716
Off-balance sheet short position	-	-	(207,784)	(341,823)	(1,938,734)	-	(2,488,341)
Net position	(76,340,772)	(23,540,171)	79,268,048	36,942,545	28,657,586	(40,134,861)	4,852,375

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

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

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

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

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IV. CONSOLIDATED INTEREST RATE RISK (Continued)

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

Current Period- December 31, 2020	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	12.00
Banks	0.08	0.11	-	18.22
Financial assets at fair value through profit/loss	-	-	-	10.95
Interbank money market placements	-	-	-	17.70
Financial assets at fair value through other comprehensive income	3.43	3.61	-	12.38
Loans	5.02	6.16	-	13.07
Financial assets measured at amortized cost	4.60	6.27	-	10.57
<i>Liabilities:</i>				
Bank deposits	1.08	1.89	-	19.64
Other deposits	1.58	2.75	-	14.76
Interbank money market takings	1.25	1.88	-	17.08
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	4.04	6.07	-	14.38
Funds borrowed	1.99	2.61	-	14.50
<hr/>				
Prior Period - December 31, 2019	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	10.00
Banks	0.01	1.67	-	11.00
Financial assets at fair value through profit/loss	-	-	-	0.83
Interbank money market placements	-	-	-	11.57
Financial assets at fair value through other comprehensive income	3.29	6.90	-	15.79
Loans	5.46	7.57	-	16.41
Financial assets measured at amortized cost	4.62	6.73	-	12.82
<i>Liabilities:</i>				
Bank deposits	0.50	2.65	-	11.09
Other deposits	0.51	2.16	-	10.41
Interbank money market takings	0.85	2.86	-	11.21
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	4.04	6.13	-	12.59
Funds borrowed	2.00	4.16	-	8.01

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

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

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V. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

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

The accounting applications regarding to share investment that qualifications in associate and 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, 2020		Comparison	
Stock Investments	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	514,731	514,731	514,731
1.Stocks Investments Group A	514,550	514,550	514,550
2.Stock Investments Group B	181	181	181
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	1,718,903	1,572,182	

^(*) 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, 2020 valuation reports prepared by independent valuation companies.

Prior Period - December 31, 2019		Comparison	
Stock Investments	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	437,619	437,619	437,619
1.Stocks Investments Group A	436,003	436,003	436,003
2.Stock Investments Group B	1,616	1,616	1,616
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	1,347,016	1,283,227	

^(*) 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.

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

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio-Current Period - December 31, 2020	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,086,781	1,086,781	-	-
4. Total	-	1,086,781	1,086,781	-	-

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

Portfolio-Prior Period - December 31, 2019	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	763,262	763,262	-	-
4. Total	-	763,262	763,262	-	-

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

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V. CONSOLIDATED STOCK POSITION RISK (Continued)

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - December 31, 2020	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	514,731	513,604	41,088
3.Other Stocks	1,718,903	1,709,291	136,743
4. Total	2,233,634	2,222,895	177,831

Portfolio-Prior Period- December 31, 2019	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	437,619	437,619	35,010
3.Other Stocks	1,347,016	1,347,016	107,761
4. Total	1,784,635	1,784,635	142,771

VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the Parent Bank. The framework of liquidity risk of the Group is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Group is managing liquidity risk according to risk capacity and the Group's risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Group monitors the net liquidity position and liquidity requirements continuously and facing the future. The Group takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Group (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

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

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

The Parent Bank makes use of liquidity gap analysis and stress tests in internal measurement of liquidity risk. In the liquidity gap analysis and liquidity stress scenarios, the Bank's compensation level of net cash outflows which are more likely to happen in short term are presented. Measurements regarding liquidity risk are performed by Risk Management Department and measurement results are reported regularly to performer units responsible of management of the related risk and top management and the Board of Directors.

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

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

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

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the Parent 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. Pursuant to the BRSA's regulation numbered 3520 dated March 26, 2020, it has been decided that deposit and participation banks will be exempted from Article 32 of the LCR regulation until December 31, 2020.

Liquidity Coverage Ratio Current Period- December 31, 2020	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	November 2020	121.00	October 2020	232.42
The highest value	December 2020	127.06	December 2020	363.42

Liquidity Coverage Ratio

Current Period- December 31, 2020		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			124,139,266	86,488,287
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	177,793,395	93,982,622	15,991,053	9,398,262
3	Stable deposits	35,765,722	-	1,788,286	-
4	Less stable deposits	142,027,673	93,982,622	14,202,767	9,398,262
5	Unsecured wholesale funding, of which:	219,427,897	88,274,025	89,170,218	35,593,402
6	Operational deposits	124,282,602	51,955,173	31,070,650	12,988,793
7	Non-operational deposits	79,063,650	30,500,132	42,133,982	16,851,778
8	Unsecured debt	16,081,645	5,818,720	15,965,586	5,752,831
9	Secured wholesale funding			-	-
10	Additional requirements of which:	20,433,625	8,840,396	20,433,624	8,840,397
11	Outflows related to derivative exposures and other collateral requirements	20,433,625	8,840,396	20,433,624	8,840,397
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	41,920,581	37,645,861	2,096,029	1,882,293
15	Other contingent funding obligations	107,318,888	28,513,474	8,906,811	2,150,667
16	TOTAL CASH OUTFLOWS			136,597,735	57,865,021
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	28,064,091	8,659,272	16,992,522	6,045,266
19	Other cash inflows	19,642,443	19,520,248	19,642,443	19,520,248
20	TOTAL CASH INFLOWS	47,706,534	28,179,520	36,634,965	25,565,514
Upper Limit Applied Values					
21	TOTAL HQLA			124,139,266	86,488,287
22	TOTAL NET CASH OUTFLOWS			99,962,770	32,299,507
23	LIQUIDITY COVERAGE RATIO (%)			124.27	278.08

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

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

Liquidity Coverage Ratio Prior Period- December 31, 2019	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	November 2019	127.69	October 2019	479.15
The highest value	October 2019	133.38	December 2019	516.03

Liquidity Coverage Ratio

Prior Period- December 31, 2019		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			70,761,044	42,276,476
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	120,133,133	55,056,240	10,368,304	5,505,624
3	Stable deposits	32,900,169	-	1,645,008	-
4	Less stable deposits	87,232,964	55,056,240	8,723,296	5,505,624
5	Unsecured wholesale funding, of which:	111,643,307	41,770,686	51,055,424	19,294,434
6	Operational deposits	62,001,636	20,843,126	15,500,409	5,210,781
7	Non-operational deposits	35,381,148	15,468,907	21,381,252	8,706,534
8	Unsecured debt	14,260,523	5,458,653	14,173,763	5,377,119
9	Secured wholesale funding			-	-
10	Additional requirements of which:	27,337,778	5,872,004	27,337,777	5,872,005
11	Outflows related to derivative exposures and other collateral requirements	27,337,778	5,872,004	27,337,777	5,872,005
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	29,597,948	27,734,170	1,479,897	1,386,709
15	Other contingent funding obligations	85,350,244	19,573,523	7,969,226	1,797,957
16	TOTAL CASH OUTFLOWS			98,210,628	33,856,729
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	23,373,741	9,993,255	16,974,158	8,338,194
19	Other cash inflows	26,660,187	26,498,613	26,660,187	26,498,613
20	TOTAL CASH INFLOWS	50,033,928	36,491,868	43,634,345	34,836,807
Upper Limit Applied Values					
21	TOTAL HQLA			70,761,044	42,276,476
22	TOTAL NET CASH OUTFLOWS			54,576,283	8,464,182
23	LIQUIDITY COVERAGE RATIO (%)			129.87	502.33

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

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

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

The Group's high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Republic of Turkey Undersecretariat of Treasury.

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

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

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period – December 31, 2020	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	93,207,242	-	-	-	-	-	-	93,207,242
Banks	2,169,348	58,004	864,828	-	-	-	-	3,092,180
Financial assets at fair value through profit/loss	13,663	3,038	2,990,006	1,930,131	2,190,923	-	330,520	7,458,281
Interbank money market placements	-	203,259	3,330	-	-	-	-	206,589
Financial assets at fair value through other comprehensive	-	620,803	697,542	13,232,077	53,319,515	16,039,829	18,159	83,927,925
Loans	-	38,021,874	16,710,619	52,360,784	217,634,418	107,216,910	17,930,171	449,874,776
Financial assets measured at amortized cost	-	830,945	1,074,881	1,795,884	31,993,405	23,052,137	-	58,747,252
Other assets (**)	412,546	3,254,275	1,810,299	4,267,423	1,039,950	3,278,231	1,513,548	15,576,272
Total assets	95,802,799	42,992,198	24,151,505	73,586,299	306,178,211	149,587,107	19,792,398	712,090,517
Liabilities:								
Bank deposits	1,636,729	16,980,113	4,416,355	-	-	-	-	23,033,197
Other deposits	80,000,913	226,227,177	70,137,189	16,596,835	1,468,070	58,501	-	394,488,685
Funds borrowed	-	1,719,144	4,277,658	23,308,613	13,276,843	9,106,737	-	51,688,995
Interbank money market takings	-	84,629,165	884,084	6,033,879	9,352,737	412,340	-	101,312,205
Securities issued (***)	-	2,137,454	4,224,438	10,134,605	33,847,752	15,269,072	-	65,613,321
Miscellaneous payables	8,171	8,127,157	204,322	-	896,602	-	4,432,985	13,669,237
Other liabilities	127,237	1,173,847	2,285,531	3,165,186	179,423	1,828,573	53,525,080	62,284,877
Total liabilities	81,773,050	340,994,057	86,429,577	59,239,118	59,021,427	26,675,223	57,958,065	712,090,517
Liquidity gap	14,029,749	(298,001,859)	(62,278,072)	14,347,181	247,156,784	122,911,884	(38,165,667)	-
Net Off Balance Sheet Position	808	(659,733)	305,798	821,162	1,407,502	1,798,650	-	3,674,187
Receivables from Derivative Financial Instruments	75,355	29,648,900	12,779,335	23,015,139	10,104,711	41,554,516	-	117,177,956
Payables from Derivative Financial Instruments	74,547	30,308,633	12,473,537	22,193,977	8,697,209	39,755,866	-	113,503,769
Non-cash Loans	47,324,566	4,613,173	8,968,987	20,835,395	18,312,108	2,183,360	238,613	102,476,202
Prior Period – December 31, 2019	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Total assets	38,853,147	30,919,666	12,234,824	51,282,369	171,017,596	103,182,355	25,551,172	433,041,129
Total liabilities	51,461,245	178,196,721	51,706,390	36,620,832	42,802,188	23,735,323	48,518,430	433,041,129
Liquidity gap	(12,608,098)	(147,277,055)	(39,471,566)	14,661,537	128,215,408	79,447,032	(22,967,258)	-
Net Off Balance Sheet Position	-	27,305	(191,471)	151,653	2,228,450	1,454,064	-	3,670,001
Receivables from Derivative Financial Instruments	-	16,853,653	7,934,791	6,988,990	24,983,777	33,008,190	-	89,769,401
Payables from Derivative Financial Instruments	-	16,826,348	8,126,262	6,837,337	22,755,327	31,554,126	-	86,099,400
Non-cash Loans	41,170,276	2,903,572	6,295,723	15,338,280	10,264,800	1,960,156	347,510	78,280,317

(*) 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.

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

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

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VII. CONSOLIDATED LEVERAGE RATIO

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

The Group's consolidated leverage rate which is calculated due to "Regulation on Banks' Measurement and Evaluation of Leverage Level" actualised as 6.82%. Increase in balance sheet assets and off-balance sheet transactions resulted in change on leverage rate compared to previous period (December 31, 2019: 7.91%). The Regulation adjudicated minimum leverage rate as 3%.

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

	Current Period- December 31, 2020	Prior Period- December 31, 2019
Total asset amount in the consolidated financial statements prepared as per TAS ⁽¹⁾	551,130,944	433,241,076
The difference between the total asset amount in the consolidated financial statements prepared as per TAS and the asset amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks ⁽¹⁾	247,962	199,947
The difference between the derivative financial instruments and the loan derivatives amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	(9,203,189)	(5,621,334)
The difference between the financial transactions with securities or goods warranty amounts in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	33,313,188	23,962,005
The difference between the off-balance sheet transactions amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	65,374,313	55,359,211
Other differences between the amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	(213,282,815)	(180,157,520)
Total risk amount	664,828,120	530,082,012

⁽¹⁾ The balances at the end of June 30, 2020 and December 31, 2019 prepared in accordance with Article 5, paragraph 6, of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks are included.

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

Leverage ratio common disclosure template

	Current Period - December 31, 2020 ^(*)	Prior Period- December 31, 2019 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	689,857,937	422,674,445
2. Assets deducted in determining Basel III Tier 1 capital	(456,602)	(471,945)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	689,401,335	422,202,500
Derivative exposures		
4. Replacement cost	10,505,184	4,111,062
5. Add-on amount	1,487,545	1,510,272
6. Total derivative exposures	11,992,729	5,621,334
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	7,922,416	3,092,305
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	7,922,416	3,092,305
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	208,974,369	154,462,559
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(74,625,681)	(55,296,687)
12. Total off-balance sheet exposures	134,348,688	99,165,872
Capital and total exposures		
13. Tier 1 capital	57,536,426	41,900,813
14. Total exposures	843,665,168	530,082,011
Leverage ratio		
15. Leverage ratio	6.82	7.91

^(*) 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, 2020	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	206,589	206,589
Banks	3,092,180	3,092,180
Financial Assets at Fair Value through Profit or Loss	7,458,281	7,458,281
Financial Assets at Fair Value through Other Comprehensive Income	83,927,925	83,927,925
Assets Measured at Amortised Cost	58,747,252	61,125,697
Loans	449,874,776	430,019,691
Financial Liabilities:		
Bank Deposits	23,033,197	23,033,197
Other Deposits	394,488,685	395,812,966
Funds Borrowed	51,688,995	51,760,302
Marketable Securities	46,154,523	46,210,773
Subordinated Loans	19,458,798	19,481,535

Prior Period- December 31, 2019	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	14,535	14,535
Banks	6,218,498	6,218,498
Financial Assets at Fair Value through Profit or Loss	2,307,932	2,307,932
Financial Assets at Fair Value through Other Comprehensive Income	25,800,299	25,800,299
Assets Measured at Amortised Cost	47,014,633	48,467,373
Loans	299,929,601	285,878,463
Financial Liabilities:		
Bank Deposits	10,515,254	10,515,254
Other Deposits	243,615,494	243,782,620
Funds Borrowed	45,063,684	45,206,749
Marketable Securities	29,248,056	29,965,918
Subordinated Loans	19,245,453	18,737,926

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.

Classification of Fair Value Measurement

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

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

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

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

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

Classification requires using observable market data if possible.

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

Current Period - December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	288,388	7,000,000	169,893	7,458,281
<i>Debt securities</i>	110,576	7,000,000	-	7,110,576
<i>Equity securities</i>	162,165	-	169,482	331,647
<i>Other financial assets</i>	15,647	-	411	16,058
Financial assets at fair value through other comprehensive income	83,334,603	589,294	4,028	83,927,925
<i>Government debt securities</i>	81,506,602	-	-	81,506,602
<i>Equity securities</i>	14,131	-	4,028	18,159
<i>Other financial assets</i>	1,813,870	589,294	-	2,403,164
Derivative financial assets at fair value through profit or loss	-	8,740,985	-	8,740,985
Investments in associates and subsidiaries ^(*)	513,604	-	1,228,032	1,741,636
Total Financial Assets	84,136,595	16,330,279	1,401,953	101,868,827
Financial liabilities at fair value through profit/loss:				
<i>Derivative financial liabilities at fair value through profit or loss</i>	-	(6,083,301)	-	(6,083,301)
Total Financial Liabilities	-	(6,083,301)	-	(6,083,301)

^(*) 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.

Prior Period - December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	2,138,449	-	169,483	2,307,932
<i>Debt securities</i>	2,017,791	-	-	2,017,791
<i>Equity securities</i>	115,844	-	169,483	285,327
<i>Other financial assets</i>	4,814	-	-	4,814
Financial assets at fair value through other comprehensive income	25,226,361	570,014	3,924	25,800,299
<i>Government debt securities</i>	24,100,606	-	-	24,100,606
<i>Equity securities</i>	14,131	-	3,924	18,055
<i>Other financial assets</i>	1,111,624	570,014	-	1,681,638
Derivative financial assets at fair value through profit or loss	-	4,507,228	-	4,507,228
Investments in associates and subsidiaries ^(*)	433,869	-	988,070	1,421,939
Total Financial Assets	27,798,679	5,077,242	1,161,477	34,037,398
Financial liabilities at fair value through profit/loss:				
<i>Derivative financial liabilities at fair value through profit or loss</i>	-	(3,311,997)	-	(3,311,997)
Total Financial Liabilities	-	(3,311,997)	-	(3,311,997)

^(*) 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, 2020 is as follows:

Level 3	Current Period - December 31, 2020	Prior Period- December 31, 2019
Balance at the beginning of the year	1,161,477	791,708
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	240,476	369,769
Balance at the end of the year	1,401,953	1,161,477

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

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

X. CONSOLIDATED SEGMENT REPORTING

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

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

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

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

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X. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period- December 31, 2020	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	10,028,402	21,925,597	16,025,982	22,040	48,002,021
Interest Expense	6,524,940	9,754,656	11,233,147	94,716	27,607,459
Net Interest Income/Losses(Net)	3,503,462	12,170,941	4,792,835	(72,676)	20,394,562
Net Fees and Commissions Income	716,192	2,005,118	262,770	-	2,984,080
Trading Income/ Losses (Net)	-	-	17,633	-	17,633
Dividend Income	-	-	(2,336,832)	-	(2,336,832)
Other Income	-	-	-	8,080,957	8,080,957
Allowance for Expected Credit Losses	1,597,641	9,207,953	990,767	109,229	11,905,590
Other Expenses	-	-	-	9,312,218	9,312,218
Based on Equity Method	-	-	62,032	-	62,032
Profit Before Taxes	2,622,013	4,968,106	1,807,671	(1,413,166)	7,984,624
Provision for taxes	-	-	-	-	(1,577,244)
Net Profit/ Loss					6,407,380
Segment Assets	109,522,550	258,141,374	321,544,217	20,998,548	710,206,689
Subsidiaries and Associates (Net)	-	-	1,883,828	-	1,883,828
TOTAL ASSETS	109,522,550	258,141,374	323,428,045	20,998,548	712,090,517
Segment Liabilities	159,193,919	238,791,161	245,217,084	21,736,266	664,938,430
Equity	-	-	-	47,152,087	47,152,087
TOTAL LIABILITIES	159,193,919	238,791,161	245,217,084	68,888,353	712,090,517

Prior Period- December 31, 2019	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	8,613,951	22,914,049	11,510,095	32,735	43,070,830
Interest Expense	9,345,908	8,414,827	11,483,580	31,261	29,275,576
Net Interest Income/Losses(Net)	(731,957)	14,499,222	26,515	1,474	13,795,254
Net Fees and Commissions Income	979,427	2,079,082	340,606	-	3,399,115
Trading Income/ Losses (Net)	-	-	8,682	-	8,682
Dividend Income	-	-	(2,496,541)	-	(2,496,541)
Other Income	-	-	-	6,581,012	6,581,012
Allowance for Expected Credit Losses	1,383,104	6,439,788	616,397	55,873	8,495,162
Other Expenses	-	-	-	8,354,200	8,354,200
Based on Equity Method	-	-	61,872	-	61,872
Profit Before Taxes	(1,135,634)	10,138,516	(2,675,263)	(1,827,587)	4,500,032
Provision for taxes	-	-	-	-	(991,203)
Net Profit/ Loss					3,508,829
Segment Assets	68,112,914	174,348,959	168,620,369	20,477,634	431,559,876
Subsidiaries and Associates (Net)	-	-	1,481,253	-	1,481,253
TOTAL ASSETS	68,112,914	174,348,959	170,101,622	20,477,634	433,041,129
Segment Liabilities	112,872,965	133,752,512	130,739,892	22,123,470	399,488,839
Equity	-	-	-	33,552,290	33,552,290
TOTAL LIABILITIES	112,872,965	133,752,512	130,739,892	55,675,760	433,041,129

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XI. INFORMATION ON RISK MANAGEMENT

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

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The 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 Parent Bank in parallel with the changes in economic conjuncture and risk perception is considered as an important factor, and it aims to provide risk awareness and sensitivity in the actions to be taken. In this direction, the training given to the personnel, risk measurements and reporting, risk reporting to the Board of Directors, Senior Management and committees, the risk appetite framework created by the Parent Bank and the internal capital adequacy assessment process make a significant contribution to the dissemination of the risk culture.

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

Risk Management Strategy of The Group

The Group adopts a forward-looking risk-based approach in all activities by creating high-quality assets and managing its liabilities in order to continuously increase the value it adds to its customers, shareholders and society by managing the assets and values entrusted to it effectively and efficiently. The risk profile available by the group; All significant risks arising from the operating environment, regulatory or economic environment are identified. The development of the risk culture in parallel with the changes in the economic conjuncture and risk perception is considered as an important element by the Group, and it is aimed to ensure risk awareness and sensitivity in the actions to be taken.

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

Within the scope of the general principles and principles observed by The Group in the context of risk management, the internal capital adequacy assessment process (İSEDES) is established in parallel with the budgeting process to determine the internal capital targets consistent with the risk profile and the activity environment and the effects of scenario outcomes on the Group projections is evaluated.

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

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

These risks are subject to stress test applications independently, and can be subject to stress test applications in an integrated way taking into account interactions between them.

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

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

The development of 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.

Risk weighted amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- December 31, 2020	Prior Period - December 31, 2019	Current Period- December 31, 2020
1 Credit Risk (excluding counterparty credit risk) ^(*)	371,215,705	287,730,822	29,697,256
2 Standardised approach	371,215,705	287,730,822	29,697,256
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	12,072,413	5,843,023	965,793
5 Standardised approach for counterparty credit risk	12,072,413	5,843,023	965,793
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	411	-	33
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	3,427,699	7,395,606	274,216
17 Standardised approach	3,427,699	7,395,606	274,216
18 Internal model approaches	-	-	-
19 Operational Risk	25,510,114	21,759,874	2,040,809
20 Basic Indicator Approach	25,510,114	21,759,874	2,040,809
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)	412,226,342	322,729,325	32,978,107

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. 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

Current Period- December 31, 2020	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
Assets						
Cash and balances at central bank	93,207,242	93,207,242	-	-	-	-
Banks	3,092,180	3,092,180	-	-	-	-
Receivables from Money Markets	206,589	-	206,576	-	13	-
Financial assets at fair value through profit or loss	7,458,281	330,930	-	-	-	-
Financial assets at fair value through other comprehensive income	83,927,925	83,813,823	25,744,884	-	114,102	-
Financial assets measured at amortised cost	58,747,252	58,747,252	38,158,427	-	-	-
Derivative financial assets	8,740,985	-	8,740,985	-	254,068	-
Non-performing financial assets	17,930,171	17,930,171	-	-	-	-
Allowance for expected credit losses (-)	(22,154,960)	(13,691,300)	-	-	-	(8,463,660)
Loans (Net)	431,944,605	431,955,717	-	-	-	(11,112)
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	1,256,254	1,256,254	-	-	-	-
Investments in associates (Net)	1,495,977	1,495,977	-	-	-	-
Leasing receivables	387,851	387,851	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Tangible Assets (Net)	4,896,410	5,083,561	-	-	-	(187,151)
Intangible Assets And Goodwill (Net)	274,124	-	-	-	-	(274,124)
Investment properties (net)	502,143	-	-	-	-	-
Currents Tax Assets (Net)	-	-	-	-	-	-
Deferred Tax Assets	1,234,832	1,234,832	-	-	-	-
Other assets	18,942,656	19,067,081	-	-	-	(124,425)
Total assets	712,090,517	703,911,571	72,850,872	-	368,183	(9,060,472)
Liabilities						
Deposits	417,521,882	-	-	-	-	417,521,882
Loans Received	51,688,995	-	-	-	-	51,688,995
Money Market Funds	101,312,205	-	56,956,105	-	-	44,356,100
Marketable Securities (Net)	46,154,523	-	-	-	-	46,154,523
Funds	3,053	-	-	-	-	3,053
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	6,083,301	-	6,083,301	-	251,958	-
Factoring Payables	672	-	-	-	-	672
Lease Payables	978,735	-	-	-	-	978,735
Provisions	3,050,397	-	-	-	-	3,050,397
Current Tax Liabilities	954,805	-	-	-	-	954,805
Deferred Tax Assets	57,628	-	-	-	-	57,628
Liabilities Related to Non-Current Assets "Held for Sale" and "Discontinued Operations" (Net)	-	-	-	-	-	-
Subordinated debts	19,458,798	-	-	-	-	19,458,798
Other Liabilities	17,673,436	-	-	-	-	17,673,436
Shareholders' Equity	47,152,087	-	-	-	-	47,152,087
Total liabilities	712,090,517	-	63,039,406	-	251,958	649,051,111

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Linkages between Financial statements and Regulatory Exposures (Continued)

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

Prior Period - December 31, 2019	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
Assets						
Cash and balances at central bank	36,504,592	36,504,592	-	-	-	-
Financial assets held for trading	6,218,498	6,218,498	-	-	-	-
Financial assets designated at fair value through profit or loss	14,535	-	29	-	14,506	-
Banks	2,307,932	281,524	-	-	615,649	-
Receivables from money markets	25,800,299	25,800,299	4,443,499	-	-	-
Available for sale financial assets (net)	47,014,633	47,014,633	21,285,023	-	-	-
Loans and receivables	4,507,228	-	4,507,228	-	224,230	-
Factoring receivables	17,712,516	17,712,516	-	-	-	-
Held to maturity investments (net)	(16,081,800)	(12,478,787)	-	-	-	(3,603,013)
Investments in associates (net)	282,217,085	282,211,471	-	-	-	5,614
Investments in subsidiaries (net)	7,696,995	7,696,995	-	-	-	-
Investments in joint ventures (net)	1,138,783	1,138,783	-	-	-	-
Leasing receivables	342,470	342,470	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	3,040,967	2,846,484	-	-	-	194,483
Intangible assets (net)	238,059	-	-	-	-	238,059
Investment properties (net)	608,990	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	801,616	801,616	-	-	-	-
Other assets	12,957,731	12,987,208	-	-	-	(29,477)
Total assets	433,041,129	429,078,302	30,235,779	-	854,385	(3,194,334)
Liabilities						
Deposits	254,130,748	-	-	-	-	254,130,748
Derivative financial liabilities held for trading	45,063,684	-	-	-	-	45,063,684
Loans	25,424,068	-	24,603,857	-	-	820,211
Debt to money markets	29,248,056	-	-	-	-	29,248,056
Debt securities in issue	3,053	-	-	-	-	3,053
Funds	-	-	-	-	-	-
Various debts	3,311,997	-	3,311,997	-	224,230	-
Other liabilities	2,372	-	-	-	-	2,372
Factoring debts	935,938	-	-	-	-	935,938
Debts from leasing transactions	2,258,927	-	-	-	-	2,258,927
Derivative financial liabilities held for hedges	1,141,991	-	-	-	-	1,141,991
Provisions	31,990	-	-	-	-	31,990
Tax liability	5,372,200	-	-	-	-	5,372,200
Liabilities included in disposal groups classified as held for sale (net)	19,245,453	-	-	-	-	19,245,453
Subordinated debts	13,318,362	-	-	-	-	13,318,362
Equity	33,552,290	-	-	-	-	33,552,290
Total liabilities	433,041,129	-	27,915,854	-	224,230	405,125,275

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Linkages between Financial statements and Regulatory Exposures (Continued)

b) Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Current Period- December 31, 2020		Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	703,030,046	703,911,571	-	72,850,872	368,183
2	Liabilities carrying value amount under regulatory scope of consolidation	63,039,406	-	-	63,039,406	251,958
3	Total net amount under regulatory scope of consolidation	639,990,640	703,911,571	-	9,811,466	116,225
4	Off-balance sheet amounts	196,545,161	66,562,294	-	8,773,213	-
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	-	-	-	65,089,730	-
10	Exposure amounts considered for regulatory	639,990,640	770,473,865	-	83,674,409	116,225

Prior Period- December 31, 2019		Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	436,235,463	429,078,302	-	30,235,779	854,385
2	Liabilities carrying value amount under regulatory scope of consolidation	27,915,854	-	-	27,915,854	224,230
3	Total net amount under regulatory scope of consolidation	408,319,609	429,078,302	-	2,319,925	630,155
4	Off-balance sheet amounts	153,201,520	52,512,309	-	5,533,807	-
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	-	-	-	25,331,365	-
10	Exposure amounts considered for regulatory	408,319,609	481,590,611	-	30,865,172	630,155

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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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations

a) General Information on Credit Risk

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

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

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

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

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

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

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

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

Sectoral, geographical and individual concentration limits and country risk limits have been determined in order to identify the risks to be created by credit concentration and to establish a balanced credit portfolio, these limits are regularly reviewed and updated considering the Parent Bank's credit policy, risk appetite and economic changes.

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Credit Quality of Assets

Current Period- December 31, 2020	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	17,930,171	431,944,605	22,145,495	427,729,281
2 Debt Securities	-	138,114,378	385,632	137,728,746
3 Off-balance sheet exposure	473,440	167,832,215	43,756	168,261,899
4 Total	18,403,611	737,891,198	22,574,883	733,719,926

Prior Period -December 31, 2019	Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
	Defaulted Exposures	Defaulted Exposures		
1 Loans	17,712,516	282,217,085	16,067,380	283,862,221
2 Debt Securities	-	73,092,800	13,542	73,079,258
3 Off-balance sheet exposure	689,503	125,174,474	57,760	125,806,217
4 Total	18,402,019	480,484,359	16,138,682	482,747,696

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

	Current Period- December 31, 2020	Prior Period- December 31, 2019
1 Defaulted Loans and debt securities at end of the previous reporting period	17,712,516	11,129,308
2 Loans and debt securities that have defaulted since the last reporting period	5,728,918	9,216,769
3 Returned to non-defaulted status	1,649,753	14,992
4 Amounts written-off	890,789	-
5 Other Changes	(2,970,721)	(2,618,569)
6 Defaulted Loans and debt securities at end of the reporting period (1+2-3-4+5)	17,930,171	17,712,516

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

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 (This regulation will be applied temporarily for 180 days until 30 June 2021) and the loans whose debtors are decided by the Bank to have lost their credit ratings are deemed to be depreciated or loans for which provision is allocated.

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

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

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

Breakdown of receivables in terms of geographic regions

Credit receivables/risks	Current Period - December 31, 2020	Prior Period - December 31, 2020
Domestic	398,740,450	258,452,758
European Union Countries	4,313,704	2,391,138
OECD Countries ^(*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	1,469,341	1,643,305
Other	27,421,110	19,729,884
Toplam	431,944,605	282,217,085

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Breakdown of loan receivables by sector

Current Period- December 31, 2020			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	3,184,954	193,059	145,556
Farming and raising livestock	3,080,869	175,007	133,997
Forestry	29,948	3,179	2,707
Fishing	74,137	14,873	8,852
Manufacturing	113,832,924	4,267,687	3,310,218
Mining and Quarrying	9,613,071	281,800	240,607
Production	83,027,588	3,101,604	2,455,587
Electricity, Gas, Water	21,192,265	884,283	614,024
Construction	41,169,434	3,959,450	2,743,441
Services	154,499,129	6,651,515	5,366,056
Wholesale and Retail Trade	58,080,392	4,235,827	3,450,743
Accommodation and Dining	14,975,711	356,000	305,800
Transportation and Telecommunication	48,418,802	569,195	466,789
Financial Institutions	8,622,109	72,310	59,967
Real Estate and Rental Services	15,825,029	227,459	193,231
Professional Services	4,154,239	967,355	708,218
Educational Services	2,457,054	110,013	85,171
Health and Social Services	1,965,793	113,356	96,137
Other	119,258,164	2,858,460	2,152,629
Total	431,944,605	17,930,171	13,717,900
Prior Period - December 31, 2019			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	2,281,748	349,767	259,533
Farming and raising livestock	2,230,181	336,327	247,228
Forestry	20,712	10,175	9,394
Fishing	30,855	3,265	2,911
Manufacturing	70,106,672	4,496,624	3,046,889
Mining and Quarrying	5,999,807	286,472	227,230
Production	48,221,655	3,245,978	2,330,128
Electricity, Gas, Water	15,885,210	964,174	489,531
Construction	26,340,031	2,258,182	1,568,251
Services	106,302,207	7,682,077	5,186,709
Wholesale and Retail Trade	38,409,929	3,934,402	2,879,944
Accommodation and Dining	9,026,757	1,691,403	908,995
Transportation and Telecommunication	34,381,429	665,857	503,079
Financial Institutions	7,712,653	61,293	39,445
Real Estate and Rental Services	11,208,036	217,174	148,569
Professional Services	2,554,064	901,220	555,177
Educational Services	1,768,423	94,643	57,209
Health and Social Services	1,240,916	116,085	94,291
Other	77,186,427	2,925,866	2,417,405
Total	282,217,085	17,712,516	12,478,787

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Breakdown by outstanding maturity

Current Period - December 31, 2020						
Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
-	38,021,874	16,710,619	52,360,784	217,634,418	107,216,910	431,944,605

Prior Period - December 31, 2019						
Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
105,711	23,122,619	10,298,864	42,720,416	126,456,615	79,512,860	282,217,085

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

Breakdown by of provision allocated receivables by geographical area

Current Period - December 31, 2020		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	17,650,625	13,488,682
European Union Countries	208,098	197,233
OECD Countries ^(*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	71,448	31,985
Other	-	-
Total	17,930,171	13,717,900

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

Prior Period- December 31, 2019		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	17,533,873	12,336,051
European Union Countries	141,143	131,859
OECD Countries ^(*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	37,036	10,413
Other	464	464
Total	17,712,516	12,478,787

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

Aging analysis for overdue receivables

	Current Period- December 31, 2020	Prior Period- December 31, 2019
31-60 days	2,562,274	1,917,753
61-90 days	2,067,323	2,434,914
91-180 days	2,122,903	-

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

Payment Plan Extensions	Current Period- December 31, 2020	Prior Period- December 31, 2019
Standard Loans	395,256	336,348
Loans Under Close Monitoring	15,431,513	14,909,593
Non-performing Loans	1,529,430	1,001,259

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

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

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

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

Credit Risk Mitigation Techniques

Current Period - December 31, 2020		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	311,871,007	115,858,274	81,963,062	79,598,658	51,794,733	-	-
2	Debt Securities	137,728,746	-	-	-	-	-	-
3	Total	449,599,753	115,858,274	81,963,062	79,598,658	51,794,733	-	-
4	Of which Defaulted	17,930,171	-	-	-	-	-	-

Prior Period - December 31, 2019		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	195,627,585	88,234,636	59,449,229	29,251,607	24,769,379	-	-
2	Debt Securities	73,079,258	-	-	-	-	-	-
3	Total	268,706,843	88,234,636	59,449,229	29,251,607	24,769,379	-	-
4	Of which Defaulted	17,712,516	-	-	-	-	-	-

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

c) Credit risk under Standardized approach

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

The external rating grades of the counterparties of Fitch Ratings international rating agencies are used in determining the risk weights for the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Banks' Capital Adequacy. Fitch Ratings is used as an international rating agency to determine the risk weights of risk classes to be received from central government or central banks and from banks and intermediary institutions.

When an international rating is taken into account for the entire risk category of central government or central banks, the centralized and central banks that are not rated by the Fitch Ratings international rating agency are based on the country risk classification issued by the Organization for Economic Co-operation and Development (OECD).

The following table shows that the rating scale of the credit rating agency corresponds to the credit quality levels reported in the annex of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy.

Ratings Matched	Credit Quality Rank	Fitch Ratings
Long Term Credit Ratings	1	AAA ilâ AA-
	2	Between A+ and A-
	3	Between BBB+ and BBB-
	4	Between BB+ and BB-
	5	Between B+ and B-
	6	CCC+ and below
Short Term Credit Ratings	1	Between F1+ and F1
	2	F2
	3	F3
	4	F3 below
	5	-
	6	-

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period - December 31, 2020		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	269,936,999	706,727	281,941,074	418,309	639,176	0.2%
2	Exposures to regional governments or local authorities	9,399,917	435,493	9,399,917	211,087	4,801,102	50%
3	Exposures to public sector entities	381,163	236,428	381,163	113,956	486,093	98%
4	Exposures to multilateral development banks	29,475	9,335	29,475	9,335	29,475	76%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to institutions	16,322,150	4,421,162	16,322,150	2,987,057	8,020,154	42%
7	Exposures to corporates	185,070,563	134,079,024	173,066,488	53,056,933	222,253,564	98%
8	Retail exposures	92,367,803	49,011,543	92,367,803	5,537,565	72,656,890	74%
9	Exposures secured by residential property	38,640,398	1,547,589	38,640,398	617,967	13,740,428	35%
10	Exposures secured by commercial real estate	40,625,947	6,091,631	40,625,947	3,605,144	29,651,253	67%
11	Past-due loans	3,914,529	-	3,914,529	-	2,096,804	54%
12	Higher-risk categories by the Agency Board	195,994	6,229	195,994	4,941	301,403	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	411	-	411	-	411	100%
16	Other assets	18,901,264	-	18,901,264	-	14,316,468	76%
17	Investment in equities	2,222,895	-	2,222,895	-	2,222,895	100%
18	Total	678,009,508	196,545,161	678,009,508	66,562,294	371,216,116	50%

Prior Period - December 31, 2019		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	124,886,775	961,301	134,245,383	520,484	14,907,918	11.1%
2	Exposures to regional governments or local authorities	10,466,717	644,167	10,466,717	315,989	5,390,069	50.0%
3	Exposures to public sector entities	339,538	278,023	339,538	129,094	462,372	99%
4	Exposures to multilateral development banks	27,767	11,952	27,767	11,952	27,767	70%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to institutions and banks	14,123,885	5,629,053	14,123,886	3,674,586	7,503,529	42%
7	Exposures to corporates	131,355,928	102,026,766	121,997,320	39,912,962	159,052,084	98%
8	Retail exposures	66,413,612	38,019,282	66,413,612	4,359,210	52,617,348	74%
9	Exposures secured by residential property	28,414,657	1,186,556	28,414,657	486,084	10,115,259	35%
10	Exposures secured by commercial real estate	29,333,342	4,389,453	29,333,342	3,055,565	20,134,270	62%
11	Past-due loans	5,234,621	-	5,234,621	-	3,050,715	58%
12	Higher-risk categories by the Agency Board	151,421	54,967	151,421	46,383	296,706	150%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings	-	-	-	-	-	0%
16	Other receivables	15,508,763	-	15,508,763	-	12,391,926	80%
17	Investments in equities	1,780,859	-	1,780,859	-	1,780,859	100%
18	Total	428,037,885	153,201,520	428,037,886	52,512,309	287,730,822	60%

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures by asset classes and risk weights

Current Period- December 31, 2020	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	281,424,952	-	-	-	662,074	-	200,794	71,563	-	-	-	282,359,383
2	Exposures to regional governments or local authorities	8,677	-	206	-	9,602,121	-	-	-	-	-	-	9,611,004
3	Exposures to public sector entities	7,236	-	2,238	-	-	-	485,645	-	-	-	-	495,119
4	Exposures to multilateral development banks	9,335	-	-	-	-	-	29,475	-	-	-	-	38,810
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	678,057	-	5,271,244	-	12,787,993	-	571,913	-	-	-	-	19,309,207
7	Exposures to corporates	872,987	-	2,214,360	-	2,450,764	-	220,585,310	-	-	-	-	226,123,421
8	Retail exposures	489,471	-	736,426	-	-	96,679,471	-	-	-	-	-	97,905,368
9	Exposures secured by residential property	-	-	-	39,258,365	-	-	-	-	-	-	-	39,258,365
10	Exposures secured by commercial real estate	-	-	-	-	29,159,676	-	15,071,415	-	-	-	-	44,231,091
11	Past-due loans	-	-	-	-	3,643,888	-	262,204	8,437	-	-	-	3,914,529
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	200,935	-	-	-	200,935
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)	-	-	-	-	-	-	411	-	-	-	-	411
16	Other assets	-	-	-	-	-	-	2,222,895	-	-	-	-	2,222,895
17	Investments in equities	3,184,810	-	1,749,983	-	-	-	13,966,471	-	-	-	-	18,901,264
18	Total	286,675,525	-	9,974,457	39,258,365	58,306,516	96,679,471	253,396,533	280,935	-	-	-	744,571,802
Prior Period- December 31, 2019	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	105,276,897	-	-	-	29,223,517	-	204,040	61,413	-	-	-	134,765,867
2	Exposures to regional governments or local authorities	2,464	-	175	-	10,780,067	-	-	-	-	-	-	10,782,706
3	Exposures to public sector entities	5,716	-	680	-	-	-	462,236	-	-	-	-	468,632
4	Exposures to multilateral development banks	11,952	-	-	-	-	-	27,767	-	-	-	-	39,719
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	630,633	-	4,526,456	-	12,086,289	-	555,094	-	-	-	-	17,798,472
7	Exposures to corporates	889,336	-	468,577	-	3,188,002	-	157,364,367	-	-	-	-	161,910,282
8	Retail exposures	387,446	-	312,151	-	-	70,073,225	-	-	-	-	-	70,772,822
9	Exposures secured by residential property	-	-	-	28,900,741	-	-	-	-	-	-	-	28,900,741
10	Exposures secured by commercial real estate	-	-	-	-	24,509,275	-	7,879,632	-	-	-	-	32,388,907
11	Past-due loans	-	-	-	-	4,398,306	-	805,821	30,494	-	-	-	5,234,621
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	197,804	-	-	-	197,804
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)	-	-	-	-	-	-	-	-	-	-	-	-
16	Other assets	-	-	-	-	-	-	1,780,859	-	-	-	-	1,780,859
17	Investments in equities	2,613,385	-	629,315	-	-	-	12,266,063	-	-	-	-	15,508,763
18	Total	109,817,829	-	5,937,354	28,900,741	84,185,456	70,073,225	181,345,879	289,711	-	-	-	480,550,195

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations

Qualitative disclosure on counterparty credit risk

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

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

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

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

The Parent Bank has fulfilled its statutory obligations under EMIR (European Markets Infrastructure Regulation). The clearing member of the bank has been transmitted to the "counterparty" via a bank and transactions that provide conditions within the existing transactions in the portfolio have started to be cleared under the conditions of EMIR.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Counterparty credit risk (CCR) approach analysis

Current Period- December 31, 2020		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	7,561,240	1,211,973			8,773,213	4,350,224
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için) Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)			-	-	-	-
4	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					65,089,730	5,221,169
5	Repurchase transactions, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap					13,000	79
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	Total						9,571,472

Prior Period- December 31, 2019		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	4,141,762	1,392,045			5,533,807	2,981,840
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için) Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)			-	-	-	-
4	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					25,331,365	1,343,104
5	Repurchase transactions, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap					14,500	135
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	Total						4,325,079

Capital requirement for credit valuation adjustment (CVA)

Current Period - December 31, 2020		EAD post CRM	RWA
1	Total portfolios subject to the Advanced CVA capital obligation	-	-
2	(i) VaR component (including the 3×multiplier)		-
3	(ii) Stressed VaR component (including the 3×multiplier)		-
4	All portfolios subject to the Standardised CVA capital obligation	8,773,213	2,487,815
5	Total subject to the CVA capital obligation	8,773,213	2,487,815
Prior Period- December 31, 2019		EAD post CRM	RWA
1	Total portfolios subject to the Advanced CVA capital obligation	-	-
2	(i) VaR component (including the 3×multiplier)		-
3	(ii) Stressed VaR component (including the 3×multiplier)		-
4	All portfolios subject to the Standardised CVA capital obligation	5,533,807	1,492,063
5	Total subject to the CVA capital obligation	5,533,807	1,492,063

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures ^(*)
Claims from central governments and central banks	29,048,434	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	690	1	-	-	-	-	-	-	69
Claims from administration and non commercial entity	-	1,943	-	-	-	-	1,756	-	-	1,950
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	12,119,902	-	19,277,040	-	6,463,645	-	473,980	-	360,620	7,568,423
Corporates	992,708	3,137,447	-	-	-	-	1,603,665	-	202,421	1,921,458
Retail portfolios	65,032	653,730	-	-	-	35,970	-	-	17,363	92,698
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	42,226,076	3,793,810	19,277,041	-	6,463,645	35,970	2,079,401	-	580,404	9,584,598

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures ^(*)
Claims from central governments and central banks	3,864,219	-	-	-	122,047	-	-	-	-	61,024
Claims from regional and local governments	-	3,385	14	-	-	-	-	-	-	341
Claims from administration and non commercial entity	-	1,124	-	-	-	-	22	-	-	134
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	11,286,007	-	2,670,470	-	4,150,722	-	215,468	-	716,688	2,839,257
Corporates	2,251,432	4,956,078	-	-	-	-	898,689	-	462,646	1,403,550
Retail portfolios	165,869	268,519	-	-	-	25,607	-	-	29,842	46,654
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	17,567,527	5,229,106	2,670,484	-	4,272,769	25,607	1,114,179	-	1,209,176	4,350,960

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

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

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(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

Collaterals for counterparty credit risk

Current Period - December 31, 2020	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	-	-	-	-	41,623,658	-
Cash-foreign currency	-	-	-	-	24,239,635	-
Domestic sovereign debts	-	-	-	-	-	13,006
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	65,863,293	13,006

Prior Period - December 31, 2019	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	-	-	-	-	19,976,812	-
Cash-foreign currency	-	-	-	-	6,181,384	-
Domestic sovereign debts	-	-	-	-	-	14,506
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	26,158,196	14,506

Loan Derivatives

Current Period - December 31, 2020	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	3,017,124
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	3,017,124
Fair Values	125,557	634,601
Positive fair values (asset)	125,557	-
Negative fair values (liability)	-	634,601

Prior Period - December 31, 2019	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,090,254	2,263,507
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,090,254	2,263,507
Fair Values	145,639	498,926
Positive fair values (asset)	145,639	-
Negative fair values (liability)	-	498,926

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(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

Central counterparty risks

Current Period - December 31, 2020		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		13,126
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	580,404	11,608
3	(i) OTC Derivatives	189,143	3,783
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	391,261	7,825
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	650,000	1,518
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, 2019		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		25,881
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,209,176	24,183
3	(i) OTC Derivatives	207,874	4,157
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	1,001,302	20,026
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	650,000	1,698
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	-	-

5. Explanations on Securitizations

None.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

6. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

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

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

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

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

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

Market Risk- Standardised approach

		Current Period - December 31, 2020	Prior Period - December 31, 2019
		RWA	RWA
Outright products			
1	Interest rate risk (general and specific)	1,400,825	1,145,162
2	Stock risk (general and specific)	26,508	125,038
3	Foreign exchange risk	1,977,590	6,124,400
4	Commodity risk	-	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	22,776	1,006
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	3,427,699	7,395,606

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(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

7. Explanations on Operational Risk

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

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-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, 2020	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	10,624,126	14,753,373	15,438,683	13,605,394	15	2,040,809
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	25,510,114
Prior Period- December 31, 2019	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	9,438,300	10,624,126	14,753,373	11,605,266	15	1,740,790
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	21,759,874

8. Interest Rate Risk Related to Banking Book

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

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

Current Period - December 31, 2020	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(7,823,623)/7,246,356	(11.97%) / 11.09%
2	EURO	200/(200)	(1,342,194)/(206,353)	(1.50%) / 0.82%
3	USD	200/(200)	(980,927)/535,680	(2.05%) / (0.32%)
Total (for negative shocks)		-	7,575,683	11.59%
Total (for positive shocks)		-	(10,146,744)	(15.53%)
Prior Period - December 31, 2019	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(3,460,645)/2,719,186	(6.69%) / 5.26%
2	EURO	200/(200)	(1,109,163) / 50,912	(2.15%) / 0.10%
3	USD	200/(200)	(132,261) / 340,663	(0.26%) / 0.66%
Total (for negative shocks)		-	3,110,761	6.02%
Total (for positive shocks)		-	(4,702,069)	(9.10%)

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1. Information on cash and balances with the Central Bank

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Cash	1,681,211	1,434,732	1,450,320	1,013,138
Central Bank of the Republic of Turkey ^(*)	12,390,091	75,644,781	529,120	32,733,306
Other	591,188	1,465,239	408,434	370,274
Total	14,662,490	78,544,752	2,387,874	34,116,718

(*) TL 26,455,637 (December 31, 2019: TL 11,454,725) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

As per Communiqué on Required Reserve of CBRT, required reserve may be kept in TL, USD, EUR and standard gold. CBRT pays interest for required reserve kept in TL.

In accordance with "Announcement on Reserve Deposits" of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from 1.0% to 6.0% (December 31, 2019: ranging from 1.0% to 7.0%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5.0% to 22.0% in US Dollar or Euro (December 31, 2019: ranging from 5.0% to 21.0%).

Balances with the Central Bank of the Republic of Turkey

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Unrestricted demand deposits	12,069,426	36,135,248	324,724	21,278,581
Restricted demand deposits	259,120	-	189,108	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	13,053,896	-	-
Reserve Deposits	61,545	26,455,637	15,288	11,454,725
Total	12,390,091	75,644,781	529,120	32,733,306

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Financial assets at fair value through profit/loss given as collateral or blocked

As of December 31, 2020, the balance of financial assets at fair value through profit or loss given as collateral is TL 7,000,000. (31 December 2019: None.)

Financial assets at fair value through profit/loss subject to repurchase agreements

None.

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Forward transactions	50,686	9,940	64,165	1,418
Swap transactions	7,086,102	1,591,494	3,524,230	914,521
Futures	-	-	-	-
Options	1,420	1,343	205	2,689
Other	-	-	-	-
Total	7,138,208	1,602,777	3,588,600	918,628

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of 31 December 2020, the fair value of this transaction is TL 247,734, with a nominal amount of 120 million USD and an average maturity of 4.6 years. (As of 31 December 2019, the fair value of this transaction was TL 45,566, with a nominal amount of 100 million USD, and an average maturity of 4.5 years.)

3. Information on banks

	Current Period December 31, 2020		Prior Period December 31, 2019	
	TL	FC	TL	FC
Banks				
Domestic	58,996	2,525	6,119	427,951
Foreign	1	3,030,658	1	5,784,427
Foreign Head Offices and Branches	-	-	-	-
Total	58,997	3,033,183	6,120	6,212,378

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Due from foreign banks

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	Unrestricted Balance	Restricted Balances ^(**)	Unrestricted Balance	Restricted Balances ^(**)
EU Countries	660,719	-	688,892	-
USA, Canada	745,033	1,005,650	4,107,537	588,136
OECD Countries ^(*)	235,131	-	44,882	-
Off-shore Banking Regions	626	-	291	-
Others	383,500	-	354,690	-
Total	2,025,009	1,005,650	5,196,292	588,136

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

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

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, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	4,241,350	34,972,671	397,624	2,528,365
Other	-	-	-	-
Total	4,241,350	34,972,671	397,624	2,528,365

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

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Government bonds	13,031,822	3,901,929	2,894,007	-
Treasury bills	-	-	-	-
Other debt securities	-	8,811,133	-	1,549,492
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	13,031,822	12,713,062	2,894,007	1,549,492

Information on financial assets at fair value through other comprehensive income

	Current Period- December 31, 2020	Prior Period- December 31, 2019
Debt securities	84,287,305	25,790,926
Quoted on a Stock Exchange	84,199,125	25,725,825
Unquoted	88,180	65,101
Equity securities	18,159	18,055
Quoted on a Stock Exchange	-	-
Unquoted	18,159	18,055
Provisions for impairment losses (-)	377,539	8,682
Total	83,927,925	25,800,299

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

5. Information on loans

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

	Current Period December 31, 2020		Prior Period December 31, 2019	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	32,511	-	29,783
Legal entities	-	32,511	-	29,783
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	470,993	49	323,645	36
Total	470,993	32,560	323,645	29,819

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

Current Period - December 31, 2020

	Standard loans	Loans not Subject to Restructuring	Loans and other receivables under close monitoring	
			Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	389,154,555	18,613,603	2,840,854	12,590,659
Loans given to enterprises	147,126,813	10,275,674	2,123,492	11,882,423
Export loans	12,139,158	154,374	-	-
Import loans	-	-	-	-
Loans given to financial sector	4,712,929	869	-	227
Consumer loans	94,967,658	464,968	113,847	672,576
Credit cards	14,393,403	177,385	66,585	-
Other	115,814,594	7,540,333	536,930	35,433
Specialized lending	-	-	-	-
Other receivables	-	8,744,934	-	-
Total	389,154,555	27,358,537	2,840,854	12,590,659

All creditors, including the Bank, have agreed that the loans provided in scope of loan agreements to Ojer Telekomünikasyon AŞ (OTAŞ), the main shareholder of Türk Telekomünikasyon AŞ (Türk Telekom) shall be restructured. All creditors shall be direct or indirect partners to Levent Yapılandırma Yönetimi AŞ, a special purpose company established in Turkish Republic, and 192,500,000,000 of A group shares, owned by OTAŞ pledged to be the warranty of current loans, which make up the 55% of issued capital of Türk Telekom, were taken over by LYY Telekomünikasyon AŞ as December 21, 2018. The Bank participated in LYY Telekomünikasyon AŞ with a 4.2559% share. At the Ordinary General Assembly Meeting of LYY dated September 23, 2019, it was decided that a portion of the loan would be converted to capital and added to the capital of LYY. In this context, the nominal value of the Bank's shares in LYY increased from TL 2 to TL 169,482. This amount is presented under "Financial assets at fair value through profit or loss" in the financial statements. As of December 31, 2020, the amount is TL 1,067,728 (December 31, 2019: TL 802,278) and the provision is TL 341,044. (December 31, 2019: TL 65,100).

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

Prior Period - December 31, 2019

	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	245,127,249	16,790,004	1,152,718	13,756,875
Loans given to enterprises	78,199,656	9,105,909	263,784	11,890,861
Export loans	9,567,565	597,917	106,759	4,283
Import loans	-	-	-	-
Loans given to financial sector	3,813,721	-	-	-
Consumer loans	55,354,636	827,683	22,482	798,449
Credit cards	10,512,442	226,655	85,665	-
Other	87,679,229	6,031,840	674,028	1,063,282
Specialized lending	-	-	-	-
Other receivables	2,175,962	3,214,277	-	-
Total	247,303,211	20,004,281	1,152,718	13,756,875

Current Period - December 31, 2020

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,179,240	-
Significant Increase in Credit Risk	-	5,248,355

Prior Period - December 31, 2019

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	1,624,365	-
Significant Increase in Credit Risk	-	1,964,228

Maturity analysis of cash loans

	Standard loans	Loans under close monitoring	
		Loans not Subject to Restructuring	Agreement conditions modified
Current Period - December 31, 2020			
Short-term Loans	71,101,580	9,320,819	83,326
Medium, Long-term Loans	318,052,975	18,037,718	15,348,187
	Standard loans	Loans under close monitoring	
		Loans not Subject to Restructuring	Agreement conditions modified
Prior Period - December 31, 2019			
Short-term Loans	57,634,156	6,026,145	1,592,206
Medium, Long-term Loans	189,669,055	13,978,136	13,317,387

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Current Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,167,352	89,104,078	90,271,430
Housing loans	3,209	40,609,960	40,613,169
Automobile loans	4,902	473,614	478,516
General purpose loans	1,159,241	48,020,504	49,179,745
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	4,639	4,639
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,157	2,157
Other	-	2,482	2,482
Retail credit cards – TL	10,919,678	92,959	11,012,637
With instalment	4,430,552	89,060	4,519,612
Without instalment	6,489,126	3,899	6,493,025
Retail credit cards – FC	14,017	-	14,017
With instalment	-	-	-
Without instalment	14,017	-	14,017
Personnel loans – TL	9,505	334,082	343,587
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,505	334,082	343,587
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	126,608	592	127,200
With instalment	44,823	549	45,372
Without instalment	81,785	43	81,828
Personnel credit cards – FC	206	-	206
With instalment	-	-	-
Without instalment	206	-	206
Overdraft Checking Accounts – TL (Real person)	5,599,005	-	5,599,005
Overdraft Checking Accounts – FC (Real person)	388	-	388
Total	17,836,759	89,536,350	107,373,109

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Prior Period - December 31, 2019	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	988,803	52,052,993	53,041,796
Housing loans	10,656	23,605,477	23,616,133
Automobile loans	9,031	406,726	415,757
General purpose loans	969,116	28,040,790	29,009,906
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	4,177	4,177
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,108	2,108
Other	-	2,069	2,069
Retail credit cards – TL	8,274,740	83,237	8,357,977
With instalment	3,547,519	78,731	3,626,250
Without instalment	4,727,221	4,506	4,731,727
Retail credit cards – FC	20,464	-	20,464
With instalment	-	-	-
Without instalment	20,464	-	20,464
Personnel loans – TL	15,222	204,352	219,574
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	15,222	204,352	219,574
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	103,355	245	103,600
With instalment	37,687	195	37,882
Without instalment	65,668	50	65,718
Personnel credit cards – FC	471	-	471
With instalment	-	-	-
Without instalment	471	-	471
Overdraft Checking Accounts – TL (Real person)	3,737,396	-	3,737,396
Overdraft Checking Accounts – FC (Real person)	307	-	307
Total	13,140,758	52,345,004	65,485,762

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Installment based commercial loans and corporate credit cards

Current Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,743,103	114,059,373	116,802,476
Real estate loans	2,779	1,178,097	1,180,876
Automobile loans	137,470	2,635,208	2,772,678
General purpose loans	2,602,854	110,246,068	112,848,922
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	453,243	453,243
Real estate loans	-	-	-
Automobile loans	-	25,550	25,550
General purpose loans	-	427,693	427,693
Other	-	-	-
Instalment-based commercial loans – FC	738,273	31,408,388	32,146,661
Real estate loans	-	-	-
Automobile loans	-	31,494	31,494
General purpose loans	249,088	27,131,872	27,380,960
Other	489,185	4,245,022	4,734,207
Corporate credit cards – TL	3,382,956	97,503	3,480,459
With instalment	1,194,567	89,774	1,284,341
Without instalment	2,188,389	7,729	2,196,118
Corporate credit cards – FC	2,854	-	2,854
With instalment	-	-	-
Without instalment	2,854	-	2,854
Overdraft Checking Accounts – TL (Corporate)	943,370	-	943,370
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	7,810,556	146,018,507	153,829,063

Prior Period - December 31, 2019	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,035,959	62,592,816	64,628,775
Real estate loans	2,369	959,353	961,722
Automobile loans	58,230	1,635,806	1,694,036
General purpose loans	1,975,360	59,997,657	61,973,017
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	875,810	875,810
Real estate loans	-	-	-
Automobile loans	-	50,396	50,396
General purpose loans	-	825,414	825,414
Other	-	-	-
Instalment-based commercial loans – FC	454,346	17,712,633	18,166,979
Real estate loans	-	-	-
Automobile loans	-	13,585	13,585
General purpose loans	349,039	14,836,693	15,185,732
Other	105,307	2,862,355	2,967,662
Corporate credit cards – TL	2,326,315	13,189	2,339,504
With instalment	684,418	11,672	696,090
Without instalment	1,641,897	1,517	1,643,414
Corporate credit cards – FC	2,746	-	2,746
With instalment	-	-	-
Without instalment	2,746	-	2,746
Overdraft Checking Accounts – TL (Corporate)	1,335,373	-	1,335,373
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	6,154,739	81,194,448	87,349,187

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Allocation of loan customers^()*

	Current Period - December 31, 2020	Prior Period- December 31, 2019
Public Sector	12,061,315	7,749,313
Private Sector	419,883,290	274,467,772
Total	431,944,605	282,217,085

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

Allocation of domestic and overseas loans^()*

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Domestic loans	426,987,986	278,063,831
Foreign loans	4,956,619	4,153,254
Total	431,944,605	282,217,085

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

Loans to associates and subsidiaries

	Current Period - December 31, 2020	Prior Period- December 31, 2019
Direct loans to associates and subsidiaries	33	117
Indirect loans to associates and subsidiaries	-	-
Total	33	117

Specific provisions accounted for loans (Stage 3)

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Loans and receivables with limited collectability	321,431	1,601,851
Loans and receivables with doubtful collectability	1,356,977	1,849,517
Uncollectible loans and receivables	12,039,492	9,027,419
Total	13,717,900	12,478,787

Information on non-performing loans (Net)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current period - December 31, 2020			
Gross Amounts Before The Reserves	39,537	275,228	1,001,815
Loans Which Are Restructured	39,537	275,228	1,001,815
Prior period - December 31, 2019			
Gross Amounts Before The Reserves	667,501	466,418	598,108
Loans Which Are Restructured	667,501	466,418	598,108

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2020			
Balance at the beginning of the period	3,203,134	3,492,946	11,016,436
Additions (+)	4,370,625	111,790	1,246,503
Transfers from other categories of loans under follow-up (+)	-	6,703,801	5,806,870
Transfers to other categories of loans under follow-up (-)	6,728,960	5,781,711	-
Collections (-) ^(*)	325,778	2,124,350	2,170,346
Write-offs (-) ^(**)	-	-	890,789
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	1,596	1,170	(2,766)
Balance at the end of the period	520,617	2,403,646	15,005,908
Provision (-)	321,431	1,356,977	12,039,492
Net balance	199,186	1,046,669	2,966,416

(*) 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 31 December 2020, the Parent Bank has written-off loans and provisions for these loans, which were classified in the "Group V Loans" (Loans Classified as Loss) amounting to TL 890,789, unsecured, do not have reasonable expectations for recovery and with 100% provision, in accordance with the Amendments Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by BRSA. Following the written-off loans, the Parent Bank's non-performing loan ratio decreased from 4.16% to 3.97%.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2019			
Balance at the beginning of the period	1,626,189	2,131,185	7,371,934
Additions (+)	8,155,473	245,810	815,486
Transfers from other categories of loans under follow-up (+)	-	7,118,350	4,061,537
Transfers to other categories of loans under follow-up (-) ^(*)	6,053,818	5,128,912	55,305
Collections (-)	524,710	873,663	1,190,606
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	176	13,390
Balance at the end of the period	3,203,134	3,492,946	11,016,436
Provision (-)	1,601,851	1,849,517	9,027,419
Net balance	1,601,283	1,643,429	1,989,017

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2020			
Balance at the end of the period	270,909	1,355,575	3,522,337
Provision (-)	169,017	736,070	2,754,282
Net balance on balance sheet	101,892	619,505	768,055
Prior Period - December 31, 2019			
Balance at the end of the period	1,380,333	1,446,485	1,438,214
Specific provision (-)	697,528	736,988	1,147,063
Net balance on balance sheet	682,805	709,497	291,151

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2020			
Current Period (Net)	199,186	1,046,669	2,966,416
Consumer and Commercial Loans (Gross)	519,481	2,402,239	14,982,098
Specific Provision (-)	320,297	1,355,573	12,015,700
Consumer and Commercial Loans (Net)	199,184	1,046,666	2,966,398
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,136	1,407	23,810
Specific Provision (-)	1,134	1,404	23,792
Other Loans and Receivables (Net)	2	3	18

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period - December 31, 2019			
Prior Period (Net)	1,601,283	1,643,429	1,989,017
Consumer and Commercial Loans (Gross)	3,201,330	3,492,881	10,983,288
Specific Provision (-)	1,600,054	1,849,462	8,994,285
Consumer and Commercial Loans (Net)	1,601,276	1,643,419	1,989,003
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,804	65	31,597
Specific Provision (-)	1,797	55	31,583
Other Loans and Receivables (Net)	7	10	14

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net) - December 31, 2020	10,442	84,433	658,148
Interest accruals and valuation differences	25,935	201,036	1,786,371
Provision (-)	15,493	116,603	1,128,223
Prior Period (Net) - December 31, 2019	134,273	140,871	245,229
Interest accruals and valuation differences	269,253	304,122	747,230
Provision (-)	134,980	163,251	502,001

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Government bonds	44,159,655	7,895,261	34,945,546	7,498,362
Treasury bills	-	-	-	-
Other securities issued by the governments	-	6,447,138	-	4,202,218
Total	44,159,655	14,342,399	34,945,546	11,700,580

Information on financial assets measured at amortized cost

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Debt Securities	58,747,252	47,014,633
Quoted at stock exchanges	58,598,242	46,895,460
Unquoted at stock exchanges	149,010	119,173
Impairment losses (-)	-	-
Total	58,747,252	47,014,633

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The movement table of the financial assets measured at amortised cost

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Balances at the beginning of the period	47,014,633	39,980,510
Foreign currency differences on monetary assets	3,415,268	950,424
Purchases during the period	10,980,105	6,514,751
Disposals through sales/redemptions	(5,718,504)	(1,664,238)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	3,055,750	1,233,186
Balances at the end of the period	58,747,252	47,014,633

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

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
Current Period - December 31, 2020	TL	FC	TL	FC
Collateralized/blocked investment securities	5,025,295	4,255,426	7,421,128	4,522,402
Investments subject to repurchase agreements	23,856,260	9,231,311	28,591,836	9,566,589
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	5,366,141	433,569	8,205,641	439,656
Total	34,247,696	13,920,306	44,218,605	14,528,647

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

	Cost		Carrying Value	
Prior Period - December 31, 2019	TL	FC	TL	FC
Collateralized/blocked investment securities	2,312,391	5,749,919	3,012,289	5,900,181
Investments subject to repurchase agreements	13,015,467	4,131,685	17,082,806	4,202,218
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	12,407,756	1,873,915	14,909,319	1,907,820
Total	27,735,614	11,755,519	35,004,414	12,010,219

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates

Unconsolidated investments in associates

Title	Address (City/ Country)	Parent Bank's Share- If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1 Roketsan Roket Sanayi ve Ticaret AŞ ^(*)	Ankara/Turkey	9.93	9.93
2 Bankalararası Kart Merkezi AŞ ^(*)	Istanbul/ Turkey	4.75	4.75
3 KKB Kredi Kayıt Bürosu AŞ ^(*)	Istanbul/ Turkey	9.09	9.09
4 Güçbirliği Holding AŞ ^(*)	İzmir/ Turkey	0.07	0.07
5 İzmir Enternasyonal Otelcilik AŞ ^(*)	Istanbul/ Turkey	5.00	5.00
6 İstanbul Takas ve Saklama Bankası AŞ	Istanbul/ Turkey	4.37	4.37
7 Kredi Garanti Fonu AŞ ^(*)	Ankara/ Turkey	1.49	1.49
8 Türkiye Ürün İhtisas Borsası AŞ ^(*)	Ankara/ Turkey	3.00	3.00
9 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ ^(*)	Istanbul/ Turkey	33.33	33.33
10 JCR Avrasya Derecelendirme AŞ ^(*)	Istanbul/ Turkey	2.86	2.86
11 Birleşik İpotek Finansmanı AŞ ^(*)	Istanbul/ Turkey	8.33	8.33
12 Keskinoglu Tavukçuluk ve Damızlık İşletmeleri San. Tic. AŞ ^(*)	Manisa/ Turkey	39.30	39.30
13 Tasfiye Halinde World Vakıf UBB Ltd. ^(**)	Lefkoşa/KKTC	83.00	83.59

^(*)The financial statement information provided for these associates is taken from the financial statements dated September 30, 2020.

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	8,993,195	2,168,107	1,375,436	13,284	-	235,009	415,038	8,460,000
2	272,800	217,454	79,380	6,083	-	35,413	28,503	-
3	411,660	265,464	249,099	5,882	-	48,549	26,579	-
4	150,372	(131,399)	88,098	1	-	(28,485)	(17,998)	-
5	125,137	(222,310)	75,198	-	-	(87,402)	(23,624)	-
6	25,388,236	2,562,447	157,759	399,171	116,760	539,374	612,346	-
7	1,058,164	762,700	19,911	27,280	-	138,849	96,130	-
8	75,153	71,491	2,806	3,865	-	13,078	3,511	-
9	82,474	49,867	17,344	1,497	-	1,852	12,627	-
10	29,956	23,618	25,403	400	-	(1,399)	2,135	-
11	10,108	10,078	49	-	-	78	-	-
12	120,953	(1,427,655)	166,112	705	-	(339,200)	(172,237)	-
13	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

In the current period, it has been decided to increase the paid-in capital of the Parent Bank's subsidiary, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, from TL 26,000 to TL 145,000. For the part of TL 104,987 was funded through paid capital increase and the part of TL 14,013 was funded from internal resources. After the capital increase, the share which corresponds to the Parent Bank was TL 34,992.

In the current period, the Parent Bank transferred its 2.47% of its shares in Keskinoglu Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret AŞ, to the former shareholder of the firm by the decision of the firm's Board of Directors.

In the current period, it has been decided to increase the capital of Birleşik İpotek Finansmanı from TL 10,000 to TL 50,000. The share amounting to TL 3,333 corresponds to the share of the Parent Bank.

In the current period, the difference amounting to TL 32 corresponds to the Parent Bank's share due to the corrections made in the JCR Avrasya Rating AŞ's paid in capital records.

In the current period, at the Ordinary General Assembly of one of the Parent Bank's affiliates Bankalararası Kart Merkezi, it has been decided to increase firm's capital from TL 30,000 to TL 177,493, by funding TL 56,950 of it internally and for the part of TL 90,543 by increasing the pre-emptive rights of the existing shareholders. The bonus share amounting to TL 5,522 corresponds to the Parent Bank's share.

In the current period, the Parent Bank's subsidiaries in Türkiye Ürün İhtisas Borsası AŞ's Ordinary General Meeting held on March 2, 2020, it was decided to reduce the company's paid-in capital from TL 100,000 to TL 50,000. The remaining capital debt in the current period has been paid.

In the current period, PTT AS joined the Platform Ortak Kartlı Sistemler AŞ as a new shareholders on June 3, 2020. Nominal share of capital has decreased to TL 4,200 due to the transfer of the Parent Bank's nominal share part of TL 1,400 of TL 5,600 to PTT AŞ. In addition, amounting to TL 350 share was sold of the Parent Bank's capital share.

In the current period Türkiye Varlık Fonu joined to Platform Ortak Kartlı Sistemler AŞ on February 12, 2020, as a new shareholders. Due to the transfer of TL 1,400 from the Parent Bank's nominal capital share of TL 7,000 to TVF, the nominal capital share of the Parent Bank has decreased to TL 5,600. In addition, amounting to TL 350 share was sold of the Parent Bank's capital share.

In the prior period, the Parent Bank participated in Platform Ortak Kartlı Sistemler AŞ, which was established with a capital of TL 21,000. As of 30 September 2019, the Parent Bank made the payment corresponding to 1/4 of its share.

In the prior period, decision has been made to increase of the Kredi Garanti Fonu AŞ capital share from TL 318,281 to TL 497,817 at the Board of Directors meeting of Kredi Garanti Fonu AŞ as of February 21, 2019.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Consolidated investments in associates

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	1,639,208	110,580	9,469	122,005	3,467	15,732	4,551	-
2	52,430,920	6,130,769	1,317,093	2,562,208	779,585	712,294	730,504	4,989,600

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Movement of consolidated investments in associates

	Current Period – December 31, 2020	Prior Period - December 31, 2019
Balance at the beginning of the period	297,263	196,867
Movements during the period	131,359	100,396
Transfers	-	-
Acquisitions	-	-
Bonus shares received	-	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	131,359	100,396
Impairment losses	-	-
Balance at the end of the period	428,622	297,263
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

Sectoral distribution of consolidated investments and associates

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Banks	428,622	297,263
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	428,622	297,263

Quoted associates

	Current Period - December 31, 2020	Prior Period – December 31, 2019
Quoted at domestic stock exchanges	418,003	286,644
Quoted at international stock exchanges	-	-
Total	418,003	286,644

Investments in associates disposed during the period

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

Investments in associates acquired during the period

In the current period, the Parent Bank became a shareholder of Keskinoglu Tavukculuk ve Damizlik Isletmeleri Sanayi Ticaret AS on 3 September 2020 with a capital of TL 110,000. The Parent Bank's nominal share in the capital is TL 45,952 and share ratio is 41.77%.

In the current period, the Parent Bank has participated in establishment of the Birlesik İpotek Finansmanı AS., which was established with a capital of TL 10,000. The nominal share of the Parent Bank is TL 833 and the share rate is 8.33%. Transactions regarding the establishment of the company were registered in the trade registry on March 17, 2020.

In the current period, the Parent Bank has become a shareholder to Bilesim Finansal Teknolojiler ve Ödeme Sistemleri AS with 33.33% share ratio, in 7 February 2020, by the share transfer agreement signed with the Türkiye Halk Bankası AS for the nominal shares of TL 8,666. The share amounting to TL 27,997 corresponds to the Parent Bank's share.

In the current period, the Parent Bank became a partner of JCR Avrasya Derecelendirme AS. with a capital of TL 1,000 on January 17, 2020. The nominal share in the capital is TL 29 and the share rate is 2.86%. The Parent Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Parent Bank's share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The Parent Bank has paid to JCR Avrasya Rating AS the second remaining installment of undertaken capital as of 30 June 2020.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank	Vakıf Finansal	Vakıf Yatırım		Vakıf	Vakıf Menkul
	International AG	Kiralama AŞ	Menkul Değerler AŞ	Vakıf Faktoring AŞ	Gayrimenkul Yat. Ort. AŞ	Kıymet Yat. Ort. AŞ
Current Period - December 31, 2020						
Paid in Capital	311,248	200,000	100,000	250,000	460,000	30,000
Share Premium	-	9,044	137	-	300,577	121
Equity share premiums	-	-	-	-	278,978	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	9,044	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	31,506	(628)	4,397	(13)	(40)
Other accumulated comprehensive income that will be reclassified in profit or loss	1,207,608	-	11,637	-	-	-
Profit Reserves	17,882	54,290	23,089	120,688	130,828	408
Legal Reserves	17,882	11,317	10,390	18,286	9,056	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	42,973	12,699	102,402	121,225	13
Other Profit Reserves	-	-	-	-	547	-
Profit/Loss	100,665	1,455	281,938	67,998	61,260	(1,399)
<i>Prior Period's Profit/Loss</i>	42,062	(57,263)	124,550	(18,796)	10,351	(1,737)
<i>Current Period's Profit/Loss</i>	58,603	58,718	157,388	86,794	50,909	338
Minority Rights	-	-	-	-	-	-
Total Core Capital	1,637,403	296,295	416,173	443,083	952,652	29,090
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	1,637,403	296,295	416,173	443,083	952,652	29,090
NET AVAILABLE EQUITY	1,637,403	296,295	416,173	443,083	952,652	29,090

Audited BRSA financial statements as of December 31, 2020 are considered.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Prior Period - December 31, 2019	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	175,000	75,000	170,000	230,000	20,000
Share Premium	-	5,343	10,017	-	268,330	93
Equity share premiums	-	-	-	-	246,731	-
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	5,343	10,017	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	28,100	(211)	2,388	558	(53)
Other accumulated comprehensive income that will be reclassified in profit or loss	732,735	-	119,930	-	-	-
Profit Reserves	11,854	48,049	12,316	69,570	130,281	395
Legal Reserves	11,854	10,006	8,601	11,730	9,056	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	38,043	3,715	57,840	121,225	-
Other Profit Reserves	-	-	-	-	-	-
Profit/Loss	48,090	(16,646)	38,984	110,248	10,351	(1,731)
Prior Period's Profit/Loss	342	(83,464)	2,136	(12,702)	14,255	(2,906)
Current Period's Profit/Loss	47,748	66,818	36,848	122,950	(3,904)	1,175
Minority Rights	-	-	-	-	-	-
Total Core Capital	1,103,927	239,845	256,036	352,206	639,520	18,704
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	1,103,927	239,845	256,036	352,206	639,520	18,704
NET AVAILABLE EQUITY	1,103,927	239,845	256,036	352,206	639,520	18,704

Audited BRSA financial statements as of December 31, 2019 are considered.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Vakıf Yatırım Menkul Değerler AŞ, which is one of the consolidated subsidiaries of the Parent Bank, calculates capital adequacy in accordance with "Communiqué on Capital and Capital Adequacy of Intermediary Firms" of Capital Markets Board as six months periods. According to the calculations at December 31, 2020, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/Turkey	65.50	80.48
2 Taksim Otelcilik AŞ (*)	Istanbul/ Turkey	51.00	51.00
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	Istanbul/ Turkey	86.97	88.89
4 Vakıf Gayrimenkul Değerleme AŞ (*)	Istanbul/ Turkey	97.14	97.14

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of September 30, 2020.

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	338,889	224,979	245,125	4,325	-	(3,823)	854	37,128
2	416,980	402,663	198,585	11,547	-	11,787	22,686	483,397
3	85,177	63,950	39,572	2,228	1,151	1,396	6,067	82,045
4	45,625	37,323	583	2,276	77	(1,913)	(2,637)	37,120

In the current period, the paid-in capital of Vakıf Gayrimenkul Değerleme AŞ, which was TL 14,000, is increased by TL 16,000 to TL 30,000. In the company's capital, the Parent Bank's nominal share increased from TL 13,600 to TL 29,143.

In the current period, The Parent Bank has paid TL 678 for TL 400 nominal share of Vakıf Emeklilik ve Hayat AŞ, one of the partners of Vakıf Gayrimenkul Değerleme AŞ, on January 16, 2020. In the company's capital, the Parent Bank's nominal share increased from TL 13,200 to TL 13,600, and its share increased from 94.29% to 97.14%.

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Investments in consolidated subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Faktoring AŞ	Istanbul/Turkey	78.39	80.62
2 Vakıf Finansal Kiralama AŞ	Istanbul/Turkey	58.71	58.71
3 Vakıf Yatırım Menkul Değerler AŞ	Istanbul/Turkey	99.25	99.40
4 VakıfBank International AG ^(*)	Vienna/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	Istanbul/Turkey	17.37	17.37
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Istanbul/Turkey	45.71	45.71

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 5,790,693	473,191	3,594	355,883	-	98,106	131,117	565,140
2 3,712,219	355,161	25,570	266,906	-	60,321	31,578	855,400
3 1,762,201	416,672	41,653	53	8,483	182,348	36,884	596,972
4 8,066,059	1,459,834	1,633	118,994	-	34,831	30,653	935,314
5 29,411	29,093	200	1,662	912	350	1,173	220,800
6 2,928,981	1,444,475	883,114	41,859	-	118,592	96,152	1,665,660

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of September 30, 2020.

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – December 31, 2020	Prior Period - December 31, 2019
Balance at the beginning of the period	1,477,248	2,129,732
Movements during the period	1,795,615	(652,484)
Transfers ^(*)	-	(1,547,479)
Acquisitions	207,561	179,827
Bonus shares received	102,205	384,233
Share of current year profit	-	(42,881)
Sales and liquidations	-	(1,342)
Fair value changes	1,485,849	558,189
Impairment losses	-	(183,031)
Balance at the end of the period	3,272,863	1,477,248
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) In the prior period Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ are booked in Non-Current Assets Held for Sale and Discontinued Operations, and are shown in Transfers.

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 170,000 to TL 250,000. The bonus shares amounting to TL 62,714 corresponding to the share of the Parent Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the current period, the capital of “Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ” was increased from TL 20,000 to TL 30,000. After the addition 3,314 VKFYO shares, the Parent Bank's pre-emptive right was fully exercised for TL 3,473 nominal share in the company's capital. The shares amounting to TL 1,737 corresponding to the share of the bank are shown under Acquisitions in the Movement Table of Investments in Subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 75,000 to TL 100,000. Bonus shares amounting to TL 24,813 corresponding to the share of the Parent Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 175,000 to TL 200,000. Bonus shares amounting to TL 14,678 corresponding to the share of the Parent Bank are included under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

In the current period, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ's paid-in capital of TL 230,000, within the registered capital ceiling of TL 460,000, was increased by TL 230,000 to TL 460,000. The shares amounting to TL 148,741 corresponding to the Parent Bank's share are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

In the current period, one of the Vakıfbank International AG partners, all of the 10% shares of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı was acquired by the Parent Bank for 57,083 per share, in March 24, 2020. Shares are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

In the prior period, Vakıf Emeklilik ve Hayat AŞ, which was classified in the subsidiary account of the Parent Bank, has been decided to be removed from consolidation and the TL 874,650 share corresponding to the share of the Parent Bank is shown under Transfers in the Movement Table of Investments in Subsidiaries.

In the prior period, Güneş Sigorta AŞ, which was classified in the subsidiary account of the Parent Bank, has been decided to be removed from consolidation and the TL 672,829 share corresponding to the share of the Bank is shown under Transfers in the Movement Table of Investments in Subsidiaries.

In the prior period, it was decided to sell 1,556,292 shares of Güneş Sigorta AŞ traded in the BİAŞ share market. The share of TL 1,122 that the Parent Bank sold was shown under Sales in the Movement Table of Investments in Subsidiaries.

In the prior period, Güneş Sigorta AŞ 's paid-in capital of TL 270,000, within the registered capital ceiling of TL 540,000, was increased by TL 270,000 to TL 540,000. The shares amounting to TL 179,826 corresponding to the Parent Bank's share are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

In the prior period, it was decided to sell 220,000 shares of Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ, which were traded in the BİAŞ share market. TL 220 shares sold by the Parent Bank are shown under Sales in the Movement Table of Investments in Subsidiaries.

In the prior period, VakıfBank International AG's Ordinary General Meeting held on 28 June 2019, it was decided to increase the Company's capital from EUR 70,000 to EUR 100,000. TL 177,089 of bonus shares corresponding to the Parent Bank's EUR 27,000 shares are shown under Bonus Shares in the Movement Table of Investments in Subsidiaries.

In the prior period, Vakıf Finansal Kiralama AŞ's Ordinary General Assembly meeting held on 26 June 2019, it was decided to increase the Company's capital from TL 140,000 to TL 175,000. Bonus shares amounting to TL 20,549, corresponding to the share of the Parent Bank, are shown under Bonus Shares in the Movement Table of Investments in Subsidiaries.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

In the prior period, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ's Ordinary General Assembly Meeting held on June 24, 2019, it was decided to increase the Company's capital from TL 225,000 to TL 230,000. Bonus shares amounting to TL 1,935, corresponding to the share of the Parent Bank, are shown under Bonus Shares in the Movement Table of Investments in Subsidiaries.

In the prior period, at the Ordinary General Assembly of Vakıf Yatırım Menkul Değerler AŞ held on 19 June 2019, it was decided to increase the capital of the Company from TL 35,000 to TL 75,000. Bonus shares amounting to TL 39,700, corresponding to the share of the Parent Bank, are shown under Bonus Shares in the Movement Table of Investments in Subsidiaries.

In the prior period, Vakıf Emeklilik ve Hayat AŞ's Ordinary General Assembly Meeting held on 19 June 2019, it was decided to increase the Company's capital from TL 26,500 to TL 150,000. Bonus shares amounting to TL 66,567, corresponding to the share of the Parent Bank, are shown under Bonus Shares in the Movement Table of Investments in Subsidiaries.

In the prior period, Vakıf Faktoring AŞ's Ordinary General Assembly Meeting held on 18 June 2019, it was decided to increase the Company's capital from TL 70,000 to TL 170,000. The bonus shares amounting to TL 78,393 corresponding to the share of the Parent Bank are shown under Bonus Shares in the Movement Table of Investments in Subsidiaries.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period – December 31, 2020	Prior Period – December 31, 2019
Measured at cost	-	-
Measured at fair value (*)	3,272,863	1,477,248
Equity method of accounting	-	-
Total	3,272,863	1,477,248

(*) Valuation amounts of 31 December 2020 have been taken for the unquoted subsidiaries.

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period – December 31, 2020	Prior Period – December 31, 2019
Banks	935,314	486,740
Factoring companies	443,029	219,011
Leasing companies	502,224	249,776
Financing companies	-	-
Other financial subsidiaries	1,392,296	521,721
Total	3,272,863	1,477,248

Quoted consolidated subsidiaries

	Current Period – December 31, 2020	Prior Period – December 31, 2019
Quoted at domestic stock exchanges	1,302,025	479,711
Quoted at international stock exchanges	-	-
Total	1,302,025	479,711

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Consolidated subsidiaries disposed during the period

In the current period, 51.10% of the shares owned by the Parent Bank in Güneş Sigorta AŞ, which is monitored in Fixed Assets Held for Sale-Subsidiaries in the balance sheet of the Parent Bank, has been transferred to TVF Finansal Yatırımlar AŞ as of April 22, 2020 and the Parent Bank has no remaining shares in Güneş Sigorta AŞ.

In the current period, 53.90% of the shares owned by the Parent Bank in Güneş Sigorta AŞ, which is monitored in Fixed Assets Held for Sale-Subsidiaries in the balance sheet of the Parent Bank, has been transferred to TVF Finansal Yatırımlar AŞ as of April 22, 2020 and the Parent Bank has no remaining shares in Güneş Sigorta AŞ.

In the prior period, all of Vakıf Portföy Yönetimi AŞ's shares, which were monitored by the Parent Bank in the Fixed Assets Held for Sale and Discontinued Operations account, were sold to Ziraat Portföy Yönetimi AŞ for TL 52,500 and as of January 2, 2019 and the Parent Bank has no remaining shares in Vakıf Portföy Yönetimi AŞ.

Investments in subsidiaries acquired during the period

The Parent Bank has no subsidiaries acquired in the current period.

9. Investments in joint-ventures

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	Gross	Net	Gross	Net
Less than 1 year	828,136	739,669	777,828	706,300
Between 1-4 years	2,593,089	2,209,340	2,070,301	1,766,622
Longer than 4 years	427,038	322,001	399,625	301,194
Total	3,848,263	3,271,010	3,247,754	2,774,116

Net investments in finance lease receivables

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Gross finance lease receivables	3,848,263	3,247,754
Unearned income on finance lease receivables (-)	577,253	473,638
Terminated lease contracts (-)	-	-
Net finance lease receivables	3,271,010	2,774,116

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Finance lease agreements

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

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	1,551,579	1,144,336	140,281	1,869,373	4,705,569
Accumulated depreciation(-)	59,374	251,115	32,795	1,280,562	1,623,846
Impairment(-)	27,344	-	-	13,412	40,756
Net book value	1,464,861	893,221	107,486	575,399	3,040,967
Current Period:					
Net book value at the beginning of the current year	1,464,861	893,221	107,486	575,399	3,040,967
Additions	821,550	437,224	92,418	196,130	1,547,322
Transferred cost	1,435,074	-	-	-	1,435,074
Transferred amortisation	12,139	-	-	-	12,139
Cost of the disposals	348,516	200,919	2,305	28,014	579,754
Depreciation of the disposals (-)	497	32,463	1,198	34,767	68,925
Depreciation of the current year	10,688	262,168	27,815	163,902	464,573
Impairment (-)	101,389	-	-	66,331	167,720
Exchange differences related to foreign associates	(6,284)	-	146	(4,700)	(10,838)
Cost at the end of the current year	3,453,403	1,380,641	230,540	2,032,789	7,097,373
Accumulated depreciation at the end of the year (-)	57,426	480,820	59,412	1,409,697	2,007,355
Impairment (-)	114,717	-	-	78,891	193,608
Net book value at the end of the current year	3,281,260	899,821	171,128	544,201	4,896,410

13. Information on intangible assets

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

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

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

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

14. Information on investment properties

As of December 31, 2020, there are investment properties with a net balance sheet value of TL 502,143 (31 December 2019: TL 608,990) and a fair value of TL 867,782 (31 December 2019: TL 1,018,635), belonging to the Parent Bank's subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on tax assets

a) Current tax assets

As at December 31, 2020 there is no current tax asset of the Group (December 31, 2019: None).

b) Deferred tax assets

Items generating deferred tax assets or liabilities are listed below as at December 31, 2020 and December 31, 2019:

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Provision for employee termination benefits and unused vacations	176,290	143,171
Other provisions	25,771	14,034
Valuation differences of associates and subsidiaries	110,420	46,014
Deductible financial losses	-	-
Investment incentives	302	4,345
Valuation differences of financial assets and liabilities	289,649	431,120
Reporting Standards - Tax Code depreciation differences	-	49
Provision (General Provision)	1,731,046	728,369
Other differences	18,638	34,994
Deferred tax assets	2,352,116	1,402,096
Net-off of the deferred tax assets and liabilities from the same entity	(1,117,284)	(600,480)
Deferred tax assets, (net)	1,234,832	801,616
Valuation differences of financial assets and liabilities	896,839	460,570
Valuation difference for associates and subsidiaries	133,178	62,343
Valuation differences of properties	96,345	74,679
Other differences	48,550	34,878
Deferred tax liabilities	1,174,912	632,470
Net-off of the deferred tax assets and liabilities from the same entity	(1,117,284)	(600,480)
Deferred tax liabilities, (net)	57,628	31,990

As at December 31, 2020 and December 31, 2019, items generating deferred tax assets or liabilities movement table is listed below:

	Current Period December 31, 2020	Prior Period December 31, 2019
As of 1 January	769,626	157,247
Deferred tax income/(loss)	460,368	882,613
Deferred tax that is accounted under Equity	(24,877)	(95,884)
Other	(27,913)	(174,350)
Deferred tax asset/(liability)	1,177,204	769,626

The reconciliation of the deferred tax on the assets directly related to the equity is as follows as of December 31, 2020 and December 31, 2019:

	Current Period December 31, 2020	Prior Period December 31, 2019
Financial assets at fair value through other comprehensive income	(10,853)	(234,295)
Associates and subsidiaries	(10,202)	51,424
Tangible assets	(22,773)	71,848
Actuarial gains and losses	18,951	15,139
Total	(24,877)	(95,884)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of December 31, 2020, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 1,263,718 (December 31, 2019: TL 3,125,112), and the provision for impairment is TL 7,467 (December 31, 2019: TL 12,981). The amount of other assets held for sales and discontinued operations is TL 3 (31 December 2019: None.)

As per the Board of Directors decision in December 13th, 2019, the Bank has started the process of transfer of shares held in subsidiaries Güneş Sigorta and Vakıf Emeklilik ve Hayat AŞ respectively, including publicly held shares, to a new company to be established by Türkiye Varlık Fonu Yönetimi AŞ Güneş Sigorta AŞ and Vakıf Emeklilik ve Hayat AŞ have been removed from the subsidiaries account and started to be disclosed in the Non-Current Assets Held For Sale and Discontinued Operations account.

On April 22, 2020, a share transfer agreement was signed between TVF Financial Investments as the buyer and the Parent Bank as the seller, in order to transfer the Parent Banks shares which represent 51.1% of Güneş Sigorta AŞ's capital and 53.9% of Vakıf Emeklilik ve Hayat AŞ's capital to TVF Financial Investments AŞ ("TVF Financial Investments") and the share transfers were completed as of the same date, and the mentioned companies were excluded from the Parent Bank's Non-Currents Assets or Disposal Groups "Held For Sale" and "From Discontinued Operations (Net)". Accordingly, the price to be paid to the Parent Bank for Güneş Sigorta AŞ shares is determined as TL 2.22 per share, and the total sales price is TL 612,586. The sales price has been totally paid with a special issue government bond. The amount to be paid to the Parent Bank for Vakıf Emeklilik ve Hayat AŞ shares is determined as TL 0.0896 per share, and the total sales price is TL 724,584. The sales price has been totally paid with a special issue government bonds.

Elimination adjusted income and expense figures which has been occurred until the aforementioned sales transaction were booked in the income statement. TL 804,835 consolidated net sales profit has been booked in other operating income

17. Information on other asset

As of 31 December 2020, and 31 December 2019 "Other Asset" item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

18. Information on expected loss provisions for financial assets

	Current Period – December 31, 2020	Prior Period - December 31, 2019
Balances with the Central Bank	990	374
Banks	1,878	8,992
Total	2,868	9,366
Financial Assets Measured at Amortized Cost	6,596	5,054
Total	9,464	14,420

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period December 31, 2020	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	10,033,091	-	9,141,056	49,160,575	1,414,287	309,055	717,266	8,924	70,784,254
Foreign currency deposits	26,859,937	-	23,889,457	101,011,849	4,568,016	3,449,062	10,501,869	-	170,280,190
Residents in Turkey	24,609,233	-	23,495,452	98,182,126	3,659,298	1,956,144	3,640,307	-	155,542,560
Residents in abroad	2,250,704	-	394,005	2,829,723	908,718	1,492,918	6,861,562	-	14,737,630
Public sector deposits	9,869,935	-	16,555,520	9,056,028	835,740	172,860	122,980	-	36,613,063
Commercial deposits	6,887,624	-	24,052,710	31,747,855	199,071	510,308	271,607	-	63,669,175
Other	9,124,141	-	2,401,792	20,331,158	1,278,713	362,348	851,775	-	34,349,927
Precious metal deposits	17,226,185	-	2,231	4,909	-	1,385,635	173,116	-	18,792,076
Bank deposits	1,636,729	-	14,161,699	6,881,876	322,934	29,959	-	-	23,033,197
Central Bank	3,418	-	-	-	-	-	-	-	3,418
Domestic banks	687,760	-	13,871,431	1,180,543	322,934	-	-	-	16,062,668
Foreign banks	253,385	-	290,268	5,701,333	-	29,959	-	-	6,274,945
Participation banks	692,166	-	-	-	-	-	-	-	692,166
Other	-	-	-	-	-	-	-	-	-
Total	81,637,642	-	90,204,465	218,194,250	8,618,761	6,219,227	12,638,613	8,924	417,521,882

Prior Period December 31, 2019	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	8,578,245	-	8,388,452	37,058,056	2,528,253	276,512	1,890,243	8,620	58,728,381
Foreign currency deposits	16,360,802	-	15,556,129	51,474,306	5,465,027	2,008,675	9,327,716	-	100,192,655
Residents in Turkey	14,648,196	-	15,260,688	49,173,582	4,631,421	978,319	2,235,416	-	86,927,622
Residents in abroad	1,712,606	-	295,441	2,300,724	833,606	1,030,356	7,092,300	-	13,265,033
Public sector deposits	8,186,969	-	6,028,510	6,735,622	2,793,367	485,159	29,121	-	24,258,748
Commercial deposits	4,424,128	-	13,308,954	13,946,826	1,767,183	482,234	316,449	-	34,245,774
Other	7,545,083	-	1,391,353	7,096,658	3,183,311	379,849	690,573	-	20,286,827
Precious metal deposits	5,596,470	-	-	13,780	-	243,446	49,413	-	5,903,109
Bank deposits	651,040	-	4,541,612	4,525,538	455,074	174,319	167,671	-	10,515,254
Central Bank	661	-	-	-	-	-	-	-	661
Domestic banks	299,302	-	4,234,529	619,030	321,218	12,880	-	-	5,486,959
Foreign banks	104,192	-	307,083	3,906,508	133,856	161,439	167,671	-	4,780,749
Participation banks	246,885	-	-	-	-	-	-	-	246,885
Other	-	-	-	-	-	-	-	-	-
Total	51,342,737	-	49,215,010	120,850,786	16,192,215	4,050,194	12,471,186	8,620	254,130,748

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, 2020		Prior Period – December 31, 2019	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	34,549,132	36,235,122	33,649,429	25,078,952
Foreign currency saving deposits	26,578,612	57,449,267	16,583,167	33,677,608
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	61,127,744	93,684,389	50,232,596	58,756,560

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Saving deposits out of insurance coverage limits

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Deposits and other accounts at foreign branches	68,685	62,900
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	9,753	10,395
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

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

	Current Period December 31, 2020		Prior Period December 31, 2019	
	TL	FC	TL	FC
Forwards	46,128	1,739	57,018	1,379
Swaps	4,013,676	2,019,300	2,168,868	1,081,874
Futures	-	-	-	-
Options	1,367	1,091	213	2,645
Other	-	-	-	-
Total	4,061,171	2,022,130	2,226,099	1,085,898

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period December 31, 2020		Prior Period December 31, 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	162,800	1,346,184	-	988,160
Domestic banks and institutions	1,947,294	8,931,538	1,490,651	5,266,568
Foreign banks, institutions and funds	340,202	38,960,977	796,115	36,522,190
Total	2,450,296	49,238,699	2,286,766	42,776,918

b) Maturity information of funds borrowed

	Current Period December 31, 2020		Prior Period December 31, 2019	
	TL	FC	TL	FC
Short-term ^(*)	1,893,582	3,569,660	1,279,849	4,485,291
Medium and Long-term ^(*)	556,714	45,669,039	1,006,917	38,291,627
Total	2,450,296	49,238,699	2,286,766	42,776,918

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 7.77% (December 31, 2019: 11.28%) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
4 May 2020	367	USD	312	Libor+2.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C)	Mizuho Bank, LTD.
	367	EUR	589.5	Euribor+2.00 %	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C)	Mizuho Bank, LTD.
7 December 2020	367	USD	160	Libor + 2,50%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)
	367	EUR	421	Euribor + 2,25%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C)

Syndicated 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
19 December 2014	15 December 2021	USD/EUR	428.6	Based on international remittance flows / Based on treasury financing transactions
4 October 2016	15 September 2021	USD/EUR	354.4	Based on international remittance flows
	15 June 2023	USD/EUR	535.7	Based on international remittance flows / Based on treasury financing transactions
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

As of December 31, 2020, the total securitization balance is equivalent of USD 1,175 million and EUR 168 million. (31 December 2019: USD 1,453 million and EUR 227 million).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on securities issued

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

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

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - December 31, 2020				
Nominal	5,994,740	5,180,500	2,177,273	32,330,350
Cost	5,837,483	5,180,500	2,175,570	32,178,202
Net Book Value	5,960,553	5,301,603	2,188,163	32,704,204
Prior Period - December 31, 2019				
Nominal	6,552,704	5,182,186	-	17,233,590
Cost	6,380,114	5,182,186	-	17,160,519
Net Book Value	6,494,825	5,297,752	-	17,455,479

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Obligations under finance leases

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	Gross	Net	Gross	Net
Under 1 year	24,659	23,607	20,932	19,639
1-4 Years	343,787	297,010	465,352	374,544
Over 4 years	981,403	658,118	947,841	541,755
Total	1,349,849	978,735	1,434,125	935,938

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

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

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

None.

7. Information on provisions

Information on employee rights

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

As of December 31, 2020, TL 794,007 (December 31, 2019: TL 608,319) provision for severance pay and TL 93,669 (December 31, 2019: TL 107,214) 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, 2020	Prior Period - December 31, 2019
Opening balance	608,319	458,222
Current service cost	60,556	42,922
Previous service cost	37	19,090
Interest cost	70,181	65,053
Paid compensation	(39,516)	(52,764)
Payment/Reduction of benefits/Layoff accordingly composed	103	6,615
loss/(gain)		
Actuary loss/(gain)	93,439	91,125
Net foreign exchange differences from foreign subsidiaries	888	199
Other Changes	-	(22,143)
Closing balance	794,007	608,319

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on pension rights

As per Article 21 of Insurance Law no. 5684 and the clauses of "Actuaries Regulation" published as per this article, the technical financial statements of the Fund is audited by an actuary registered in the actuary registry. No technical or actual deficits which need the allocation of provisions as per the actuary report dated January 2021 is identified.

Transferable retirement and health liabilities	Current Period - December 31, 2020	Prior Period - December 31, 2020
Net Present Value of Transferable Retirement Liabilities	(9,103,430)	(8,016,606)
Net Present Value of Transferable Retirement and Health Contributions	7,319,847	6,813,970
General Administration Expenses	(91,034)	(80,166)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(1,874,618)	(1,282,802)
Fair Value of Plan Assets (2)	6,577,453	6,255,056
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	4,702,835	4,972,254

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

Discount Rates	Current Period – December 31, 2020	Previous Period - December 31, 2019
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, 2020 and December 31, 2019 is presented below:

	Current Period – December 31, 2020	Previous Period - December 31, 2019
Bank placements	2,462,572	639,362
Government Bonds and Treasury Bill, Fund and Accrual	1,476,099	3,267,243
Interest Income		
Tangible assets ^(*)	2,387,853	2,219,862
Other	250,929	128,589
Total	6,577,453	6,255,056

^(*) The Tangible assets value indicates all the stocks' and real estate properties' market values, as of December, 31, 2020.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Provision for currency exchange loss on foreign currency indexed loans

	Current Period - June 30, 2020	Prior Period - December 31, 2019
Provision for Foreign Exchange Indexed Loans	7,594	546

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

As of December 31, 2020 the Parent Bank has recorded TL 43,756 (December 31, 2019: TL 57,760) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of 31 December 2020, the free provision in the financial statements amounted to a total of TL 1,072,000 (31 December 2019: TL 852,000), of which is constituted by TL 220,000 in the current period and TL 852,000 in the prior periods.

8. Taxation

Current Taxes

As at and for the year ended December 31, 2020, the tax liability of the Group is amounting to TL 396,020 (December 31, 2019: TL 586,727).

Information on taxes payable

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Corporate taxes payable	396,020	586,727
Taxation on securities	283,597	257,672
Capital gains tax on property	1,561	3,515
Taxes on foreign exchange transactions	8,002	4,428
Banking and Insurance Transaction Tax (BITT)	201,314	202,056
Value added tax payable	11,758	13,276
Other	46,994	68,391
Total	949,246	1,136,065

Information on premiums payable

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Social security premiums- employee share	538	518
Social security premiums- employer share	597	494
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	23	22
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	1,476	1,639
Unemployment insurance- employer share	2,925	3,253
Other	-	-
Total	5,559	5,926

Information on deferred tax liabilities

Information on deferred tax liabilities is presented in disclosure 15 of information and disclosures related to assets.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

None. (December 31, 2019: TL 5,372,200)

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 19,458,798 as of December 31, 2020 (December 31, 2019: TL 19,245,453).

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,144,984	6,627,849	5,139,810	4,839,684
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,144,984	6,627,849	5,139,810	4,839,684
Debt instruments to be included in the additional capital calculation	1,256,477	6,429,488	1,255,067	8,010,892
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,256,477	6,429,488	1,255,067	8,010,892
Total	6,401,461	13,057,337	6,394,877	12,850,576

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

11. Information on shareholders' equity

Paid-in capital

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Common stock	3,905,622	2,500,000
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 3,905,622 is divided into groups comprised of 27.52% Group (A), 10.00 % Group (B), 10.35% Group (C) and 52.13% Group (D).

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	3,905,622	10,000,000

At the resolutions of Board of Directors dated January 2, 2015 and 61st Ordinary Meeting of the General Assembly dated March 30, 2015, the Parent Bank's ceiling per registered share capital has been increased from TL 5,000,000 to TL 10,000,000.

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

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

Date of Increase	Amount of Increase	Cash	Profit Reserves Subject to Increase	Share Premium Subject to Increase
09 June 2020	1,405,622	1,405,622	-	-

The Parent Bank increased its paid-in capital from TL 2,500,000 to TL 3,905,622, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated 11 May 2020. Accordingly, the amendment made in the related article of the Articles of Association was registered on 09 June 2020.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and its general purpose and estimated sources that are required for commitments

None

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	1,075,144	-	763,262	-
Financial assets at fair value through other comprehensive income	154,212	868,907	561,571	318,216
Total	1,229,356	868,907	1,324,833	318,216

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Disclosures related to off-balance sheet commitments

Type and amount of consolidated irrevocable commitments

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Commitments for credit card limits	21,320,698	17,293,741
Loan granting commitments	26,088,692	18,079,079
Commitments for cheque payments	5,723,932	3,528,150
Asset purchase sale commitments	11,842,849	7,968,985
Other	3,860,001	2,250,430
Total	68,836,172	49,120,385

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

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

The Parent Bank provided specific provision amounting to TL 473,440 (December 31, 2019: TL 689,503) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 43,756 (December 31, 2019: TL 57,760).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Final letters of guarantee	26,707,408	20,929,135
Letters of guarantee for advances	6,997,981	5,608,940
Letters of guarantee given to custom offices	2,335,826	1,322,033
Provisional letters of guarantee	2,300,586	1,366,139
Other letters of guarantee	37,082,026	29,777,819
Total	75,423,827	59,004,066

2. Non-cash loans

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Non-cash loans given for cash loan risks	23,475,004	17,026,869
<i>With original maturity of 1 year or less</i>	<i>3,761,496</i>	<i>6,070,706</i>
<i>With original maturity of more than 1 year</i>	<i>19,713,508</i>	<i>10,956,163</i>
Other non-cash loans	79,001,198	61,253,448
Total	102,476,202	78,280,317

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2020				Prior Period - December 31, 2019			
	TL	%	FC	%	TL	%	FC	%
Agricultural	92,169	0.20	711,771	1.21	56,955	0.15	253,240	0.62
Farming and Cattle	85,536	0.19	663,623	1.13	52,735	0.14	231,174	0.57
Forestry	4,980	0.01	-	-	4,190	0.01	-	-
Fishing	1,653	-	48,148	0.08	30	-	22,066	0.05
Manufacturing	14,223,619	32.38	32,550,812	55.60	11,788,946	30.97	20,327,094	50.55
Mining and Quarrying	943,206	2.15	377,971	0.65	236,923	0.62	165,044	0.41
Production	8,627,927	19.64	29,210,184	49.89	7,030,835	18.47	19,172,563	47.68
Electric, gas and water	4,652,486	10.59	2,962,657	5.06	4,521,188	11.88	989,487	2.46
Construction	9,697,538	22.08	7,984,351	13.64	7,620,745	20.02	5,912,307	14.70
Services	18,167,717	41.36	15,093,405	25.78	17,217,616	45.23	10,490,645	26.09
Wholesale and retail trade	7,509,189	17.10	8,560,076	14.62	6,037,803	15.86	6,341,737	15.77
Hotel, food and beverage Services	399,272	0.91	596,204	1.02	314,844	0.83	412,217	1.03
Transportation and telecommunication	3,508,135	7.99	3,935,582	6.72	2,804,464	7.37	2,178,819	5.42
Financial institutions	3,595,286	8.18	315,111	0.54	4,702,677	12.35	174,578	0.43
Real estate and renting Services	1,652,822	3.76	1,310,291	2.24	1,139,197	2.99	465,306	1.16
Self-employment services	1,179,304	2.68	369,557	0.63	1,962,573	5.16	321,924	0.80
Education services	67,596	0.15	1,012	-	56,442	0.15	4,464	0.01
Health and social services	256,113	0.59	5,572	0.01	199,616	0.52	591,600	1.47
Other	1,747,901	3.98	2,206,919	3.77	1,385,664	3.64	3,227,105	8.04
Total	43,928,944	100.00	58,547,258	100.00	38,069,926	100.00	40,210,391	100.00

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

Current Period - December 31, 2020	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	41,833,843	30,916,493	1,323,090	895,488
Confirmed bills of exchange and acceptances	4,258	5,098,493	-	-
Letters of credit	253,982	20,506,928	-	155,028
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	1,000	474,188	-	-
Other guarantees and sureties	273,733	266,238	-	-
Non-Cash Loans	42,366,816	57,262,340	1,323,090	1,050,516

Prior Period - December 31, 2019	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	35,950,263	20,694,480	1,104,761	574,064
Confirmed bills of exchange and acceptances	7,842	4,562,605	-	3,382
Letters of credit	141,830	13,517,542	-	73,273
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	324,144	142,897	-	-
Other guarantees and sureties	217,069	276,662	-	-
Non-Cash Loans	36,641,148	39,194,186	1,104,761	650,719

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

5. Information on derivative transactions

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Trading Derivatives		
Foreign Currency Related		
Derivative Transactions (I)	120,966,766	85,949,525
Currency Forwards	3,073,644	4,537,627
Currency Swaps	116,344,721	80,075,495
Currency Futures	382,085	-
Currency Options	1,166,316	1,336,403
Interest Rate Derivative		
Transactions (II)	79,926,312	66,326,016
Interest Rate Forwards	-	-
Interest Rate Swaps	79,926,312	66,326,016
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	29,788,647	23,593,260
A. Total Trading Derivatives (I+II+III)	230,681,725	175,868,801
Hedging Derivatives		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency	-	-
Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	230,681,725	175,868,801

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Current Period - December 31, 2020						
Currency swaps:						
Purchase	26,476,028	11,801,238	6,715,770	-	223,500	45,216,536
Sale	29,727,665	11,491,289	6,926,215	-	-	48,145,169
Currency forwards:						
Purchase	50,100	301,063	1,178,211	17,153	-	1,546,527
Sale	50,014	300,610	1,159,418	17,075	-	1,527,117
Cross currency interest rate swaps:						
Purchase	-	-	7,579,285	1,639,000	3,278,760	12,497,045
Sale	-	-	6,817,007	1,177,650	2,491,314	10,485,971
Interest rate swaps:						
Purchase	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Sale	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Options:						
Purchase	442,822	93,412	38,000	-	-	574,234
Sale	461,568	97,208	33,306	-	-	592,082
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	186,250	-	-	186,250
Sale	-	-	195,835	-	-	195,835
Other trading derivatives:						
Purchase	2,614,950	563,977	2,045,191	4,085,486	7,884,604	17,194,208
Sale	4,386	563,977	1,789,764	3,139,412	7,096,900	12,594,439
Total purchases	29,648,900	12,854,690	23,015,139	10,104,711	41,554,516	117,177,956
Total sales	30,308,633	12,548,084	22,193,977	8,697,209	39,755,866	113,503,769
Total	59,957,533	25,402,774	45,209,116	18,801,920	81,310,382	230,681,725

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

Prior Period - December 31, 2019	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	15,005,140	6,896,536	3,989,479	133,623	178,650	26,203,428
Sale	16,274,347	6,921,551	4,029,209	105,000	-	27,330,107
Currency forwards:						
Purchase	101,976	537,671	1,171,136	461,825	-	2,272,608
Sale	101,790	536,140	1,166,826	460,263	-	2,265,019
Cross currency interest rate swaps:						
Purchase	-	122,124	357,300	10,734,025	2,501,707	13,715,156
Sale	-	282,977	169,645	10,002,448	2,371,734	12,826,804
Interest rate swaps:						
Purchase	10,000	111,160	1,333,330	8,113,874	23,594,644	33,163,008
Sale	10,000	111,160	1,333,329	8,113,875	23,594,644	33,163,008
Options:						
Purchase	429,818	94,300	137,745	-	-	661,863
Sale	440,210	96,002	138,328	-	-	674,540
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Other trading derivatives:						
Purchase	1,306,719	173,000	-	5,540,430	6,733,189	13,753,338
Sale	-	178,433	-	4,073,741	5,587,748	9,839,922
Total purchases	16,853,653	7,934,791	6,988,990	24,983,777	33,008,190	89,769,401
Total sales	16,826,347	8,126,263	6,837,337	22,755,327	31,554,126	86,099,400
Total	33,680,000	16,061,054	13,826,327	47,739,104	64,562,316	175,868,801

6. Contingent assets and liabilities

Group allocates TL 43,699 as provision for lawsuits against the Group (December 31, 2019: TL 37,141).

7. Services rendered on behalf of third parties

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Interest income

Information on interest income received from loans

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Short-term loans	6,204,406	678,628	10,008,384	760,812
Medium and long-term loans	23,717,180	5,813,174	18,789,551	5,021,236
Non-performing loans	657,031	-	596,949	-
Premiums received from resource utilization support fund	-	-	-	-
Total	30,578,617	6,491,802	29,394,884	5,782,048

Information on interest income received from banks

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	1,297
Domestic Banks	40,752	7,862	118,267	36,344
Foreign Banks	-	29,724	2,529	123,042
Foreign Head Office and Branches	-	-	-	-
Total	40,752	37,586	120,796	160,683

Information on interest income received from marketable securities portfolio

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	24,860	90,514	105,356	6,025
Financial assets at fair value through other comprehensive income	3,345,422	1,062,058	1,980,533	230,887
Financial assets measured at amortised cost	5,209,672	682,258	4,170,602	551,886
Total	8,579,954	1,834,830	6,256,491	788,798

Information on interest income received from associates and subsidiaries

None.

2. Interest Expense

Interest expense on funds borrowed

	Current Period - December 31, 2020		Prior Period - December 31, 2019	
	TL	FC	TL	FC
Banks	217,013	1,221,745	313,198	1,410,328
Central Bank of the Republic of Turkey	3,324	3,161	-	1,878
Domestic Banks	147,200	175,010	232,793	161,903
Foreign Banks	66,489	1,043,574	80,405	1,246,547
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	69,959	-	87,432
Total	217,013	1,291,704	313,198	1,497,760

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

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2020	Prior Period - December 31, 2019
Interests paid to the associates and subsidiaries	48,691	99,103

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2020 is TL 4,601,930 (TL 2,353,877 and 2,248,053 FC). (December 31, 2019: TL 4,150,779 (TL 2,547,592 and 1,603,187 FC)).

Maturity structure of the interest expense on deposits

Time Deposits								
Current Period – December 31, 2020	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
<i>TL</i>								
Interbank deposits	-	358,213	220,177	-	-	-	-	578,390
Saving deposits	-	1,038,790	4,328,406	197,155	31,782	207,488	783	5,804,404
Public sector deposits	11,608	1,415,586	518,925	96,913	48,357	3,197	-	2,094,586
Commercial deposits	197	1,911,666	2,540,215	71,883	72,599	84,683	-	4,681,243
Other deposits	3	176,293	1,152,718	137,070	18,037	28,009	-	1,512,130
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	11,808	4,900,548	8,760,441	503,021	170,775	323,377	783	14,670,753
<i>FC</i>								
Foreign Currency deposits	13,368	199,120	1,284,284	63,707	22,628	102,973	-	1,686,080
Interbank deposits	5,032	62,072	38,154	-	-	-	-	105,258
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	74	-	3,572	790	-	4,436
Total	18,400	261,192	1,322,512	63,707	26,200	103,763	-	1,795,774
Grand Total	30,208	5,161,740	10,082,953	566,728	196,975	427,140	783	16,466,527

Time Deposits								
Prior Period – December 31, 2019	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
<i>TL</i>								
Interbank deposits	-	127,409	341,312	161	93,568	-	-	562,450
Saving deposits	-	1,245,693	6,033,792	817,665	114,592	255,324	730	8,467,796
Public sector deposits	22,901	536,859	962,113	165,271	74,265	33,484	-	1,794,893
Commercial deposits	25	1,294,852	1,802,522	251,889	111,609	75,344	-	3,536,241
Other deposits	-	161,836	804,571	541,778	101,210	27,926	-	1,637,321
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	22,926	3,366,649	9,944,310	1,776,764	495,244	392,078	730	15,998,701
<i>FC</i>								
Foreign currency deposits	30,323	179,631	1,176,498	113,507	51,614	192,931	-	1,744,504
Interbank deposits	11,740	48,031	128,669	61	35,273	-	-	223,774
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	10	-	783	164	-	957
Total	42,063	227,662	1,305,177	113,568	87,670	193,095	-	1,969,235
Grand Total	64,989	3,594,311	11,249,487	1,890,332	582,914	585,173	730	17,967,936

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Dividend Income

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Financial assets at fair value through profit or loss	659	7,455
Financial assets at fair value through other comprehensive income	801	-
Investments in Associates	16,173	1,227
Total	17,633	8,682

4. Information on trading income/losses

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Income	57,052,753	37,861,469
Income from capital market operations	21,945,171	14,465,046
Income from derivative financial instruments	23,304,031	15,991,979
Foreign exchange gains	11,803,551	7,404,444
Losses	(59,389,585)	(40,358,010)
Loss from capital market operations	(20,334,166)	(13,965,147)
Loss from derivative financial instruments	(24,856,691)	(19,652,949)
Foreign exchange loss	(14,198,728)	(6,739,914)
Net trading profit/loss	(2,336,832)	(2,496,541)

Net loss arising from changes in foreign exchange rates that relate to the Group's foreign exchange rate based derivative financial instruments is amounting to TL 1,684,998 as at and for the year ended December 31, 2020 (December 31, 2019: net loss of TL 3,441,982).

5. Information on other operating income

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Income from reversal of the provisions for loans from prior periods ^(*)	5,385,928	3,526,235
Earned insurance premiums (net of reinsurance share)	268,629	2,015,707
Communication income	16,148	37,251
Gain on sale of assets	736,126	315,137
Income from private pension business	39,340	161,784
Rent income	99,219	20,314
Other income	1,535,567	504,584
Total	8,080,957	6,581,012

(*) As of 31 December 2020, the Parent Bank has written-off loans and provisions, which were classified in the "Group V Loans" (Loans Classified as Loss) and which do not have reasonable expectations for recovery in accordance with the Amendments Regulation published in the Official Gazette dated 27 November 2019 and numbered 30961 by BRSA.

6. Expected credit loss and other provision expenses

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Expected Credit Loss	11,617,157	8,356,813
12 month expected credit loss (stage 1)	2,728,984	1,287,701
Significant increase in credit risk (stage 2)	4,369,396	1,799,498
Non-performing loans (stage 3)	4,518,777	5,269,614
Marketable Securities Impairment Expense	14,739	58,712
Financial Assets at Fair Value through Profit or Loss	3,005	6,350
Financial Assets at Fair Value Through Other Comprehensive Income	11,734	52,362
Investments in Associates, Subsidiaries and Held-to-maturity Securities		
Value Decrease	7,183	79,637
Investments in Associates	7,183	79,637
Subsidiaries	-	-
Joint Ventures	-	-
Other	266,511	-
Total	11,905,590	8,495,162

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

7. Information on other operating expenses

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Reserve for Employee Termination Benefits	95,741	73,602
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	4,791	-
Depreciation Expenses on Tangible Assets	473,160	457,222
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	37,396	35,980
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	2,918,913	2,518,654
<i>Leasing expenses related to TFRS 16 exceptions</i>	81,040	92,870
<i>Repair and maintenance expenses</i>	79,918	77,078
<i>Advertisement expenses</i>	175,359	197,051
<i>Other expenses</i>	2,582,596	2,151,655
Loss on sale of assets	30,778	7,306
Other ^(*)	2,275,124	2,120,436
Total	5,835,903	5,213,200

^(*) Other operating expenses amounting to TL 2,275,124 (December 31, 2019: TL 2,120,436) is comprised of provision expenses for dividends to the personnel amounting to TL 349,663 (December 31, 2019: TL 252,180), TL 890,789 (December 31, 2019: None) written off loans and receivables, tax, fees and funds expenses amounting to TL 361,665 (December 31, 2019: TL 294,783), Saving Deposits Insurance Fund expenses amounting to TL 451,999 (December 31, 2019: TL 283,627) and other expenses amounting to TL 221,008 (December 31, 2019: TL 1,289,846)

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

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

9. Information on tax provision from discontinued and continuing operations

Information on provision for taxes on income from continuing operations is presented in disclosure 10 in this section. The Group has no discontinued operations.

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

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

11. Provision for taxes

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

In the current period, the Group recorded a tax provision of TL 2,037,612 (December 31, 2019: TL 1,873,816) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

Details of the Group's deferred tax expense are shown in the table below.

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

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

Sources of deferred tax benefit/charge	Current Period - December 31, 2020	Prior Period - December 31, 2019
Arising from Origination / (Reversal) of Deductible Temporary Differences	865,218	531,905
Arising from (Origination)/ Reversal of Taxable Temporary Differences	(404,850)	350,708
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from Tax Rate Change	-	-
Total	460,368	882,613

The table of the tax provision reconciliation for the years December 31, 2020 and December 31, 2019 is as below.

	Current Period – December 31, 2020	Prior Period - December 31, 2019
Profit before tax	7,984,624	4,500,032
Tax calculated with legal tam rate ^(*)	1,978,761	1,839,167
Non-deductible expenses, discounts and other, net	(401,517)	(847,964)
Total	1,577,244	991,203

^(*) Different tax rates are used in the subsidiaries of the parent bank operating abroad, there are corporate tax exemptions on earnings of some subsidiaries operating in Turkey.

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 Parent Bank's performance for the period

Group has incurred TL 48,002,021 interest income and TL 27,607,459 interest expense, also incurred TL 2,984,080 amount of net fee and commission income from its ordinary banking operations (December 31, 2019: TL 43,070,830 interest income, TL 29,275,576 interest expense, TL 3,399,115 net fee and commission income).

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

None.

13. Income/loss related to non-controlling interest

	Current Period - December 31, 2020	Prior Period - December 31, 2019
Income/(losses) related to non-controlling interest	69,927	139,470

14. Information related to the sub-accounts which constitute at least 20% of other items, in case of the components of other items in the income statement exceeding 10% of the group total

Other fees and commission income of the Group mainly consist of credit card fees and commissions, insurance commissions, research fees.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks.

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

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

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

Valuation Differences of Marketable Securities	Current Period - December 31, 2020	Prior Period - December 31, 2019
Valuation differences at the beginning of the year	879,787	(117,769)
Fair value changes in the current year	23,471	831,505
Valuation differences transferred to the statement of income	10,279	400,346
Effect of deferred and corporate taxes	(16,059)	(234,295)
Valuation differences at the end of the year	897,478	879,787

Valuation Difference of the Subsidiaries and Affiliates	Current Period - December 31, 2020	Prior Period - December 31, 2019
Valuation differences at the beginning of the year	671,619	415,853
Fair value changes in the current year	204,035	204,342
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	(10,202)	51,424
Valuation differences at the end of the year	865,452	671,619

2. Information on increases in cash flow hedges

None.

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

None.

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

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

5. Information on profit distribution

At the 66th General Assembly Meeting of the Parent Bank held on June 12, 2020, it was decided to distribute TL 2,802,291 of the distributable net period profit of 2019 totalling TL 189,709 to shareholders as legal reserves, TL 1,634,563 of it as extraordinary reserves, TL 72,815 as special funds.

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

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

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

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

"Other" item under the "operating profit before changes in operating assets and liabilities" amounting to TL (10,433,515) (December 31, 2019: TL (7,930,040)) 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 77,814,754 (December 31, 2019: TL (3,685,148)) under "changes in operating assets and liabilities" is mainly comprised of cash inflows from miscellaneous payables and rcrepuhase agreements.

"Other" item under "net cash flow from investing activities" amounting to TL (79,574) (December 31, 2019: TL (38,789)) is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assests' 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, 2020 impact of the exchange rate change on cash and cash equivalents is TL 25,608 (December 31, 2019: TL 545,639).

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

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

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

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

4. Information on cash and cash equivalents

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

	Prior Period - December 31, 2019	Prior Period - December 31, 2018
Cash on hand	2,463,458	2,345,929
Cash in TL	1,459,578	1,462,095
Cash in foreign currency	1,003,880	883,834
Cash equivalents	28,629,003	19,033,571
CBRT	33,262,426	29,144,389
Banks	7,187,797	6,704,108
Receivables from money markets	14,535	6,839
Other ^(*)	778,708	1,001,139
Loans and advances to banks having maturity of more than 3 months	(359,791)	(609,535)
Restricted cash and cash equivalents	(12,245,275)	(17,182,290)
Unrealized foreign exchange rate differences on cash equivalents	(9,397)	(31,079)
Total	31,092,461	21,379,500

^(*) As of 31 December 2019, TL 778,708 (31 December 2018: TL 1,001,139) and TL 629,403 (31 December 2018: TL 978,799) out of TL 149,305 (31 December 2018: TL 22,340) that were classified under "Other" was cash in transit and precious metals, respectively

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period- December 31, 2020	Prior Period- December 31, 2019
Cash on hand	3,115,943	2,463,458
Cash in TL	1,699,186	1,459,578
Cash in foreign currency	1,416,757	1,003,880
Cash equivalents	52,480,104	28,629,003
CBRT	88,034,872	33,262,426
Banks	3,092,180	7,187,797
Receivables from money markets	206,589	14,535
Other	2,056,427	778,708
Loans and advances to banks having maturity of more than 3 months	(73,182)	(359,791)
Restricted cash and cash equivalents	(40,835,818)	(12,245,275)
Unrealized foreign exchange rate differences on cash equivalents	(964)	(9,397)
Total	55,596,047	31,092,461

(*) As of 31 December 2020, TL 2,056,427 (31 December 2019: TL 778,708) and TL 1,849,161 (31 December 2019: TL 629,403) out of TL 207,266 (31 December 2019: TL 149,305) 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 39,571,078 as at December 31, 2020 (December 31, 2019: TL 11,470,013) has not been included in cash and cash equivalents.

Deposits of the Group amounting to TL 1,264,740 (December 31, 2019: TL 775,262) is blocked due to securitization loans and other ordinary operations of the Group.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Current Period - December 31, 2020	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	117	358,819	-	29,783	334,910	57,317
Balance at the end of the year	33	412,813	-	32,511	63,311	64,767
Interest and commission income	-	252	-	-	19,611	43

Prior Period - December 31, 2019	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	85	222,835	-	44,668	193,297	91,969
Balance at the end of the year	117	358,819	-	29,783	334,910	57,317
Interest and commission income	-	341	-	-	49,531	154

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	260,823	538,053	-	1,079,621	89,026	623,318
Balance at the end of the year	1,718,208	260,823	2,237,815	-	118,001	89,026
Interest on deposits	48,691	99,103	99,294	181,726	8,271	15,157

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

None.

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DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

Information on Benefits Provided to Directors

In the accounting period ending on December 31, 2020, a total amount of TL 47,299 was paid to the Parent Bank's top management. (December 31, 2019: 51,912 TL).

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

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches(*)	933	16,707			
				Country	
Foreign Representative Offices	-	-			
					Total Assets
Foreign Branches	1	22	USA	2,733,701	122,925
	1	14	Iraq	647,661	372,500
Off-shore Branches	1	5	Bahrain	42,033,621	-

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

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

During 2020, 3 new domestic branches (2019: 2 domestic branches) have been opened and 10 branches have been closed (2019: 10).

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SECTION SIX
OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK'S ACTIVITY

As per the resolution of 66th Annual General Assembly held on June 12, 2020, the net profit of year 2019 has been decided to be distributed as follows:

Profit Distribution Table of Year 2019	
Bank's unconsolidated profit in its statutory financial statements	2,802,291
Deferred tax credits	-
Net profit of the year subject to distribution	2,802,291
Legal reserves	189,709
<i>First Legal Reserves</i>	94,855
<i>Reserves allocated according to banking law and articles of association.</i>	94,854
Net profit of the year subject to distribution	1,707,378
Gain on sale of immovable and shares of associates and subsidiaries	72,815
Extraordinary reserves	1,634,563
Dividends to shareholders	-

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

September 2020 ^(*)	Fitch Ratings
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	BB-
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term	AA (tur)
National Outlook	Stable
Support	4
Support Rating Floor	B
Viability Note	b+
December 2020 ^(*)	Moody's Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2/NP
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B2/NP
Foreign Currency Outlook	Negative
August 2018 ^(*)	JCR Eurasia
Long Term International FC	BBB- (Negative)
Short Term International FC	A-3 (Negative)
Long Term International TL	BBB-
Short Term International TL	A-3
Long Term NSR	AAA (Stable)
Short Term NSR	A-1 + (Stable)
Support	1
Independancy from Shareholders	A

^(*) 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

As of January 8, 2021, all of the shares of the Parent Bank in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, a subsidiary of the Bank, were transferred to TC Ziraat Bankası AŞ. Thus, the Parent Bank does not have any shares in the company.

On 18 May 2020, the Qatar Financial Center Regulatory Authority (QFCRA) approved the Parent Bank's license application to carry out its banking activities and allowed the Qatar branch to be operational as of 2 February 2021.

The Parent Bank has issued financing bills with various maturities between January 1, 2021 and February 18, 2021.

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EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2020**

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SECTION SEVEN

INDEPENDENT AUDITORS’ REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REPORT

The consolidated financial statements and footnotes of the Bank and its financial subsidiaries as at and for the year ended December 31, 2020. have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ. It was noted in their audited report dated February 18, 2021 that nothing material has come to their attention that caused them to believe that the accompanying consolidated financial statements do not give a true and fair view of the Group’s financial position and results of its operations as at and for the year ended December 31, 2020.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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