

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT MARCH 31, 2023
TOGETHER WITH LIMITED REVIEW REPORT**

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

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

Independent Auditors' Review Report on Consolidated Interim Financial Information

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

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. ("the Bank") and its subsidiaries (together will be referred as "the Group") at March 31, 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Group Management is responsible for the preparation and fair presentation of these consolidated of interim financial statements in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

As stated in section 5, II.7 of Explanations and Footnotes Related to the consolidated Financial Statements the accompanying consolidated financial statements as of March 31, 2023, include a provision amounting to TL 7,000,000 thousand, of which TL 19,000,000 thousand was provided in prior years and TL 12,000,000 thousand was reversed in the current period, due to the possible effects of adverse developments in the economy and markets, which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities, and Contingent Assets".

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at March 31, 2023 and the results of its operations and its cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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



Damla Harman, SMMM
Partner

May 15, 2023
İstanbul, Türkiye

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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The consolidated financial report as at and for the three-month period ended March 31, 2023 prepared in accordance with the “Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

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

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

May 15, 2023

Mustafa SAYDAM
Chairman of The Board

Abdülkadir AKSU
Board and Audit
Committee Member

Sadık YAKUT
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

SECTION ONE

GENERAL INFORMATION

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("The Bank" or "The Parent Bank") was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called "the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı", on January 11, 1954 within the framework of the authority granted to The General Directorate of the Foundations of 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 Ministry of Treasury and Finance, in addition to its A Group and B Group shares, is indirectly the controlling shareholder in the Parent Bank's capital when the shares of the Türkiye Wealth Fund (D Group) are included.

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

The Parent Bank's shareholders structure as at March 31, 2023 and December 31, 2022 are stated below:

	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders March 31, 2023			
Türkiye Varlık Fonu (Group D)	7,415,921,523	7,415,922	74.79
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	10.84
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	4.06
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	3.91
Other appendant foundations (Group B)	2,591,250	2,591	0.03
Other real persons and legal entities (Group C)	1,527,393	1,528	0.02
Publicly traded (Group D)	630,596,723	630,597	6.35
Total	9,915,921,523	9,915,922	100.00

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

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

GENERAL INFORMATION (Continued)

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

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

With the Presidential Decree dated December 3, 2019, published in line with the relevant provisions of Law No. 6219, 58.51% of the total of 43.00% (A) Group and 15.51% (B) Group, managed and represented by the General Directorate of Foundations' per share value of share is determined.

In accordance with the relevant provisions of the Law No. 6219, the provisions of the Capital Market Law, including the obligation to propose shares regarding the transfer transactions regarding the shares specified in the Presidential Decree of December 3, 2019, will not be applied. There will be no changes regarding the 25.22% shares of the (D) Group traded at the stock exchange.

The process regarding the transfer of bank shares has been completed as of December 11, 2019 and 58.51% of the Parent Bank's share has been transferred to the Treasury and has been recorded in the Parent Bank's share book on behalf of the Ministry of Treasury and Finance of the Republic of Türkiye.

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

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

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the May 20, 2020, the shares were sold to Türkiye Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

By the Decision of the Parent Bank's Board of Directors dated February 9, 2022, provided that the Parent Bank will remain within the registered capital ceiling, the Parent Bank's paid-in capital of TL 3,905,622 will be increased through the method of cash increase of capital to be obtained from the allocated and cash total sales revenue of TL 13,400,000 by completely restricting the rights of the existing shareholders, and all shares to be issued due to this capital increase will be increased within the framework of the relevant legislation of the Capital Market Board, the Banking Regulation and Supervision Agency, and Borsa İstanbul's Procedure for Wholesale Transactions, it has been decided to sell to the Turkish Wealth Fund by allocated sales method without a public offering.

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

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

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GENERAL INFORMATION (Continued)

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

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

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

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

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(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>				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	29 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	25 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	32 years
Dr. Adnan ERTEM	Member	October 28, 2010	PhD	35 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	37 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	4 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	4 years
Prof.Dr.Mehmet Hüseyin BİLGİN	Member	March 25, 2022	PhD	18 years
Haydar Kemal KURT	Member	March 25, 2022	Bachelor’s	1 years
<u>Audit Committee</u>				
Abdülkadir AKSU	Member	March 25,2022	Bachelor’s	4 years
Sadık YAKUT	Member	March 25,2022	Bachelor’s	4 years
<u>Auditor</u>				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	39 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	4 years
<u>Assistant General Managers</u>				
Metin Recep ZAFER	Credit, Customer and Account Operations Department, Core Banking Software Development Department, Treasury Operations Department, Foreign Operations Department, It System and Software Support Department, R&D, Marketing and Infrastructure Software Development Department, System Management Department, It Planning and Coordination Department	June 13, 2006	PhD	28 years
Muhammet Lütfü ÇELEBİ	Human Resources Department Organisation Development, Performance Management and Academy Department	October 23, 2013	Bachelor’s	28 years
Şuayyip İLBİLGİ	General Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	26 years
Mikail HIDİR	Office of Chief Legal Counsel Department,Credit Risk Liquidation Department	December 26,2018	Bachelor’s	19 years
Hazım AKYOL	Corporate Loans Allocation Management, Commercial Loans Allocation Management 1-2, Special Loans Management Retail and SME Loans Allocation Management	May 31, 2019	Bachelor’s	29 years
Alaattin ŞİMŞEK	Corporate Banking Marketing, Commercial Banking Marketing, SME Banking Marketing Retail Banking Marketing Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches Public Institutions and Local Governments Banking Marketing	May 31, 2019	Bachelor’s	28 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	26 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	23 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Financial Analysis and Rating Department	July 8, 2020	Bachelor’s	28 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master’s	26 years
Mustafa TURAN	Individual Banking Marketing, Deposit Management and Marketing Department,Payment Systems Banking Marketing Department	January 4, 2022	Bachelor’s	18 years

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

by unanimous vote.

IV. INFORMATION ON THE PARENT BANK'S QUALIFIED SHAREHOLDERS

Current Period - March 31, 2023

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	7,415,922	74.79	7,415,922	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	10.84	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	4.06	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	3.91	387,673	-

Prior Period - December 31, 2022

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

With the Decree Law No. 696 published in the Official Gazette dated December 24, 2017, the Presidential decision dated December 3, 2019 and the material event disclosure made by the Parent Bank on February 25, 2022 and March 21, 2023 the material event disclosure made by the Parent Bank and the changes brought about the Parent Bank's capital structure are explained in detail in the I. Section General Information section of the report, under heading II.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

As at March 31, 2023, The Parent Bank has 945 domestic, 4 foreign, in total 949 branches (December 31, 2022: 945 domestic, 4 foreign, in total 949 branches). As of March 31, 2023, The Parent Bank has 17,038 employees (December 31, 2022: 16,961 employees).

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

GENERAL INFORMATION (Continued)

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

As at and for the three-month period ended March 31, 2023, the financial statements of T. Vakıflar Bankası T.A.O., VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the full consolidated financial statements of the Group.

As at and for the three-month period ended March 31, 2023, the financial statements of Kıbrıs Vakıflar Bankası Ltd., Türkiye Sınai Kalkınma Bankası AŞ and Birleşim Varlık Yönetim AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT MARCH 31, 2023**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	ASSETS	Notes	Current Period March 31, 2023			Prior Period December 31, 2022		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		137,522,688	342,975,012	480,497,700	159,588,166	388,649,309	548,237,475
1.1	Cash and cash equivalents	V-I-1	42,062,114	217,625,060	259,687,174	60,622,683	249,196,605	309,819,288
1.1.1	Cash and balances at Central Bank	V-I-1	41,839,960	171,113,152	212,953,112	48,395,442	220,579,872	268,975,314
1.1.2	Banks	V-I-3	221,472	46,526,475	46,747,947	143,920	28,616,758	28,760,678
1.1.3	Receivables from Money Markets		1,348	-	1,348	12,096,010	-	12,096,010
1.1.4	Allowance for expected credit losses (-)	V-I-16	666	14,567	15,233	12,689	25	12,714
1.2	Financial assets at fair value through profit or loss	V-I-2	3,731,966	19,350,241	23,082,207	504,753	16,862,130	17,366,883
1.2.1	Public debt securities		-	18,924,147	18,924,147	115,680	16,478,799	16,594,479
1.2.2	Equity instruments		122,888	426,094	548,982	190,053	383,331	573,384
1.2.3	Other financial assets		3,609,078	-	3,609,078	199,020	-	199,020
1.3	Financial assets at fair value through other comprehensive income	V-I-4	77,979,567	102,413,797	180,393,364	84,231,073	119,452,406	203,683,479
1.3.1	Public debt securities		75,650,478	99,883,420	175,533,898	81,886,540	116,584,580	198,471,120
1.3.2	Equity instruments		149,816	11,562	161,378	124,461	10,128	134,589
1.3.3	Other financial assets		2,179,273	2,518,815	4,698,088	2,220,072	2,857,698	5,077,770
1.4	Derivative financial assets	V-I-2	13,749,041	3,585,914	17,334,955	14,229,657	3,138,168	17,367,825
1.4.1	Derivative financial assets at fair value through profit or loss		13,749,041	3,585,914	17,334,955	14,229,657	3,138,168	17,367,825
1.4.2	Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		957,503,330	334,664,559	1,292,167,889	755,139,843	334,290,143	1,089,429,986
2.1	Loans	V-I-5	791,915,026	303,484,089	1,095,399,115	646,001,138	296,228,477	942,229,615
2.2	Receivables from leasing transactions	V-I-10	5,418,979	4,088,632	9,507,611	4,317,489	4,106,488	8,423,977
2.3	Factoring receivables		21,506,395	631,996	22,138,391	22,125,575	538,086	22,663,661
2.4	Financial assets measured at amortised cost	V-I-6	173,876,529	35,276,421	209,152,950	124,556,209	34,036,643	158,592,852
2.4.1	Public debt securities		173,817,579	35,063,638	208,881,217	124,497,259	33,829,671	158,326,930
2.4.2	Other financial assets		58,950	212,783	271,733	58,950	206,972	265,922
2.5	Allowance for expected credit losses (-)		35,213,599	8,816,579	44,030,178	41,860,568	619,551	42,480,119
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-14	214,079	-	214,079	410,978	-	410,978
3.1	Held for sale purpose		214,079	-	214,079	410,978	-	410,978
3.2	Related to discontinued operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		5,247,830	3	5,247,833	5,028,623	3	5,028,626
4.1	Investments in associates (Net)	V-I-7	4,358,792	3	4,358,795	4,139,585	3	4,139,588
4.1.1	Associates accounted by using equity method		1,336,033	-	1,336,033	1,116,825	-	1,116,825
4.1.2	Unconsolidated associates		3,022,759	3	3,022,762	3,022,760	3	3,022,763
4.2	Investments in subsidiaries (Net)	V-I-8	889,038	-	889,038	889,038	-	889,038
4.2.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated non-financial subsidiaries		889,038	-	889,038	889,038	-	889,038
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated jointly controlled partnerships		-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)		12,842,029	59,134	12,901,163	11,632,986	50,261	11,683,247
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)		492,758	10,787	503,545	459,233	10,643	469,876
6.1	Goodwill		14,631	-	14,631	14,631	-	14,631
6.2	Other		478,127	10,787	488,914	444,602	10,643	455,245
VII.	INVESTMENT PROPERTIES (Net)	V-I-12	1,325,662	-	1,325,662	1,307,194	-	1,307,194
VIII.	CURRENT TAX ASSETS		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	V-I-13	4,683,932	153,139	4,837,071	2,840,206	221,208	3,061,414
X.	OTHER ASSETS (Net)	V-I-15	46,975,027	2,825,957	49,800,984	39,254,646	8,148,415	47,403,061
TOTAL ASSETS			1,166,807,335	680,688,591	1,847,495,926	975,661,875	731,369,982	1,707,031,857

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT MARCH 31, 2023**

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

LIABILITIES AND EQUITY	Notes	Current Period March 31, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	826,979,623	432,894,022	1,259,873,645	678,221,429	453,876,314	1,132,097,743
II. BORROWINGS	V-II-3	26,446,254	144,499,290	170,945,544	14,481,137	124,887,682	139,368,819
III. MONEY MARKET FUNDS		41,234,178	49,211,795	90,445,973	56,775,981	82,298,008	139,073,989
IV. MARKETABLE SECURITIES ISSUED (Net)	V-II-3	3,697,068	62,652,111	66,349,179	7,537,971	63,540,148	71,078,119
4.1 Bills		2,685,914	379,683	3,065,597	5,977,873	1,411,042	7,388,915
4.2 Asset backed securities		-	-	-	-	-	-
4.3. Bonds		1,011,154	62,272,428	63,283,582	1,560,098	62,129,106	63,689,204
V. FUNDS		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	49,534	4,493,078	4,542,612	207,781	4,511,816	4,719,597
7.1 Derivative financial liabilities at fair value through profit or loss		49,534	4,493,078	4,542,612	207,781	4,511,816	4,719,597
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		109	-	109	5,468	-	5,468
IX. LEASE PAYABLES (Net)	V-II-5	1,629,956	3,780	1,633,736	1,020,639	4,080	1,024,719
X. PROVISIONS	V-II-7	11,548,963	147,181	11,696,144	23,225,345	150,999	23,376,344
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		3,926,079	16,303	3,942,382	3,754,831	12,879	3,767,710
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		7,622,884	130,878	7,753,762	19,470,514	138,120	19,608,634
XI. CURRENT TAX LIABILITIES	V-II-8	6,679,311	18,696	6,698,007	5,390,526	19,871	5,410,397
XII. DEFERRED TAX LIABILITIES	V-II-8	67,442	-	67,442	56,404	-	56,404
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	9,629,808	15,307,675	24,937,483	9,567,360	14,475,926	24,043,286
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		9,629,808	15,307,675	24,937,483	9,567,360	14,475,926	24,043,286
XV. OTHER LIABILITIES	V-II-4	51,118,325	14,980,199	66,098,524	45,171,865	15,076,574	60,248,439
XVI. SHAREHOLDERS' EQUITY	V-II-11	142,820,847	1,383,676	144,204,523	105,154,480	1,371,048	106,525,528
16.1 Paid-in capital	V-II-11	9,915,922	-	9,915,922	7,111,364	-	7,111,364
16.2 Capital reserves		45,164,440	153,036	45,317,476	16,277,467	128,856	16,406,323
16.2.1 Equity share premiums		45,600,943	-	45,600,943	16,469,500	-	16,469,500
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(436,503)	153,036	(283,467)	(192,033)	128,856	(63,177)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		5,777,577	-	5,777,577	5,504,921	-	5,504,921
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		11,558,081	685,757	12,243,838	11,670,632	294,149	11,964,781
16.5 Profit reserves		37,383,344	446,150	37,829,494	37,034,559	446,150	37,480,709
16.5.1 Legal reserves		4,241,800	26,550	4,268,350	3,973,387	26,550	3,999,937
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		31,566,995	415,985	31,982,980	31,488,616	415,985	31,904,601
16.5.4 Other profit reserves		1,568,212	3,615	1,571,827	1,566,219	3,615	1,569,834
16.6 Profit or loss		31,066,618	94,063	31,160,681	25,753,468	497,223	26,250,691
16.6.1 Prior years' profits or losses		25,842,904	(21,814)	25,821,090	345,471	93,771	439,242
16.6.2 Current period net profit or loss		5,223,714	115,877	5,339,591	25,407,997	403,452	25,811,449
16.7 Minority interests		1,954,865	4,670	1,959,535	1,802,069	4,670	1,806,739
TOTAL LIABILITIES AND EQUITY		1,121,904,423	725,591,503	1,847,495,926	946,819,391	760,212,466	1,707,031,857

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED OFF-BALANCE SHEET
ITEMS AS AT MARCH 31, 2023**

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

	Notes	Current Period March 31, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)						
I.	GUARANTEES AND SURETIES	V-III-2					
1.1.	Letters of guarantee	V-III-1					
1.1.1.	Guarantees subject to state tender law	144,511,889	95,596,587	240,108,476	123,541,954	97,329,707	220,871,661
1.1.2.	Guarantees given for foreign trade operations	4,831,029	37,405,713	42,236,742	4,903,928	35,090,731	39,994,659
1.1.3.	Other letters of guarantee	6,126,138	-	6,126,138	5,938,641	-	5,938,641
1.2.	Bank acceptances	133,554,722	58,190,874	191,745,596	112,699,385	62,238,976	174,938,361
1.2.1.	Import letter of acceptance	49,258	3,278,167	3,327,425	49,258	3,630,388	3,679,646
1.2.2.	Other bank acceptances	-	780,247	780,247	-	873,407	873,407
1.3.	Letters of credit	V-III-4					
1.3.1.	Documentary letters of credit	49,258	2,497,920	2,547,178	49,258	2,756,981	2,806,239
1.3.2.	Other letters of credit	1,919,298	52,170,065	54,089,363	1,714,806	47,594,116	49,308,922
1.4.	Pre-financings given as guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	15,258	15,258	-	14,896	14,896
1.5.1.	Endorsements to the Central Bank of the Republic of Türkiye	-	-	-	-	-	-
1.5.2.	Other endorsements	-	-	-	-	-	-
1.6.	Purchase guarantees for securities issued	-	-	-	-	-	-
1.7.	Factoring guarantees	1,267,289	1,762,745	3,030,034	1,127,137	1,707,246	2,834,383
1.8.	Other guarantees	161,529	327,212	488,741	161,529	316,843	478,372
1.9.	Other warranties	765,001	1,502,820	2,267,821	730,001	1,438,350	2,168,351
II.	COMMITMENTS	V-III-1					
2.1.	Irrevocable commitments	V-III-1					
2.1.1.	Asset purchase and sales commitments	279,129,406	163,156,190	442,285,596	196,350,452	149,570,373	345,920,825
2.1.2.	Deposit purchase and sales commitments	247,346,042	64,219,263	311,565,305	167,179,222	52,771,984	219,951,206
2.1.3.	Share capital commitments to associates and subsidiaries	36,363,863	62,718,574	99,082,437	5,100,287	51,092,262	56,192,549
2.1.4.	Loan granting commitments	-	-	-	-	-	-
2.1.5.	Securities issuance brokerage commitments	70,341,727	2,954	70,344,681	60,802,246	2,754	60,805,000
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Commitments for cheque payments	-	-	-	-	-	-
2.1.8.	Tax and fund liabilities from export commitments	9,841,667	-	9,841,667	6,916,438	-	6,916,438
2.1.9.	Commitments for credit card expenditure limits	-	-	-	-	-	-
2.1.10.	Commitments for credit cards and banking services promotions	116,149,082	-	116,149,082	81,979,697	-	81,979,697
2.1.11.	Receivables from short sale commitments on marketable securities	5,493,472	-	5,493,472	5,676,476	-	5,676,476
2.1.12.	Payables for short sale commitments on marketable securities	-	-	-	-	-	-
2.1.13.	Other irrevocable commitments	-	-	-	-	-	-
2.2.	Revocable commitments	9,156,231	1,497,735	10,653,966	6,704,078	1,676,968	8,381,046
2.2.1.	Revocable loan granting commitments	31,783,364	98,936,927	130,720,291	29,171,230	96,798,389	125,969,619
2.2.2.	Other revocable commitments	31,783,364	98,936,927	130,720,291	29,171,230	96,798,389	125,969,619
III.	DERIVATIVE FINANCIAL INSTRUMENTS	47,570,354	411,596,010	459,166,364	38,801,134	365,273,978	404,075,112
3.1.	Derivative financial instruments held for hedging	-	-	-	-	-	-
3.1.1.	Fair value hedges	-	-	-	-	-	-
3.1.2.	Cash flow hedges	-	-	-	-	-	-
3.1.3.	Hedging for investments made in foreign countries	-	-	-	-	-	-
3.2.	Trading transactions	47,570,354	411,596,010	459,166,364	38,801,134	365,273,978	404,075,112
3.2.1.	Forward foreign currency purchase and sale transactions	495,267	1,111,552	1,606,819	1,031,528	1,153,908	2,185,436
3.2.1.1.	Forward foreign currency purchase transactions	369,062	440,924	809,986	933,919	249,366	1,183,285
3.2.1.2.	Forward foreign currency sales	126,205	670,628	796,833	97,609	904,542	1,002,151
3.2.2.	Currency and interest rate swaps	45,492,911	297,395,635	342,888,546	25,130,648	280,115,374	305,246,022
3.2.2.1.	Currency swap purchase transactions	3,986,550	88,635,095	92,621,645	1,203,410	80,360,744	81,564,154
3.2.2.2.	Currency swap sale transactions	40,056,361	60,798,719	100,855,080	22,417,238	55,865,357	78,282,595
3.2.2.3.	Interest rate swap purchase transactions	725,000	73,980,910	74,705,910	755,000	71,944,637	72,699,637
3.2.2.4.	Interest rate swap sale transactions	725,000	73,980,911	74,705,911	755,000	71,944,636	72,699,636
3.2.3.	Currency, interest rate and security options	174,652	1,687,222	1,861,874	10,648,322	11,846,306	22,494,628
3.2.3.1.	Currency purchase options	174,652	813,339	987,991	10,648,322	716,531	11,364,853
3.2.3.2.	Currency sale options	-	873,883	873,883	-	11,129,775	11,129,775
3.2.3.3.	Interest rate purchase options	-	-	-	-	-	-
3.2.3.4.	Interest rate sale options	-	-	-	-	-	-
3.2.3.5.	Security purchase options	-	-	-	-	-	-
3.2.3.6.	Security sale options	-	-	-	-	-	-
3.2.4.	Currency futures	237,770	230,221	467,991	820,882	655,550	1,476,432
3.2.4.1.	Currency purchase futures	-	230,221	230,221	-	655,550	655,550
3.2.4.2.	Currency sales futures	237,770	-	237,770	820,882	-	820,882
3.2.5.	Interest rate futures	-	-	-	-	-	-
3.2.5.1.	Interest rate purchases futures	-	-	-	-	-	-
3.2.5.2.	Interest rate sales futures	-	-	-	-	-	-
3.2.6.	Other	1,169,754	111,171,380	112,341,134	1,169,754	71,502,840	72,672,594
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	16,844,546,509	12,669,998,536	29,514,545,045	14,030,466,860	12,053,825,441	26,084,292,301
IV.	ITEMS HELD IN CUSTODY	198,476,395	118,104,962	316,581,357	162,969,413	172,430,393	235,399,806
4.1.	Customer fund and portfolio balances	9,224,142	-	9,224,142	8,967,602	-	8,967,602
4.2.	Securities held in custody	59,686,315	62,745,325	122,431,640	60,034,179	23,547,755	83,581,934
4.3.	Checks received for collection	53,837,641	3,980,846	57,818,487	44,976,704	2,032,540	47,009,244
4.4.	Commercial notes received for collection	26,744,128	4,810,384	31,554,512	21,891,692	4,640,850	26,532,542
4.5.	Other assets received for collection	2,152	767	2,919	2,152	749	2,901
4.6.	Securities received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	1,031,934	41,012,830	42,044,764	1,006,161	36,811,019	37,817,180
4.8.	Custodians	47,950,083	5,554,810	53,504,893	26,090,923	5,397,480	31,488,403
V.	PLEDGED ITEMS	3,386,148,423	666,476,376	4,052,624,799	2,228,692,422	619,386,476	2,848,078,898
5.1.	Marketable securities	1,001,094	2,618,919	3,620,013	1,137,763	1,876,845	3,014,608
5.2.	Guarantee notes	12,223,437	8,590,835	20,814,272	5,376,514	6,818,656	12,195,170
5.3.	Commodity	196,170,799	8,372,617	204,543,416	168,878,389	8,073,124	176,951,513
5.4.	Warrant	-	-	-	-	-	-
5.5.	Immovables	2,833,301,510	538,491,214	3,371,792,724	1,783,113,213	504,987,569	2,288,100,782
5.6.	Other pledged items	343,076,414	108,247,747	451,324,161	269,844,038	97,432,224	367,276,262
5.7.	Depositories receiving pledged items	375,169	155,044	530,213	342,505	198,058	540,563
VI.	ACCEPTED GUARANTEES AND WARRANTIES	13,259,921,691	11,885,417,198	25,145,338,889	11,638,805,025	11,362,008,572	23,000,813,597
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		17,319,920,533	13,399,403,590	30,719,324,123	14,392,943,131	12,720,701,338	27,113,644,469

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT
OR LOSS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

			Current Period January 1, 2023- March 31, 2023	Prior Period January 1, 2022- March 31, 2022
	Notes			
I. INTEREST INCOME	V-IV-1		44,513,274	25,256,340
1.1 Interest on loans	V-IV-1		28,964,258	16,512,537
1.2 Interest received from reserve deposits			324,409	234,086
1.3 Interest received from banks	V-IV-1		443,851	18,805
1.4 Interest received from money market transactions			54,707	761
1.5 Interest received from marketable securities portfolio	V-IV-1		14,076,918	8,326,892
1.5.1 Financial assets at fair value through profit or loss			115,299	93,446
1.5.2 Financial assets at fair value through other comprehensive income			5,143,916	4,012,670
1.5.3 Financial assets measured at amortised cost			8,817,703	4,220,776
1.6 Finance lease interest income			493,449	146,484
1.7 Other interest income			155,682	16,775
II. INTEREST EXPENSES (-)	V-IV-2		36,979,619	15,782,472
2.1 Interest on deposits	V-IV-2		30,140,622	9,726,560
2.2 Interest on funds borrowed	V-IV-2		2,452,892	775,048
2.3 Interest on money market transactions			1,803,195	3,177,640
2.4 Interest on securities issued	V-IV-2		1,855,943	1,753,250
2.5 Leasing interest income			118,690	48,378
2.6 Other interest expenses			608,277	301,596
III. NET INTEREST INCOME/EXPENSE (I - II)			7,533,655	9,473,868
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			3,802,317	1,668,497
4.1 Fees and commissions received			4,766,317	2,171,039
4.1.1 Non-cash loans			620,595	358,862
4.1.2 Other			4,145,722	1,812,177
4.2 Fees and commissions paid (-)			964,000	502,542
4.2.1 Non-cash loans			11,355	6,042
4.2.2 Other			952,645	496,500
V. DIVIDEND INCOME			2,281	25,921
VI. TRADING PROFIT/LOSS (Net)	V-IV-3		2,334,125	1,255,692
6.1 Profit/losses from capital market transactions	V-IV-3		1,056,176	531,753
6.2 Profit/losses from derivative financial transactions	V-IV-3		(79,539)	(43,836)
6.3 Foreign exchange profit/losses	V-IV-3		1,357,488	767,775
VII. OTHER OPERATING INCOME	V-IV-4		25,082,211	3,395,270
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)			38,754,589	15,819,248
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-5		13,423,846	6,692,640
X. OTHER PROVISION EXPENSES (-)	V-IV-5		93,089	414,714
XI. PERSONNEL EXPENSES (-)			3,030,378	1,403,022
XII. OTHER OPERATING EXPENSES (-)	V-IV-6		17,086,448	1,835,318
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)			5,120,828	5,473,554
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER			-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES			126,731	51,982
XVI. NET MONETARY POSITION GAIN/LOSS			-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	V-IV-7		5,247,559	5,525,536
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-10		237,383	(2,154,950)
18.1 Current tax provision	V-IV-10		(1,293,520)	(9,877,005)
18.2 Expense effect of deferred tax (+)	V-IV-10		(507,363)	(995,667)
18.3 Income effect of deferred tax (-)	V-IV-10		2,038,266	8,717,722
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-9		5,484,942	3,370,586
XX. INCOME FROM DISCONTINUED OPERATIONS			-	-
20.1 Income from assets held for sale			-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures			-	-
20.3 Other income from discontinued operations			-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)			-	-
21.1 Expenses on assets held for sale			-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures			-	-
21.3 Other expenses from discontinued operations			-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)			-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
23.1 Current tax provision			-	-
23.2 Expense effect of deferred tax (+)			-	-
23.3 Income effect of deferred tax (-)			-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)			-	-
XXV. NET PROFIT/LOSSES (XIX+XXIV)	V-IV-11		5,484,942	3,370,586
25.1 Group's profit/(loss)			5,339,591	3,259,630
25.2 Profit/(Loss) from Minority shares (-)			145,351	110,956
Profit/Loss per 100 shares (full TL)	III-XXIV		0.6344	0.7605

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT
OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED MARCH 31,
2023**

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

		Current Period January 1, 2023- March 31, 2023	Prior Period January 1, 2022- March 31, 2022
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
I.	PROFIT (LOSS)	5,484,942	3,370,586
II.	OTHER COMPREHENSIVE INCOME	550,753	7,020,565
2.1.	Other comprehensive income that will not be reclassified to profit or loss	271,696	375
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	(1,470)	32
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	4,540	(975)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	27,098	1,118
2.1.5.	Taxes Relating to Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	241,528	200
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	279,057	7,020,190
2.2.1.	Exchange Differences on Translation	10,731	81,659
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	13,313	8,182,815
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	260,304	375,735
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	(5,291)	(1,620,019)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	6,035,695	10,391,151

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

(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								
	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity
	Current Period March 31, 2023																
I.	Prior Period End Balance	7,111,364	16,469,500	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	26,250,691	-	104,718,789	1,806,739	106,525,528
II.	Accounting Policy Changes																
	Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	7,111,364	16,469,500	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	26,250,691	-	104,718,789	1,806,739	106,525,528
IV.	Total Comprehensive Income	-	-	-	-	240,783	3,578	27,098	10,731	8,022	260,304	-	-	5,339,591	5,890,107	145,588	6,035,695
V.	Capital Increase by Cash	2,804,558	29,131,443	-	-	-	-	-	-	-	-	-	-	-	31,936,001	-	31,936,001
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	-	-	-	(220,290)	-	-	-	-	-	-	10,134	(89,748)	-	(299,904)	7,208	(292,696)
XI.	Profit Distribution	-	-	-	-	-	-	1,197	-	-	-	338,651	(339,853)	-	(5)	-	(5)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	326,480	(326,485)	-	(5)	-	(5)
11.3.	Other	-	-	-	-	-	-	1,197	-	-	-	12,171	(13,368)	-	-	-	-
	Ending Balance	9,915,922	45,600,943	-	(283,467)	3,621,837	(797,001)	2,952,741	1,501,384	10,810,239	(67,785)	37,829,494	25,821,090	5,339,591	142,244,988	1,959,535	144,204,523

1. Property & Equipment Revaluation Increase/Decrease

2. Defined Benefit Pension Plan Remeasurement Gain/Loss

3. Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)

4. Translation Differences from Foreign Currency Transactions

5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income

6. Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method).

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIOD ENDED March 31, 2022

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						Total SE Except minority share	Minority interest	Total Shareholders' Equity
Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)				
	Prior Period March 31, 2022																
I.	Prior Period End Balance	3,905,622	6,303,367	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	5,197,169	-	52,984,960	1,215,068	54,200,028
II.	Corrections and Accounting Policy Changes Made According to TAS 8																
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)	3,905,622	6,303,367	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	5,197,169	-	52,984,960	1,215,068	54,200,028
IV.	Total Comprehensive Income	-	-	-	-	(82)	(730)	1,015	81,659	6,562,796	375,735	-	-	3,259,630	10,280,023	111,128	10,391,151
V.	Capital Increase by Cash	3,205,742	10,164,718	-	-	-	-	-	-	-	-	-	-	-	13,370,460	-	13,370,460
VI.	Capital Increase by Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	1,366	-	(32)	-	-	-	-	-	-	216,744	(646,294)	-	(428,216)	31,504	(396,712)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	4,079,376	(4,079,411)	-	(35)	(965)	(1,000)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(19)	-	(19)	(965)	(984)
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	4,075,763	(4,075,779)	-	(16)	-	(16)
11.3.	Other	-	-	-	-	-	-	-	-	-	-	3,613	(3,613)	-	-	-	-
	Ending Balance	7,111,364	16,469,451	-	(110,776)	892,587	(233,880)	1,628,535	1,058,856	8,266,577	(71,024)	37,464,408	471,464	3,259,630	76,207,192	1,356,735	77,563,927

- 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
ORIGINALLY ISSUED IN TURKISH**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF CASH
FLOW FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

	Notes	Current Period March 31, 2023	Prior Period March 31, 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		25,121,334	4,085,289
1.1.1 Interests received		43,720,997	15,371,816
1.1.2 Interests paid		(36,360,633)	(14,959,513)
1.1.3 Dividends received		2,281	25,921
1.1.4 Fee and commissions received		4,016,313	1,675,037
1.1.5 Other income		1,294,308	387,085
1.1.6 Collections from previously written-off loans and other receivables		1,057,598	986,713
1.1.7 Cash payments to personnel and service suppliers		(3,240,964)	(1,483,341)
1.1.8 Taxes paid		(54,788)	(138,035)
1.1.9 Other		14,686,222	2,219,606
1.2 Changes in operating assets and liabilities		17,927,070	(16,173,209)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(5,852,091)	1,556,652
1.2.2 Net increase (decrease) in due from banks		73,270,562	2,693,550
1.2.3 Net increase (decrease) in loans		(156,741,864)	(56,510,820)
1.2.4 Net increase (decrease) in other assets		(1,462,270)	(286,201)
1.2.5 Net increase (decrease) in bank deposits		(38,193,010)	1,803,805
1.2.6 Net increase (decrease) in other deposits		159,872,196	68,244,217
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		30,606,451	376,267
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(43,572,904)	(34,050,679)
I. Net cash flow provided from banking operations		43,048,404	(12,087,920)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(49,678,377)	(17,491,476)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(119,285)	(64,994)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures		-	-
2.3 Cash paid for the purchase of tangible and intangible asset		(1,158,976)	(1,050,943)
2.4 Cash obtained from the sale of tangible and intangible asset		349,009	754,741
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(7,561,594)	(3,850,164)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		1,240,783	837,113
2.7 Cash paid for the purchase of financial assets at amortized cost		(45,951,311)	(14,599,060)
2.8 Cash obtained from sale of financial assets at amortized cost		3,575,213	512,412
2.9 Other		(52,216)	(30,581)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		29,146,455	17,196,818
3.1 Cash obtained from funds borrowed and securities issued		3,086,296	8,485,628
3.2 Cash outflow from funds borrowed and securities issued		(6,482,719)	(4,574,345)
3.3 Equity instruments issued		32,706,660	13,400,000
3.4 Dividends paid		-	(965)
3.5 Payments for finance lease liabilities		(163,782)	(113,500)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		623,521	(204,531)
V. Net increase/decrease in cash and cash equivalents		23,140,003	(12,587,109)
VI. Cash and cash equivalents at beginning of the period		129,683,048	98,987,321
VII. Cash and cash equivalents at end of the period		152,823,051	86,400,212

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

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**SECTION THREE
ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA Türkiye Accounting Standard 34 ("TAS 34") , Interim Financial Reporting Standard and Turkish Financial Reporting Standards ("TFRS") enforced by Public Oversight, Accounting and Auditing Standards Authority ("POA") and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements" and "Communiqué on Disclosures about Risk Management to be Announced to Public by Banks" and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Parent Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

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

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from January 1, 2021. Loans given from items indexed to benchmark interest rates in the Parent Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Parent Bank's financial position or performance. The process for the Benchmark Interest Rate Reform is expected to be completed by March 31, 2023, and the Parent Bank's efforts to adapt to the changes continue. As of March 31, 2023, the Parent Bank has no hedging transactions based on the benchmark interest rate.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. IAS 29 identifies characteristics that may indicate an economy is a hyperinflationary. At the same time, According to TAS 29, all entities reporting in the currency of a hyperinflationary economy are required to apply this standard from the same date. From this basis, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 simultaneously, with the announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority (POA) in order to ensure consistency in practice across the country. Nevertheless, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on March 31, 2023. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of March 31, 2023.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Tensions between Russia and Ukraine have turned into a crisis and heated conflict within Ukraine. The Parent Bank does not have direct activity in the relevant geography and the crisis is not expected to have a direct impact on bank operations. However, the course of the crisis is uncertain as of the date of the report, developments are monitored, and its estimated effects are evaluated within the scope of the relevant accounting standards and taken into account in the preparation of financial statements.

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

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

Strategy for the use of financial instruments

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

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

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

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

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

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

Information on foreign currency transactions

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

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

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ACCOUNTING POLICIES (Continued)

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

On March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of VakıfBank International AG Türkiye Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 million EUR of VakıfBank International AG's paid-in capital shares amounting to 100 million EUR, the fair value hedging strategy has been applied. In this context, 76 million EUR portion of the securities issued by the Bank on April, 24 2019 with a nominal amount of 700 million Euros and the redemption date of April 24, 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the profit or loss statement as long as the hedging transaction is effective. In this context, as of March 31, 2023, the foreign exchange income presented in the profit or loss statement is TL 67,784. 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 March 31, 2023, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

Consolidated subsidiaries

As at and for the three-month period ended March 31, 2023, the financial statements of T. Vakıflar Bankası T.A.O., VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

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

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at March 31, 2023 and December 31, 2022 but until the liquidation decision date its accumulated previous years' loss has been included in the accompanying consolidated financial statements.

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

As per the resolution of the Board of Directors of the Parent Bank held on September 8, 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at March 31, 2023 and December 31, 2022, but its equity until the merger date has been included in the accompanying consolidated financial statements.

Investments in associates consolidated per equity method

As at and for the three-month period ended March 31, 2023, 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.

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

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

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

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

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

Finance leasing activities

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

Factoring operations

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

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

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

Classification and Measurement of Financial Instruments

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

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

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

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

Derivative Financial Assets

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Loans

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

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS

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

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

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

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

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

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

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

For corporate and retail portfolios, different LGD calculations are performed. Since the dragging effect, LGD rates in corporate portfolios are considered on customer basis. In accordance with TFRS 9, in order to differentiate according to different risk characteristics, individual and corporate segments are separated into LGD pools, taking into account the collateral status of the receivable and the change in risk balance.

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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

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

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

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

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

Different macroeconomic models have been created for the individual portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the "Expected Credit Loss Provision" were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2022 and March 31, 2023. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Parent Bank's current budget and ISEDES forecasts.

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Staging

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

Significant Increase in Credit Risk

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

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

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period, a write-off transaction has been made for non-performing loans in the amount of TL 19,460 for which 100% provision has been made. (December 31, 2022: 3,186,885)

Asset Sales Policy

Banks that are directly or indirectly owned by the public or banks that are controlled by the public and financial institutions qualified as subsidiaries to these Banks can sell non-performing loans to asset management companies. As of March 31, 2023 and December 31, 2022 there are no transactions of this nature at the Parent Bank.

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

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.

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ACCOUNTING POLICIES (Continued)

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The difference between the values of net assets in the financial statements prepared as of the date of the change of shares in the real estate project in which Vakıfbank Gayrimenkul Yatırım Ortaklığı AŞ, which is a subsidiary of the Parent Bank, participates and fair value of the project partnership are classified under Intangible Assets - Goodwill Arising from Purchasing Accounting. As of March 31, 2023, the goodwill amount is TL 14,631 (December 31, 2022: TL 14,631).

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

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

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of March 31, 2023 is TL 19,983 (full TL) (December 31, 2022: TL 15,371 (full TL)).

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

Other benefits to employees

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

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

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ACCOUNTING POLICIES (Continued)

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

Pension fund

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

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

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

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

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

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

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

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

The technical financial statements of the Fund are audited by the certified actuary according to the "Actuaries Regulation" which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report regarding December 31, 2022 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at March 31, 2023.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

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

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

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

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

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

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

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

As the end of 2021 calendar year, the necessary conditions for inflation adjustment have been fulfilled in the calculation of corporate tax, within the framework of the repetitive provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the "Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law" numbered 7352 published in the Official Gazette dated January 29, 2022 and numbered 31734, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. Accordingly, TPL financial statements for the 2021 and 2022 accounting periods including the provisional tax periods will not be subject to inflation adjustment, 2023 accounting period will not be subject to inflation adjustment as of the temporary tax periods and it will be subject to inflation adjustment regardless of whether the TPL financial statements inflation adjustments conditions have been met.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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

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

Corporation tax legislation for the foreign branches

Bahrain

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

Erbil

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

New York

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

Qatar

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Deferred taxes

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

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

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

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

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

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

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

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

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The Parent Bank is not hedging about debt instruments.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES (Continued)

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

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

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

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

None.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

XXIV. OTHER MATTERS

Earnings per shares

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

As at and for the three-month period ended March 31, 2023, earnings per 100 shares are full TL 0.6344 (March 31, 2022: full TL 0.7605).

Related parties

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

Classifications

Adjustments were made in the previous period of the cash flow statement to be compatible with the current period.

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SECTION FOUR

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

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

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

As of March 31, 2023 Group's equity amount TL 182,128,404 (December 31, 2022: TL 142,255,854) and capital adequacy ratio is 15.59 % (December 31, 2022: 14.34 %).

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	9,915,922	7,111,364
Share Premium	45,600,943	16,469,500
Reserves	37,829,494	37,480,709
Income recognized under equity in accordance with TAS	20,175,731	20,250,745
Profit	31,160,681	26,250,691
Current Period's Profit	5,339,591	25,811,449
Prior Period's Profit	25,821,090	439,242
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	114,813	(63,177)
Minority shares	1,956,295	1,803,499
Common Equity Tier 1 Capital Before Deductions	146,753,879	109,303,331
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	1,253,660	1,311,258
Leasehold Improvements on Operational Leases	214,031	207,555
Goodwill netted with deferred tax liability	14,631	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	226,969	449,004
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	149,762	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	1,859,053	1,982,448
Common Equity Tier 1 capital (CET1)	144,894,826	107,320,883
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	19,606,250	18,979,365
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital -	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	19,606,250	18,979,365
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Current Period	Prior Period
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital		
Total Additional Tier 1 capital	19,606,250	18,979,365
Total Tier 1 Capital (Tier 1 Capital+Common Equity+Additional Tier 1 Capital)	164,501,076	126,300,248
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	4,145,000	4,145,000
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	3,240	3,240
Provisions (Article 8 of the Regulation on the Equity of Banks)	13,504,437	11,829,968
Tier 2 Capital Before Deductions	17,652,677	15,978,208
Deductions From Tier 2 Capital		
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	17,652,677	15,978,208
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	182,153,753	142,278,456
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other items to be defined by the BRSA (-)	25,349	22,602
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	182,128,404	142,255,854
Total Risk Weighted Amounts	1,168,603,439	991,995,262
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	12.40	10.82
Consolidated Tier 1 Capital Adequacy Ratio (%)	14.08	12.73
Consolidated Capital Adequacy Ratio (%)	15.59	14.34
BUFFERS		
Total buffer requirement (a+b+c)	4.034	4.024
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.034	0.024
c) Systemically important banks buffer requirement (%) ^(*)	1.500	1.500
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.900	6.300
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	27,218,651	25,944,071
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	13,504,437	11,829,968
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period - March 31, 2023						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925	TRSVKFB3217	TRSVKFB3225
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	420	4,994	14,612	725	1,750	1,250
Par value of instrument (in million)	420	4,994	14,612	725	1,750	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.	Early call date at the end of five years.	Early call date at the end of five years.
Subsequent call dates, if applicable	Only one call option is available.	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period - March 31, 2023		Coupons / dividends				
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity "Indicator Government Debt Security" +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points	CPI(Annual Real Interest Rate 160 basis points)	17,50 % (Annual simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 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.	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	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Possess Article 7	Not Possess Article 7

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED
FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

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

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2022						
Issuer	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925	TRSVKFBE3217	TRSVKFBE3225
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	420	4,994	13,985	725	1,750	1,250
Par value of instrument (in million)	420	4,994	13,985	725	1,750	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.	Early call date at the end of five years.	Early call date at the end of five years.
Subsequent call dates, if applicable	Only one call option is available.	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED
FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023**

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2022		Coupons / dividends				
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity "Indicator Government Debt Security" +350 basis points	12.62 % fixed interest rate	5.076 % fixed interest rate	TLREF + 150 basis points	CPI (Annual Real Interest Rate 160 basis points)	17.50 % (Annual simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 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.	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	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism	Has write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Possess Article 7	Not Possess Article 7

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

(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 March 31, 2023	Prior Period December 31, 2022
Shareholders' equity	144,204,523	106,525,528
Valuation differences of the marketable securities ^(*)	900,656	1,469,785
Stocks Acquired by Buyback from the Market ^(**)	248,518	-
Leasehold improvements on operational leases	(214,031)	(207,555)
Goodwill and intangible assets	(241,600)	(463,635)
General provision (1.25% of the amount that subject to credit risk) ^(**)	13,504,437	11,829,968
Subordinated debt	23,751,250	23,124,365
Deductions from shareholders' equity	(25,349)	(22,602)
Capital	182,128,404	142,255,854

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

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

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

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

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

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

As at March 31, 2023 and December 31, 2022, the Group does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank's foreign currency purchase rate at the balance sheet date	19.1851	20.8753
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	19.1707	20.9267
Day 2	19.1393	20.7412
Day 3	19.1099	20.6884
Day 4	19.0815	20.5814
Day 5	19.0722	20.5131
	US Dollar	Euro
Last 30-days arithmetical average rate	18.9769	20.2833

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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 FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- March 31, 2023	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Türkiye	96,338,419	61,370,472	13,404,261	171,113,152
Banks	4,345,330	36,557,844	5,623,301	46,526,475
Financial assets at fair value through profit or loss ⁽⁷⁾	541,113	426,093	18,383,035	19,350,241
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	24,168,284	78,245,513	-	102,413,797
Loans ⁽¹⁾⁽²⁾	159,499,362	149,138,997	289,132	308,927,491
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	19,858,847	15,417,574	-	35,276,421
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	2,399	52,831	3,904	59,134
Intangible assets	9,635	1,152	-	10,787
Other assets ⁽³⁾	(2,231,022)	(1,103,725)	1,813	(3,332,934)
Total assets	302,532,370	340,106,751	37,705,446	680,344,567
<i>Liabilities:</i>				
Bank deposits	8,575,794	11,950,549	1,421,375	21,947,718
Foreign currency deposits	147,429,411	207,695,736	55,821,157	410,946,304
Interbank money market takings	15,609,707	33,602,088	-	49,211,795
Other funding	53,503,180	82,101,724	8,894,386	144,499,290
Securities issued ⁽⁴⁾	23,698,758	53,025,021	1,236,007	77,959,786
Miscellaneous payables	5,842,454	3,874,100	1,057	9,717,611
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities ⁽³⁾	2,130,514	6,191,999	1,075,905	9,398,418
Total liabilities	256,789,818	398,441,217	68,449,887	723,680,922
Net 'on balance sheet' position	45,742,552	(58,334,466)	(30,744,441)	(43,336,355)
Net 'off-balance sheet' position	(42,350,012)	58,703,365	30,581,830	46,935,183
Derivative assets ⁽⁵⁾	7,800,843	94,669,246	38,322,023	140,792,112
Derivative liabilities ⁽⁵⁾	50,150,855	35,965,881	7,740,193	93,856,929
Non-cash loans ⁽⁶⁾	66,567,255	82,379,440	5,706,159	154,652,854
Prior Period - December 31, 2022	Euro	US Dollar	Other FC	Total
Total assets	327,639,655	368,269,393	35,760,830	731,669,878
Total liabilities	282,942,927	417,469,968	57,943,732	758,356,627
Net 'on balance sheet' position	44,696,728	(49,200,575)	(22,182,902)	(26,686,749)
Net 'off-balance sheet' position	(42,046,627)	46,410,073	22,094,690	26,458,136
Derivative assets ⁽⁵⁾	15,793,714	73,133,107	26,028,604	114,955,425
Derivative liabilities ⁽⁵⁾	57,840,341	26,723,034	3,933,914	88,497,289
Non-cash loans ⁽⁶⁾	65,249,257	81,687,766	5,094,523	152,031,546

⁽¹⁾ Foreign currency indexed loans amounting to TL 358,344 (December 31, 2022: TL 462,190) which are presented in TL column in the balance sheet are included in the table above.

⁽²⁾ Foreign currency indexed factoring receivables amounted to TL 364,430 (December 31, 2022: TL 397,931) presented in TL column in the accompanying consolidated balance sheet is included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 454,609 (December 31, 2022: TL 72,291), Prepaid Expenses TL 459,050 (December 31, 2022: TL 512,039), deferred tax assets TL 153,139 (December 31, 2022: TL 221,208). Derivative financial instruments currency expense accruals of TL 130,701 (December 31, 2022: TL 135,989), unearned income TL 396,204 (December 31, 2022: TL 348,802) and shareholders' equity TL 1,383,676 (December 31, 2022: TL 1,371,048) are not taken into consideration in the currency risk calculation. Other assets also include expected loss provisions calculated in accordance with TFRS9.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 31,320,966 (December 31, 2022: TL 25,503,640) and asset sales commitments amounting to TL 31,397,608 (December 31, 2022: TL 25,588,622) are included.

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

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

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

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

II. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% depreciation of the TL against the following currencies as at and for the three-month period ended March 31, 2023 and March 31, 2022 would have effect on consolidated equity and the consolidated profit or loss (without tax effects) by the amounts shown in the table below.

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

	Current Period- March 31, 2023		Prior Period- March 31, 2022	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	31,492	31,492	144,027	144,027
Euro	338,050	682,344	245,542	516,291
Other currencies	(16,652)	(16,652)	(30,091)	(30,091)
Total, net (**)	352,890	697,184	359,478	630,227

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

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

10% appreciation of the TL against the following currencies as at and for the three-month period ended March 31, 2023 and March 31, 2022 would have effect on consolidated equity and consolidated profit or loss (without tax effects) by the amounts shown in the table below.

	Current Period- March 31, 2023		Prior Period- March 31, 2022	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(31,492)	(31,492)	(144,027)	(144,027)
Euro	(338,050)	(682,344)	(245,542)	(516,291)
Other currencies	16,652	16,652	30,091	30,091
Total, net (**)	(352,890)	(697,184)	(359,478)	(630,227)

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

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

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

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

III. CONSOLIDATED INTEREST RATE RISK

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

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

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

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

Current Period- March 31, 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	85,070	-	-	-	-	212,868,042	212,953,112
Banks	7,275,044	5,422,617	-	47	-	34,050,239	46,747,947
Financial assets at fair value through profit/loss	3,552	9,011	12,495,665	6,448,460	-	4,125,519	23,082,207
Interbank money market placements	1,348	-	-	-	-	-	1,348
Financial assets at fair value through other comprehensive income	53,167,055	13,475,846	49,877,451	44,468,912	19,242,722	161,378	180,393,364
Loans ⁽¹⁾	373,889,049	249,512,690	296,393,088	106,825,662	79,650,734	20,773,894	1,127,045,117
Financial assets measured at amortized cost	98,946,089	1,450,961	1,216,913	76,874,594	30,664,393	-	209,152,950
Other assets ⁽²⁾	5,307,145	14,288,501	388,880	791,045	627,457	26,716,853	48,119,881
Total assets	538,674,352	284,159,626	360,371,997	235,408,720	130,185,306	298,695,925	1,847,495,926
<i>Liabilities:</i>							
Bank deposits	30,082,781	5,774,315	573,489	-	-	3,464,678	39,895,263
Other deposits	642,168,132	211,692,866	67,726,576	4,080,739	58,566	294,251,503	1,219,978,382
Interbank money market takings	57,394,273	5,047,634	11,868,222	16,135,844	-	-	90,445,973
Miscellaneous payables	-	-	-	-	-	44,389,319	44,389,319
Securities issued ⁽³⁾	4,085,627	1,187,325	23,096,160	57,318,957	5,598,593	-	91,286,662
Funds borrowed	9,376,231	100,169,466	13,808,063	25,155,803	10,766,258	11,669,723	170,945,544
Other liabilities ⁽⁴⁾	1,965,701	13,556,820	1,403,308	806,519	1,774,916	171,047,519	190,554,783
Total liabilities	745,072,745	337,428,426	118,475,818	103,497,862	18,198,333	524,822,742	1,847,495,926
On balance sheet long position	-	-	241,896,179	131,910,858	111,986,973	-	485,794,010
On balance sheet short position	(206,398,393)	(53,268,800)	-	-	-	(226,126,817)	(485,794,010)
Off-balance sheet long position	4,496,917	26,628,154	292,879	737,458	-	-	32,155,408
Off-balance sheet short position	-	-	-	-	(2,257,959)	-	(2,257,959)
Net position	(201,901,476)	(26,640,646)	242,189,058	132,648,316	109,729,014	(226,126,817)	29,897,449

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

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

⁽³⁾ Subordinated debts are shown under securities issued.

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

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

III. CONSOLIDATED INTEREST RATE RISK (Continued)

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

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

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

⁽³⁾ Subordinated debts are shown under securities issued.

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

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

III. CONSOLIDATED INTEREST RATE RISK (Continued)

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

Current Period- March 31, 2023	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	3.68	4.87	-	9.85
Financial assets at fair value through profit/loss	2.80	-	-	30.01
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.97	5.74	-	22.72
Loans	6.62	9.21	-	14.85
Financial assets measured at amortized cost	4.59	6.93	-	33.37
<i>Liabilities:</i>				
Bank deposits	3.29	5.39	-	17.83
Other deposits	1.25	1.29	-	19.91
Interbank money market takings	5.66	5.83	-	8.73
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.18	6.77	-	13.58
Funds borrowed	4.77	6.94	-	11.13
Prior Period - December 31, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	10.80
Financial assets at fair value through profit/loss	-	-	-	19.83
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	21.55
Loans	6.28	8.84	-	15.82
Financial assets measured at amortized cost	4.59	6.40	-	25.84
<i>Liabilities:</i>				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.81	2.33	-	17.67
Interbank money market takings	2.80	5.05	-	9.40
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.24	-	15.44
Funds borrowed	3.46	6.08	-	11.89

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

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

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

IV. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

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

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

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

Current Period- March 31, 2023	Comparison		
Stock Investments	Carrying Value	Fair Value^(*)	Market Value^(*)
Stocks quoted in exchange ^(*)	1,743,420	1,743,420	1,743,420
1.Stocks Investments Group A	1,702,095	1,702,095	1,702,095
2.Stock Investments Group B	41,325	41,325	41,325
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange ^(**)	4,214,773	3,635,057	-

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

^(**) The values of stocks unquoted in exchange are determined according to December 31, 2022 valuation reports prepared by independent valuation companies.

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

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

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

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

IV. CONSOLIDATED STOCK POSITION RISK (Continued)

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

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

Portfolio- Current Period - March 31, 2023	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	3,612,825	3,612,825	-	-
4. Total	-	3,612,825	3,612,825	-	-

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

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

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

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio- Current Period - March 31, 2023	Carrying Value	Total RWA ^(*)	Minimum Capital Requirement
1. Private Equity Investments	-	-	-
2. Quoted	1,743,420	1,732,609	138,609
3. Other Stocks	4,214,773	4,091,594	327,328
4. Total	5,958,193	5,824,203	465,937

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

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

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

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

V. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

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

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

Current Period- March 31, 2023

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	January, 2023	163.17	January, 2023	390.08
The highest value	February, 2023	187.76	February, 2023	578.60

Liquidity Coverage Ratio

Current Period- March 31, 2023		Total unweighted value ^(*)		Total weighted value ^(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			460,736,629	241,209,077
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	477,672,180	210,582,353	42,473,772	21,058,235
3	Stable deposits	105,868,923	-	5,293,446	-
4	Less stable deposits	371,803,257	210,582,353	37,180,326	21,058,235
5	Unsecured wholesale funding, of which:	694,865,733	246,066,513	290,121,322	109,341,600
6	Operational deposits	469,840,484	158,372,285	116,864,884	39,593,071
7	Non-operational deposits	137,958,894	50,558,533	86,296,630	32,719,041
8	Other Unsecured debts	87,066,355	37,135,695	86,959,808	37,029,488
9	Secured wholesale funding			-	-
10	Other cash outflows, of which:	76,879,282	37,945,463	76,879,281	37,945,464
11	Outflows related to derivative exposures and other collateral requirements	76,865,124	37,945,463	76,865,123	37,945,464
12	Outflows related to loss of funding on debt products	14,158	-	14,158	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	119,762,696	96,915,836	5,988,135	4,845,792
15	Other contingent funding obligations	334,995,245	74,704,782	25,367,414	5,215,860
16	TOTAL CASH OUTFLOWS			440,829,924	178,406,951
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	132,577,936	58,797,246	103,178,802	52,045,144
19	Other cash inflows	76,176,050	74,524,672	76,176,050	74,524,672
20	TOTAL CASH INFLOWS	208,753,986	133,321,918	179,354,852	126,569,816
Upper Limit Applied Values					
21	TOTAL HQLA STOCK			460,736,629	241,209,077
22	TOTAL NET CASH OUTFLOWS			261,475,072	51,837,135
23	LIQUIDITY COVERAGE RATIO (%)			177.14	466.95

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

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

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

Prior Period- December 31, 2022

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

Liquidity Coverage Ratio

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

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

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

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

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

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

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

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

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period – March 31, 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Assets:								
Cash and balance with CBRT	210,169,328	2,783,784	-	-	-	-	-	212,953,112
Banks	39,229,365	2,095,922	5,422,616	-	44	-	-	46,747,947
Financial assets at fair value through profit/loss	3,635,362	3,552	7,469	12,497,207	6,448,460	-	490,157	23,082,207
Interbank money market placements	-	1,348	-	-	-	-	-	1,348
Financial assets at fair value through other comprehensive	-	547,202	3,354,039	43,298,182	94,635,698	38,396,865	161,378	180,393,364
Loans	-	143,460,684	71,180,445	310,237,589	349,293,418	232,099,087	20,773,894	1,127,045,117
Financial assets measured at amortized cost	-	774,215	7,556,382	10,532,143	102,879,858	87,410,352	-	209,152,950
Other assets ⁽³⁾⁽⁴⁾	2,862,671	11,184,171	4,137,029	2,545,247	8,121,490	8,509,917	10,759,356	48,119,881
Total assets	255,896,726	160,850,878	91,657,980	379,110,368	561,378,968	366,416,221	32,184,785	1,847,495,926
Liabilities:								
Bank deposits	3,464,678	30,082,781	5,774,315	573,489	-	-	-	39,895,263
Other deposits	296,226,366	640,193,269	211,692,866	67,726,576	4,080,739	58,566	-	1,219,978,382
Funds Provided	-	7,310,023	28,748,651	31,549,263	77,227,492	26,110,115	-	170,945,544
Interbank money market takings	-	56,678,917	5,047,634	11,520,360	17,199,062	-	-	90,445,973
Securities issued ⁽²⁾	-	2,958,041	973,703	20,158,197	57,566,912	9,629,809	-	91,286,662
Miscellaneous payables	83,250	26,520,114	106,759	1,911,678	164,690	-	15,602,828	44,389,319
Other liabilities	827,805	2,154,422	12,163,744	1,310,625	1,714,888	2,810,562	169,572,737	190,554,783
Total liabilities	300,602,099	765,897,567	264,507,672	134,750,188	157,953,783	38,609,052	185,175,565	1,847,495,926
Liquidity gap	(44,705,373)	(605,046,689)	(172,849,692)	244,360,180	403,425,185	327,807,169	(152,990,780)	-
Net Off Balance Sheet Position	-	822,586	159,000	286,428	16,601,421	2,046,671	-	19,916,106
Receivables from Derivative Financial Instruments	-	78,090,373	6,277,753	6,792,516	93,392,499	54,988,094	-	239,541,235
Payables from Derivative Financial Instruments	-	77,267,787	6,118,753	6,506,088	76,791,078	52,941,423	-	219,625,129
Non-cash Loans	130,991,332	11,778,691	25,835,383	84,023,036	45,142,293	4,789,510	766,873	303,327,118
Prior Period – December 31, 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Total assets	276,828,197	136,506,505	107,442,092	323,897,961	490,073,256	341,600,530	30,683,316	1,707,031,857
Total liabilities	260,483,000	776,349,041	229,312,874	112,944,899	132,538,094	38,302,693	157,101,256	1,707,031,857
Liquidity gap	16,345,197	(639,842,536)	(121,870,782)	210,953,062	357,535,162	303,297,837	(126,417,940)	-
Net Off Balance Sheet Position	-	199,435	825,043	19,787	7,564,155	3,113,732	-	11,722,152
Receivables from Derivative Financial Instruments	-	60,929,376	12,199,784	7,175,722	69,734,388	57,859,362	-	207,898,632
Payables from Derivative Financial Instruments	-	60,729,941	11,374,741	7,155,935	62,170,233	54,745,630	-	196,176,480
Non-cash Loans	89,941,836	48,818,805	28,134,743	65,818,642	42,177,366	3,733,046	731,793	279,356,231

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

(2) Subordinated debt are shown under securities issued.

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

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

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

VI. CONSOLIDATED LEVERAGE RATIO

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

The Group's consolidated leverage rate which is calculated due to "Regulation on Banks' Measurement and Evaluation of Leverage Level" actualised as 6.17%. Increase in balance sheet assets and Tier I Capital transactions resulted in change on leverage rate compared to previous period (December 31, 2022: 6.07 %). The Regulation adjudicated minimum leverage rate as 3%.

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

	Current Period	Prior Period
Total asset amount in the consolidated financial statements prepared as per TAS ⁽¹⁾	1,306,594,035	1,029,250,580
The difference between the total asset amount in the consolidated financial statements prepared as per TAS and the asset amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks ⁽¹⁾	755,452	349,482
The difference between the derivative financial instruments and the loan derivatives 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⁾	(17,324,295)	(11,992,729)
The difference between the financial transactions with securities or goods warranty amounts in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	129,658,286	43,844,131
The difference between the off-balance sheet transactions amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	143,493,359	74,689,025
Other differences between the amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	(626,818,901)	(258,558,222)
Total risk amount	1,610,122,744	843,665,167

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

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

Leverage ratio common disclosure template

	Current Period - March 31, 2023 ^(*)	Prior Period- December 31, 2022 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,757,170,060	1,579,480,664
2. Assets deducted in determining Basel III Tier 1 capital	(660,833)	(658,766)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	1,756,509,227	1,578,821,898
Derivative exposures		
4. Replacement cost	12,406,694	13,314,756
5. Add-on amount	2,416,283	2,363,583
6. Total derivative exposures	14,822,977	15,678,339
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	12,026,118	12,426,388
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	12,026,118	12,426,388
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	713,282,086	582,274,540
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(247,475,844)	(198,113,388)
12. Total off-balance sheet exposures	465,806,242	384,161,152
Capital and total exposures		
13. Tier 1 capital	139,244,060	120,718,155
14. Total exposures	2,249,164,564	1,991,087,777
Leverage ratio		
15. Leverage ratio	6.17	6.07

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

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

VII. CONSOLIDATED SEGMENT REPORTING

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

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

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

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

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

VII. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	6,911,422	18,415,095	19,031,075	155,682	44,513,274
Interest Expense	9,979,623	20,059,256	6,908,500	32,240	36,979,619
Net Interest Income/Losses(Net)	(3,068,201)	(1,644,161)	12,122,575	123,442	7,533,655
Net Fees and Commissions Income	987,326	2,522,309	292,682	-	3,802,317
Dividend Income	-	-	2,281	-	2,281
Trading Income/ Losses (Net)	-	-	2,334,125	-	2,334,125
Other Income	-	-	-	25,082,211	25,082,211
Allowance for Expected Credit Losses	-	-	-	13,516,935	13,516,935
Other Expenses	-	-	-	20,116,826	20,116,826
Based on Equity Method	-	-	126,731	-	126,731
Profit Before Taxes	(2,080,875)	878,148	14,878,394	(8,428,108)	5,247,559
Provision for taxes					237,383
Net Profit/ Loss					5,484,942
Segment Assets	249,438,621	701,768,771	808,348,120	82,692,581	1,842,248,093
Subsidiaries and Associates (Net)	-	-	5,247,833	-	5,247,833
TOTAL ASSETS	249,438,621	701,768,771	813,595,953	82,692,581	1,847,495,926
Segment Liabilities	467,238,765	777,652,509	373,840,012	84,560,117	1,703,291,403
Equity	-	-	-	144,204,523	144,204,523
TOTAL LIABILITIES	467,238,765	777,652,509	373,840,012	228,764,640	1,847,495,926

Prior Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	4,362,304	9,887,996	10,989,265	16,775	25,256,340
Interest Expense	3,521,026	6,031,433	6,182,512	47,501	15,782,472
Net Interest Income/Losses(Net)	841,278	3,856,563	4,806,753	(30,726)	9,473,868
Net Fees and Commissions Income	387,092	1,166,968	114,437	-	1,668,497
Dividend Income	-	-	25,921	-	25,921
Trading Income/ Losses (Net)	-	-	1,255,692	-	1,255,692
Other Income	-	-	-	3,395,270	3,395,270
Allowance for Expected Credit Losses	-	-	-	7,107,354	7,107,354
Other Expenses	-	-	-	3,238,340	3,238,340
Based on Equity Method	-	-	51,982	-	51,982
Profit Before Taxes	1,228,370	5,023,531	6,254,785	(6,981,150)	5,525,536
Provision for taxes					(2,154,950)
Net Profit/ Loss					3,370,586
Segment Assets	181,290,929	625,766,110	816,722,533	78,223,659	1,702,003,231
Subsidiaries and Associates (Net)	-	-	5,028,626	-	5,028,626
TOTAL ASSETS	181,290,929	625,766,110	821,751,159	78,223,659	1,707,031,857
Segment Liabilities	384,202,958	682,591,466	444,620,321	89,091,584	1,600,506,329
Equity	-	-	-	106,525,528	106,525,528
TOTAL LIABILITIES	384,202,958	682,591,466	444,620,321	195,617,112	1,707,031,857

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

VIII. INFORMATION ON RISK MANAGEMENT

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

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly.

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

Risk weighted amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- March 31, 2023	Prior Period - December 31, 2022	Current Period- March 31, 2023
1 Credit Risk (excluding counterparty credit risk) ^(*)	1,058,224,604	929,408,502	84,657,968
2 Standardised approach	1,058,224,604	929,408,502	84,657,968
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	18,589,430	16,855,252	1,487,154
5 Standardised approach for counterparty credit risk	18,589,430	16,855,252	1,487,154
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	3,540,939	133,703	283,275
9 Equity investments in funds - mandate-based approach	-	-	-
10 Equity investments in funds - 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	9,444,193	9,909,960	755,535
17 Standardised approach	9,444,193	9,909,960	755,535
18 Internal model approaches	-	-	-
19 Operational Risk	78,804,273	35,687,845	6,304,342
20 Basic Indicator Approach	78,804,273	35,687,845	6,304,342
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)	1,168,603,439	991,995,262	93,488,274

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

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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 – March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Cash	4,333,519	7,992,417	4,766,490	8,799,152
Central Bank of the Republic of Türkiye (*)	37,222,473	162,097,430	43,544,012	211,076,405
Other	283,968	1,023,305	84,940	704,315
Total	41,839,960	171,113,152	48,395,442	220,579,872

(*) TL 77,367,051 (December 31, 2022: TL 82,537,852) of the foreign currency deposit at Central Bank of the Republic of Türkiye consists of foreign currency reserve deposits.

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

In accordance with "Announcement on Reserve Deposits" of CBRT numbered 2013/15, all banks operating in Türkiye shall provide a reserve rate ranging from 3 % to 8 % (December 31, 2022: ranging from 3 % to 8 %). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5 % to 26 % in US Dollar or Euro (December 31, 2022: ranging from 5 % to 26 %).

Balances with the Central Bank of the Republic of Türkiye

	Current Period – March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Unrestricted demand deposits	36,484,686	84,730,379	42,937,215	50,293,731
Restricted demand deposits	652,717	-	606,797	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	78,244,822
Reserve Deposits	85,070	77,367,051	-	82,537,852
Total	37,222,473	162,097,430	43,544,012	211,076,405

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

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Positive differences on derivative financial assets held for trading purpose

	Current Period - March 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Forward transactions	10,838	2,382	134,695	443
Swap transactions	13,738,203	3,578,660	14,094,488	3,085,122
Futures	-	-	-	-
Options	-	4,872	474	52,603
Other	-	-	-	-
Total	13,749,041	3,585,914	14,229,657	3,138,168

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Parent Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of March 31, 2023 the fair value of this transaction is TL 1,792,824, with a nominal amount of 120 million USD and an average maturity of 1.29 years (As of December 31, 2022, the fair value of this transaction was 1,722,403 TL, with a nominal amount of 120 million USD, and an average maturity of 1.54 years).

3. Information on banks

	Current Period - March 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Banks				
Domestic	221,456	8,455	143,920	19,799
Foreign	16	46,518,020	-	28,596,959
Foreign Head Offices and Branches	-	-	-	-
Total	221,472	46,526,475	143,920	28,616,758

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 - March 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	2,645,070	14,076,517	6,024,871	13,831,275
Other	-	-	-	-
Total	2,645,070	14,076,517	6,024,871	13,831,275

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

	Current Period - March 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	7,792,381	7,985,243	26,356,794	48,817,628
Treasury bills	-	-	-	-
Other debt securities	82,811	19,263,966	-	14,613,928
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	7,875,192	27,249,209	26,356,794	63,431,556

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on financial assets at fair value through other comprehensive income

	Current Period- March 31, 2023	Prior Period- December 31, 2022
Debt securities	182,138,403	205,770,179
Quoted on a Stock Exchange	180,518,775	203,769,735
Unquoted	1,619,628	2,000,444
Equity securities	161,378	134,589
Quoted on a Stock Exchange	-	-
Unquoted	161,378	134,589
Provisions for impairment losses (-)	1,906,417	2,221,289
Total	180,393,364	203,683,479

5. Information on loans

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

	Current Period – March 31, 2023		Prior Period - December 31, 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	1,242	-	1,187
Legal entities	-	1,242	-	1,187
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	657,220	-	602,165	-
Total	657,220	1,242	602,165	1,187

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

Current Period - March 31, 2023

		Loans and other receivables under close monitoring		
	Standard loans	Agreement conditions modified		
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	996,655,339	29,588,577	1,077,072	47,522,529
Loans given to enterprises	244,181,812	14,908,417	921,621	43,823,163
Export loans	94,815,967	696,636	-	-
Import loans	-	-	-	-
Loans given to financial sector	24,197,085	6,802	-	-
Consumer loans	188,255,480	1,218,624	6,297	575,172
Credit cards	71,758,566	839,146	148,875	-
Other	373,446,429	11,918,952	279	3,124,194
Specialized lending	-	-	-	-
Other receivables	-	31,427,706	-	-
Total	996,655,339	61,016,283	1,077,072	47,522,529

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Prior Period - December 31, 2022

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

Current Period - March 31, 2023

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	7,898,267	-
Significant Increase in Credit Risk	-	18,718,079

Prior Period - December 31, 2022

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

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Current Period - March 31, 2023	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	11,791,148	119,947,326	131,738,474
Housing loans	3,269	54,888,340	54,891,609
Automobile loans	50,148	5,528,497	5,578,645
General purpose loans	11,737,731	59,530,489	71,268,220
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	169	2,538	2,707
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	169	2,538	2,707
Other	-	-	-
Retail credit cards – TL	55,704,459	81,335	55,785,794
With instalment	26,750,583	79,650	26,830,233
Without instalment	28,953,876	1,685	28,955,561
Retail credit cards – FC	138,060	-	138,060
With instalment	-	-	-
Without instalment	138,060	-	138,060
Personnel loans – TL	220	142,109	142,329
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	220	142,109	142,329
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	512,194	124	512,318
With instalment	240,926	116	241,042
Without instalment	271,268	8	271,276
Personnel credit cards – FC	2,573	-	2,573
With instalment	-	-	-
Without instalment	2,573	-	2,573
Overdraft Checking Accounts – TL (Real person)	58,170,050	-	58,170,050
Overdraft Checking Accounts – FC (Real person)	2,013	-	2,013
Total	126,320,886	120,173,432	246,494,318

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

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

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

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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 - March 31, 2023	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	31,795,825	130,084,072	161,879,897
Real estate loans	29,506	1,636,655	1,666,161
Automobile loans	1,025,815	7,932,116	8,957,931
General purpose loans	29,637,266	120,515,301	150,152,567
Other	1,103,238	-	1,103,238
Instalment-based commercial loans – FC indexed	-	265,171	265,171
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	265,171	265,171
Other	-	-	-
Instalment-based commercial loans – FC	1,113,971	77,109,777	78,223,748
Real estate loans	-	-	-
Automobile loans	-	18,280	18,280
General purpose loans	1,113,971	67,233,166	68,347,137
Other	-	9,858,331	9,858,331
Corporate credit cards – TL	14,754,857	1,518,946	16,273,803
With instalment	6,004,088	1,432,984	7,437,072
Without instalment	8,750,769	85,962	8,836,731
Corporate credit cards – FC	34,039	-	34,039
With instalment	-	-	-
Without instalment	34,039	-	34,039
Overdraft Checking Accounts – TL (Corporate)	26,598,628	-	26,598,628
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	74,297,320	208,977,966	283,275,286

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Allocation of domestic and overseas loans ^(*)

	Current Period - March 31, 2023	Prior Period - December 31, 2022
Domestic loans	1,094,085,017	941,033,981
Foreign loans	12,186,206	11,447,736
Total	1,106,271,223	952,481,717

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

Loans to associates and subsidiaries

	Current Period - March 31, 2023	Prior Period- December 31, 2022
Direct loans to associates and subsidiaries	175,304	126,530
Indirect loans to associates and subsidiaries	-	-
Total	175,304	126,530

Specific provisions accounted for loans (Stage 3)

	Current Period - March 31, 2023	Prior Period - December 31, 2022
Loans and receivables with limited collectability	1,159,704	1,091,792
Loans and receivables with doubtful collectability	1,007,382	1,301,592
Uncollectible loans and receivables	15,220,267	14,563,609
Total	17,387,353	16,956,993

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current period - March 31, 2023			
Gross Amounts Before the Reserves	91,788	536,731	2,124,759
Loans Which Are Restructured	91,788	536,731	2,124,759
Prior period - December 31, 2022			
Gross Amounts Before the Reserves	129,331	401,229	2,138,138
Loans Which Are Restructured	129,331	401,229	2,138,138

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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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 - March 31, 2023			
Balance at the beginning of the period	2,380,890	2,174,392	16,280,254
Additions (+)	546,004	26	456,620
Transfers from other categories of loans under follow-up (+)	-	580,644	829,984
Transfers to other categories of loans under follow-up (-) ^(*)	580,643	829,984	-
Collections (-)	110,217	209,597	737,784
Write-offs (-) ^(**)	-	-	19,460
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	12,765
Balance at the end of the period	2,236,034	1,715,481	16,822,379
Provision (-)	1,159,704	1,007,382	15,220,267
Net balance	1,076,330	708,099	1,602,112

^(*) 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 March 31, 2023, the Bank has TL 19,460 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The Parent Bank's non-performing loan ratio after the write-offs has not changed compared to before the write-off, and the NPL ratio is 1.80%.

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

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

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

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	Loans With	Uncollectible
	Limited	Doubtful	Loans
	Collectability	Collectability	
Current Period - March 31, 2023			
Balance at the end of the period	1,334,523	261,851	6,207,340
Provision (-)	719,567	178,687	5,924,205
Net balance on balance sheet	614,956	83,164	283,135
Prior Period -December 31, 2023			
Balance at the end of the period	1,363,356	470,985	5,735,580
Specific provision (-)	618,801	328,422	5,440,474
Net balance on balance sheet	744,555	142,563	295,106

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

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

	Group III	Group IV	Group V
	Loans With	Loans With	Uncollectible
	Limited	Doubtful	Loans
	Collectability	Collectability	
Current Period - March 31, 2023			
Current Period (Net)	1,076,330	708,099	1,602,112
Consumer and Commercial Loans (Gross)	2,236,013	1,712,861	16,802,544
Provision (-)	1,159,692	1,004,772	15,200,445
Consumer and Commercial Loans (Net)	1,076,321	708,089	1,602,099
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	21	2,620	19,835
Provision (-)	12	2,610	19,822
Other Loans and Receivables (Net)	9	10	13

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net) - March 31, 2023	23,613	71,427	241,013
Interest accruals and valuation differences	50,597	165,884	2,354,746
Provision (-)	26,984	94,457	2,113,733
Prior Period (Net) - December 31, 2022	26,275	76,700	256,464
Interest accruals and valuation differences	47,049	185,656	2,312,090
Provision (-)	20,774	108,956	2,055,626

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period – March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Government bonds	173,817,579	22,549,062	124,497,259	22,217,950
Treasury bills	-	-	-	-
Other securities issued by the governments	-	12,514,576	-	11,611,721
Total	173,817,579	35,063,638	124,497,259	33,829,671

Information on financial assets measured at amortized cost

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Debt Securities	209,152,950	158,592,852
Quoted at stock exchanges	208,940,167	158,385,880
Unquoted at stock exchanges	212,783	206,972
Impairment losses (-)	-	-
Total	209,152,950	158,592,852

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Balances at the beginning of the period	158,592,852	73,861,983
Foreign currency differences on monetary assets	1,089,260	8,334,895
Purchases during the period	45,951,311	41,636,940
Disposals through sales/redemptions	(3,575,213)	(3,320,778)
Change in Impairment losses	-	-
Change in amortized costs of the securities ^(*)	7,094,740	38,079,812
Balances at the end of the period	209,152,950	158,592,852

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

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

Current Period - March 31, 2023	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	66,380,219	4,655,328	68,542,935	4,772,258
Investments subject to repurchase agreements	8,338,774	11,994,668	26,281,606	12,188,771
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other ^(*)	39,825,063	15,521,113	79,051,988	18,315,392
Total	114,544,056	32,171,109	173,876,529	35,276,421

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates

Unconsolidated investments in associates

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

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1 18,549,256	7,553,995	2,484,020	115,031	-	2,607,871	1,568,193	28,520,000
2 805,905	685,073	131,150	82,758	-	314,832	137,294	-
3 852,693	149,531	414,343	7,895	301	33,517	16,137	-
4 141,401	(256,676)	92,392	1	-	(9,763)	(13,043)	-
5 81,087	(680,848)	70,866	4	-	(250,321)	(225,191)	-
6 85,804,572	4,516,938	304,327	1,493,313	193,627	1,732,121	890,757	-
7 1,975,639	1,186,043	25,815	94,539	-	205,844	87,976	-
8 292,852	267,419	66,922	8,579	-	29,602	21,958	-
9 487,519	346,681	137,629	12,141	-	8,906	569	-
10 181,747	9,142,869	10,448	15,346	-	100,751	58,825	-
11 85,418	79,062	2,790	3,468	3,525	8,092	4,570	-
12 1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

^(*) The financial statement information provided for these associates is taken from the financial statements dated December 31, 2022.

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

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

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

It has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the prior period. It has been decided that TL 270,577 of the capital increase will be covered by paid, TL 588,211 from internal resources. A portion of TL 6,718 which is 1/4 of the TL 26,872 worth share corresponding to the Parent bank's share, has been paid. After the capital increase, the share which corresponds to the Parent Bank is TL 58,417.

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates (Continued)

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

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

Consolidated investments in associates

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	4,241,754	214,976	14,959	94,465	2,231	26,243	8,737	-
2	114,897,120	14,257,699	3,609,578	1,971,601	1,001,164	1,411,669	605,031	11,440,800
3	817,693	685,259	28,194	90,695	-	30,613	-	-

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

Movement of consolidated investments in associates

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Balance at the beginning of the period	1,043,941	349,103
Movements during the period	48,914	694,838
Transfers	-	-
Acquisitions	119,285	-
Bonus shares received	-	4,500
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	-	690,338
Impairment losses	(70,371)	-
Balance at the end of the period	1,092,855	1,043,941
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

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

7. Investments in associates (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - March 31, 2023	Prior Period - December 31, 2022
Banks	973,570	1,043,941
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	119,285	-
Total	1,092,855	1,043,941

Quoted associates

	Current Period - March 31, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	958,451	1,028,822
Quoted at international stock exchanges	-	-
Total	958,451	1,028,822

Investments in associates disposed during the period

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

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

Investments in associates acquired during the period

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

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IN TURKISH

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries

Information on significant subsidiaries

Current Period - March 31, 2023	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	1,366	137	-	322,717	121
Equity share premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	-	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	97,603	9,986	22,501	(516)	(155)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,594,296	-	-	-	-	-
Profit Reserves	26,550	95,896	152,736	135,080	155,104	1,645
Legal Reserves	26,550	20,737	53,122	29,006	19,520	478
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	1,167
Other Profit Reserves	-	3,213	75,050	-	547	-
Profit/Loss	93,688	672,396	538,797	766,217	948,437	6,709
Prior Period's Profit/Loss	45,595	415,435	388,711	494,842	885,790	5,640
Current Period's Profit/Loss	48,093	256,961	150,086	271,375	62,647	1,069
Minority Rights	-	-	-	-	-	-
Total Core Capital	3,025,782	1,467,261	951,656	1,373,798	2,570,742	38,320
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	3,025,782	1,467,261	951,656	1,373,798	2,570,742	38,320
NET AVAILABLE EQUITY	3,025,782	1,467,261	951,656	1,373,798	2,570,742	38,320

Reviewed BRSA financial statements as of March 31, 2023 are considered.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Prior Period - December 31, 2022						
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	1,662	137	-	322,717	121
Equity share premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	296	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	97,494	6,500	22,501	(665)	(43)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,512,228	-	-	-	-	-
Profit Reserves	26,550	92,683	152,736	135,080	155,104	1,645
Legal Reserves	26,550	20,737	53,122	29,006	19,520	478
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	1,167
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	190,572	415,435	388,711	494,842	885,790	5,644
Prior Period's Profit/Loss	148,344	(52,549)	5,058	(31,857)	5,221	(3)
Current Period's Profit/Loss	42,228	467,984	383,653	526,699	880,569	5,647
Minority Rights	-	-	-	-	-	-
Total Core Capital	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367
NET AVAILABLE EQUITY	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367

Reviewed BRSA financial statements as of December 31, 2022 are considered

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

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

Unconsolidated investments in subsidiaries

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

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1 232,253	231,854	365	866	-	5,400	17,665	140,984
2 1,158,539	767,429	107,070	18,365	-	11,405	11,116	816,136
3 316,803	134,304	153,780	7,405	-	(18,755)	(5,829)	180,670
4 69,323	54,775	317	3,473	-	(1,580)	(2,243)	61,154
5 112,465	109,815	3,915	5,386	-	1,971	4,506	100,000

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

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

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

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

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Investments in consolidated subsidiaries

	Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Vakıf Faktoring AŞ	Istanbul/Türkiye	92.10	94.45
2	Vakıf Finansal Kiralama AŞ	Istanbul/ Türkiye	62.05	62.05
3	Vakıf Yatırım Menkul Değerler AŞ	Istanbul/ Türkiye	99.50	99.66
4	VakıfBank International AG	Vienna/Austria	100.00	100.00
5	Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	Istanbul/ Türkiye	33.77	33.77
6	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Istanbul/ Türkiye	49.65	49.65

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	22,652,227	1,417,705	5,295	1,304,024	-	263,405	53,362	1,022,000
2	14,102,362	1,573,424	94,988	652,661	-	245,459	49,020	2,217,600
3	3,821,481	951,656	66,039	-	2,801	157,060	56,659	839,000
4	18,643,419	3,399,420	12,095	49,045	-	43,396	29,062	1,926,368
5	39,421	38,350	151	259	2,335	1,094	1,218	198,120
6	7,291,019	4,838,147	3,650,809	63,586	-	65,229	148,798	3,568,965

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Balance at the beginning of the period	9,278,157	4,141,635
Movements during the period	(2,360,919)	5,136,522
Transfers	-	-
Acquisitions	-	257,307
Bonus shares received	-	307,337
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	91,962	4,587,310
Impairment losses	(2,452,882)	(15,432)
Balance at the end of the period	6,917,237	9,278,157
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the prior period, all of the 13.71% nominal shares of TL 61,674 owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Faktoring AŞ, have been purchased by the Parent Bank for a consideration of TL 140,069. TL 140,069 share corresponding to the Bank's is shown under the Acquisitions row in the movement table of subsidiaries.

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

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

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

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

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

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

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Measured at cost	-	-
Measured at fair value (*)	6,917,237	9,278,157
Equity method of accounting	-	-
Total	6,917,237	9,278,157

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

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Banks	1,926,368	1,843,727
Factoring companies	941,244	941,244
Leasing companies	1,375,923	1,993,897
Financing companies	-	-
Other financial subsidiaries	2,673,702	4,499,289
Total	6,917,237	9,278,157

Quoted consolidated subsidiaries

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	3,214,821	5,658,381
Quoted at international stock exchanges	-	-
Total	3,214,821	5,658,381

Consolidated subsidiaries disposed during the period

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

Investments in subsidiaries acquired during the period

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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 – March 31, 2023		Prior Period – December 31, 2022	
	Gross	Net	Gross	Net
Less than 1 year	2,421,832	2,147,939	2,039,611	1,813,736
Between 1-4 years	9,081,400	6,585,059	7,001,171	5,335,389
Longer than 4 years	1,094,424	774,613	1,981,371	1,274,852
Total	12,597,656	9,507,611	11,022,153	8,423,977

Net investments in finance lease receivables

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Gross finance lease receivables	12,597,656	11,022,153
Unearned income on finance lease receivables (-)	3,090,045	2,598,176
Terminated lease contracts (-)	-	-
Net finance lease receivables	9,507,611	8,423,977

Finance lease agreements

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

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

As of March 31, 2023, there are investment properties with a net balance sheet value of TL 1,325,662 (December 31, 2022: TL 1,307,194) and a fair value of TL 3,462,872 (December 31, 2022: TL 3,444,057), belonging to the Parent Bank's subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on tax assets

a) Current tax assets

None.

b) Deferred tax assets

The deferred tax asset of the Bank as of March 31, 2023 is TL 4,837,071 (December 31, 2022: TL 3,061,414). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of March 31, 2023, and December 31, 2022 are as follows:

	Current Period – March 31, 2023	Prior Period – December 31, 2022
As of 1 January	3,005,010	58,048
Deferred tax income/(loss)	1,530,903	6,397,464
Deferred tax that is accounted under Equity	236,237	(3,427,490)
Other	(2,521)	(23,012)
Deferred tax asset/(liability)	4,769,629	3,005,010

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

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

As of March 31, 2023, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 215,053 (December 31, 2022: TL 411,964), and the provision for impairment is TL 974 (December 31, 2022: TL 986).

15. Information on other asset

As of March 31, 2023, and December 31, 2022, "Other Asset" item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

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

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Balances with the Central Bank	2,244	2,865
Banks	12,989	9,849
Total	15,233	12,714
Financial Assets Measured at Amortized Cost	26,479	20,008
Total	41,712	32,722

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period March 31, 2023	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	34,539,369	-	22,925,782	100,716,048	99,712,625	6,067,966	13,545,230	10,749	277,517,769
Foreign currency deposits	118,836,510	-	98,186,325	107,034,105	10,649,763	7,302,535	17,333,110	-	359,342,348
Residents in Türkiye	108,213,178	-	96,909,833	101,201,654	9,160,383	3,229,002	6,686,483	-	325,400,533
Residents in abroad	10,623,332	-	1,276,492	5,832,451	1,489,380	4,073,533	10,646,627	-	33,941,815
Public sector deposits	39,218,197	-	96,321,764	17,948,346	923,510	165,856	139,826	-	154,717,499
Commercial deposits	35,261,943	-	120,626,897	97,505,716	33,265,796	18,488,574	6,677,266	-	311,826,192
Other	20,533,307	-	9,820,276	31,349,470	3,119,329	225,590	89,231	-	65,137,203
Precious metal deposits	47,837,040	-	-	36,228	113,031	3,143,246	307,826	-	51,437,371
Bank deposits	3,464,678	-	20,820,057	14,984,745	-	52,294	573,489	-	39,895,263
Central Bank	1,264	-	-	-	-	-	-	-	1,264
Domestic banks	2,464,562	-	19,571,807	3,267,988	-	52,294	-	-	25,356,651
Foreign banks	863,616	-	1,248,250	11,716,757	-	-	573,489	-	14,402,112
Participation banks	135,236	-	-	-	-	-	-	-	135,236
Other	-	-	-	-	-	-	-	-	-
Total	299,691,044	-	368,701,101	369,574,658	147,784,054	35,446,061	38,665,978	10,749	1,259,873,645

As of March 31, 2023, TL 27,549,322 (December 31, 2022: TL 48,199,010) "Turkish Lira Time Deposits with Currency Protection" deposit instrument opened in the Bank's deposit accounts within the scope of the announcement of the Ministry of Treasury and Finance dated December 24, 2021, dated December 21, 2021 and no. 31696 There is a TL 113,194,086 (December 31, 2022: TL 84,005,929) "Turkish Lira Time Deposits with Currency Conversion Protection" published in the Official Gazette by the CBRT.

Prior Period December 31, 2022	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	27,937,402	-	19,530,716	60,001,773	69,622,445	6,537,786	10,715,796	9,674	194,355,592
Foreign currency deposits	109,203,856	-	92,576,063	132,567,215	24,934,038	7,190,817	16,485,796	-	382,957,785
Residents in Türkiye	100,494,205	-	89,342,751	127,598,756	23,317,946	3,711,618	6,880,831	-	351,346,107
Residents in abroad	8,709,651	-	3,233,312	4,968,459	1,616,092	3,479,199	9,604,965	-	31,611,678
Public sector deposits	20,775,383	-	65,983,069	13,731,218	1,170,824	298,194	44,116	-	102,002,804
Commercial deposits	43,264,005	-	95,306,557	85,140,716	35,316,784	12,282,762	6,594,846	-	277,905,670
Other	17,637,497	-	7,431,844	24,727,603	5,072,995	228,525	129,071	-	55,227,535
Precious metal deposits	37,899,180	-	-	66,407	236,087	3,040,501	308,707	-	41,550,882
Bank deposits	3,039,064	-	58,729,296	15,617,303	110,198	49,181	552,433	-	78,097,475
Central Bank	4,247	-	-	-	-	-	-	-	4,247
Domestic banks	1,339,713	-	57,597,022	3,335,949	-	49,181	-	-	62,321,865
Foreign banks	941,500	-	1,132,274	12,281,354	110,198	-	552,433	-	15,017,759
Participation banks	753,604	-	-	-	-	-	-	-	753,604
Other	-	-	-	-	-	-	-	-	-
Total	259,756,387	-	339,557,545	331,852,235	136,463,371	29,627,766	34,830,765	9,674	1,132,097,743

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

	Current Period – March 31, 2023		Prior Period – December 31, 2022	
	Covered by the Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by the Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	101,851,586	175,666,183	67,118,488	127,237,104
Foreign currency saving deposits	73,606,611	106,796,040	47,027,029	134,690,674
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	175,458,197	282,462,223	114,145,517	261,927,778

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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 – March 31, 2023	Prior Period - December 31, 2022
Deposits and other accounts at foreign branches	850,072	187,327
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	29,451	31,444
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Türkiye, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

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

	Current Period- March 31, 2023		Prior Period- December 31, 2022	
	TL	FC	TL	FC
Forwards	7,751	1,873	5,120	79
Swaps	41,783	4,487,653	202,661	4,458,210
Futures	-	-	-	-
Options	-	3,552	-	53,527
Other	-	-	-	-
Total	49,534	4,493,078	207,781	4,511,816

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period – March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	21,588,809	445,434	9,000,667	1,116,440
Domestic banks and institutions	4,749,245	2,925,951	5,445,312	9,805,240
Foreign banks, institutions and funds	108,200	141,127,905	35,158	113,966,002
Total	26,446,254	144,499,290	14,481,137	124,887,682

b) Maturity information of funds borrowed

	Current Period – March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Short-term ^(*)	15,834,637	3,923,159	9,702,933	3,675,359
Medium and Long-term ^(*)	10,611,617	140,576,131	4,778,204	121,212,323
Total	26,446,254	144,499,290	14,481,137	124,887,682

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 10.04 % (December 31, 2022: 8.71 %) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
May 12, 2022	368	USD	199.5	SOFR+2.75%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C).
	368	EUR	738.65	Euribor+2.10%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)
November 28, 2022	367	USD	222.5	SOFR+4.25 %	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)
	367	EUR	328	E+4 %	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions)	Loan Type
May 13, 2011	June 15, 2023	USD	346,5	Based on international remittance flows
May 4, 2018	March 15, 2023	USD/EUR	380 ^(*)	Based on international remittance flows
October 5, 2018	September 15, 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
October 15, 2019	December 15, 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions
March 22, 2021	March 15, 2027	USD	461,5	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	EUR	200	Based on international remittance flows
	September 15, 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2026	EUR	50	Based on international remittance flows
	March 15, 2026	USD	115,4	Based on international remittance flows / Based on treasury financing transactions
February 21, 2023	March 15, 2028	USD	416.4	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2027	USD	350	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2027	USD	182	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2027	USD	540	Based on international remittance flows / Based on treasury financing transactions
	March 15, 2028	USD	205	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2026	EUR	50	Based on international remittance flows
	March 15, 2027	EUR	25	Based on international remittance flows
March 13, 2023	March 15, 2028	USD	120	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2026	USD	100	Based on international remittance flows / Based on treasury financing transactions

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

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

As of March 31, 2023, the total securitization balance is equivalent of USD 3,962 million and EUR 312 million (December 31, 2022: USD 1,616 million and EUR 252 million).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on securities issued

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

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

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

Within the scope of the program, a total of 282 private placement transactions have been carried out with 20 different banks as of June 2013. Transactions are carried out in various currencies (US Dollar, EUR, GBP, Swiss Franc and Japanese Yen) with maturities of 3 months, 6 months, 1 year and 2 years. On February 21, 2023, one securitization-guaranteed bond with a maturity of 1849 days was issued, amounting to USD 116 million. As of March 31, 2023, the total balance of allocated sales transactions was equivalent to \$516.5 million.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - March 31, 2023				
Nominal	2,710,046	1,000,000	368,353	61,674,934
Cost	2,593,283	1,000,000	368,086	61,442,501
Net Book Value	2,685,914	1,011,154	379,683	62,272,428
Prior Period - December 31, 2022				
Nominal	6,120,841	1,478,000	1,396,773	60,909,813
Cost	5,826,392	1,478,000	1,396,125	60,640,318
Net Book Value	5,977,873	1,560,098	1,411,042	62,129,106

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Obligations under finance leases

The amounts recognized under TFRS 16 as of March 31, 2023 and December 31, 2022 are presented below:

Current Period - March 31, 2023	Service Buildings	Vehicles	Total
Lease payables	4,260,247	65,540	4,325,787
Deferred rental expenses	2,679,217	12,834	2,692,051
Lease payables (Net)	1,581,030	52,706	1,633,736
Right of use assets	1,547,375	44,525	1,591,900

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

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, TL 8,987 of lease payments were made in the related period (March 31, 2022: TL 37,188).

	Current Period – March 31, 2023		Prior Period- December 31, 2022	
	Gross	Net	Gross	Net
Under 1 year	4,264,417	1,584,943	837,410	370,323
1-4 Years	61,300	48,765	571,224	279,115
Over 4 years	70	28	752,974	375,281
Total	4,325,787	1,633,736	2,161,608	1,024,719

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

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

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

None.

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 March 31, 2022, TL 2,120,960 (December 31, 2022: TL 1,994,327) provision for severance pay and TL 91,371 (December 31, 2022 TL 195,642) provision for unused vacation are stated in financial statements under employee rights provision.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

None.

Information on provision for probable risks

As of March 31, 2022, the free provision in the financial statements amounted to a total of TL 19,000,000, of which is constituted by TL 12,000,000 in the current period and TL 7,000,000 in the prior periods (December, 31 2022: TL 19,000,000).

8. Taxation

Current Taxes

Tax provision

As at and for the three-month period ended March 31, 2023, the tax liability of the Group is amounting to TL 4,902,062 (December 31, 2022: TL 4,020,030).

Information on taxes payable

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Corporate taxes payable	4,902,062	4,020,030
Taxation on securities	643,778	464,843
Capital gains tax on property	10,274	5,540
Banking and Insurance Transaction Tax (BITT)	659,399	640,813
Taxes on foreign exchange transactions	35,800	22,623
Value added tax payable	38,956	49,505
Other	369,945	187,204
Total	6,660,214	5,390,558

Information on premiums payable

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Social security premiums- employee share	1,907	2,856
Social security premiums- employer share	2,561	2,577
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	83	127
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	31	-
Unemployment insurance- employee share	10,845	4,789
Unemployment insurance- employer share	21,619	9,488
Other	747	2
Total	37,793	19,839

Information on deferred tax liabilities

Group's deferred tax debts as of March 31, 2023, TL 67,442 (December 31, 2022: TL 56,404).

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

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 24,937,483 as of March 31, 2023 (December 31, 2022: TL 24,043,286).

	Current Period- March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	4,993,575	15,307,675	5,145,157	14,475,926
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,993,575	15,307,675	5,145,157	14,475,926
Debt instruments to be included in the additional capital calculation	4,636,233	-	4,422,203	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,636,233	-	4,422,203	-
Total	9,629,808	15,307,675	9,567,360	14,475,926

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on shareholders' equity

Paid-in capital

	Current Period - March 31, 2023	Prior Period - December 31, 2022
Common stock	9,915,922	7,111,364
Preferred stock	-	-

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

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	9,915,922	10,000,000

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

In the current period, the Bank increased its paid-in capital from TL 7,11,364 to TL 9,915,922, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated March 21, 2023. Accordingly, the amendment made in the related article of the Articles of Association was registered on April 20, 2023.

Information on share capital increases from revaluation funds

None.

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

None

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period – March 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	3,601,340	-	3,675,834	-
Financial assets at fair value through other comprehensive income	11,551,848	(699,961)	11,620,755	(816,613)
Foreign exchange differences	15,800	-	14,526	-
Total	15,168,988	(699,961)	15,311,115	(816,613)

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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 – March 31, 2023	Prior Period - December 31, 2022
Commitments for credit card limits	116,149,082	81,979,697
Loan granting commitments	70,344,681	60,805,000
Commitments for cheque payments	9,841,667	6,916,438
Asset purchase sale commitments	99,082,437	56,192,549
Other	16,147,438	14,057,522
Total	311,565,305	219,951,206

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

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

The Parent Bank provided specific provision amounting to TL 594,913 (December 31, 2022: TL 583,361) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 51,422 (December 31, 2022: TL 50,421).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Provisional letters of guarantee	5,034,865	5,312,468
Final letters of guarantee	78,990,571	79,435,509
Letters of guarantee for advances	31,661,284	28,688,031
Letters of guarantee given to custom offices	6,126,138	5,938,641
Other letters of guarantee	118,295,618	101,497,012
Total	240,108,476	220,871,661

2. Non-cash loans

	Current Period – March 31, 2023	Prior Period - December 31, 2022
Non-cash loans given for cash loan risks	60,487,282	54,770,548
<i>With original maturity of 1 year or less</i>	10,712,781	7,674,681
<i>With original maturity of more than 1 year</i>	49,774,501	47,095,867
Other non-cash loans	242,839,836	224,585,683
Total	303,327,118	279,356,231

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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 - March 31, 2023				Prior Period - December 31, 2022			
	TL	%	FC	%	TL	%	FC	%
Agricultural	280,863	0.19	450,380	0.29	244,348	0.20	472,287	0.31
Farming and Cattle	266,410	0.18	108,902	0.07	224,411	0.18	187,736	0.12
Forestry	7,499	0.01	-	-	8,032	0.01	-	-
Fishing	6,954	-	341,478	0.22	11,905	0.01	284,551	0.19
Manufacturing	55,176,566	37.11	75,980,700	49.13	49,401,506	38.80	69,019,266	45.41
Mining	1,264,475	0.85	1,646,574	1.06	1,038,377	0.82	1,482,590	0.98
Production	45,121,512	30.35	69,619,611	45.02	38,985,823	30.62	61,690,706	40.58
Electric, gas and water	8,790,579	5.91	4,714,515	3.05	9,377,306	7.36	5,845,970	3.85
Construction	25,811,009	17.36	25,035,492	16.19	23,530,449	18.48	25,771,591	16.95
Services	63,818,116	42.93	39,507,447	25.54	51,427,383	40.39	43,592,565	28.68
Wholesale and retail trade	26,187,763	17.62	15,208,665	9.83	22,972,726	18.05	16,005,899	10.53
Hotel, food and beverage Services	1,923,637	1.29	418,537	0.27	1,520,860	1.19	1,096,002	0.72
Transportation and telecommunication	9,282,096	6.24	17,795,869	11.51	8,373,286	6.58	21,195,269	13.94
Financial institutions	18,571,139	12.49	1,131,451	0.73	11,073,975	8.70	1,224,508	0.81
Real estate and renting Services	3,243,521	2.18	2,940,671	1.90	3,022,793	2.37	1,914,088	1.26
Self-employment services	3,473,691	2.34	1,329,320	0.86	3,634,382	2.85	989,576	0.65
Education services	454,902	0.31	58,746	0.04	423,681	0.33	56,232	0.04
Health and social services	681,367	0.46	624,188	0.40	405,680	0.32	1,110,991	0.73
Other	3,587,710	2.40	13,678,835	8.82	2,720,999	2.13	13,175,837	8.65
Total	148,674,264	100.00	154,652,854	99.97	127,324,685	100.00	152,031,546	100.00

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

Current Period - March 31, 2023	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	141,433,326	93,096,815	2,856,824	2,126,598
Confirmed Bills of Exchange and Acceptances	49,258	3,278,167	-	-
Letters of Credit	1,919,298	51,744,088	-	425,977
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	1,267,289	1,762,745	-	-
Other Guarantees and Sureties	926,530	1,845,290	-	-
Non-Cash Loans	145,595,701	151,727,105	2,856,824	2,552,575

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

5. Contingent assets and liabilities

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

6. Services rendered on behalf of third parties

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Interest income

Information on interest income received from loans

	Current Period – March 31, 2023		Prior Period – March 31, 2022	
	TL	FC	TL	FC
Short-term Loans	12,493,076	828,558	5,254,737	333,168
Medium and Long-Term Loans	10,805,475	4,638,444	8,133,720	2,606,424
Non-performing Loans	198,705	-	184,488	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	23,497,256	5,467,002	13,572,945	2,939,592

Information on interest income received from banks

	Current Period – March 31, 2023		Prior Period – March 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	-	111,768	-	-
Domestic Banks	164,935	3,095	10,474	1,883
Foreign Banks	-	164,053	-	6,448
Foreign Head Office and Branches	-	-	-	-
Total	164,935	278,916	10,474	8,331

Information on interest income received from marketable securities portfolio

	Current Period – March 31, 2023		Prior Period – March 31, 2022	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	14,090	101,209	13,287	80,159
Financial assets at fair value through other comprehensive income	3,795,773	1,348,143	3,101,975	910,695
Financial assets measured at amortized cost	8,382,474	435,229	3,894,742	326,034
Total	12,192,337	1,884,581	7,010,004	1,316,888

As stated in the accounting policies, the Parent Bank makes the valuation of the Consumer Price Indexed government bonds in the securities portfolio based on the reference index on the issue date and the index calculated by taking into account the estimated inflation rate. The estimated inflation rate used in the valuation is updated during the year when deemed necessary. As of March 31, 2023, the valuation of the Consumer Price Indexed government bonds was made according to the annual 35% inflation forecast. In case the CPI forecast increases or decreases by 1%, the profit for the period before tax as of March 31, 2023 will increase by approximately TL 71.28 million (full amount) or decrease by the same amount.

Information on interest income received from associates and subsidiaries

	Current Period - March 31, 2023	Prior Period – March 31, 2022
Interest Received from Associates and Subsidiaries	4,612	2,374

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Interest Expense

Interest expense on funds borrowed

	Current Period – March 31, 2023		Prior Period – March 31, 2022	
	TL	FC	TL	FC
Banks	568,737	1,791,017	165,350	589,749
Central Bank of the Republic of Türkiye	382,070	2,136	19,897	357
Domestic Banks	186,667	102,898	141,193	57,028
Foreign Banks	-	1,685,983	4,260	532,364
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	93,138	-	19,949
Total	568,737	1,884,155	165,350	609,698

Interest expense paid to associates and subsidiaries

	Current Period – March 31, 2023	Prior Period - March 31, 2022
Interests paid to the associates and subsidiaries	164,574	17,706

Interest expense on securities issued

Interest paid to securities issued as at for the period ended March 31, 2023 is TL 1,855,943 (TL 708,824 and 1,147,119 FC). (March 31, 2022: TL 1,753,250 (TL 582,315 and 1,170,935 FC)).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Interest Expense (Continued)

Maturity structure of the interest expense on deposits

Current Period – March 31, 2023	Demand Deposits	Up to 1 Month	Up to 3 Months	Time Deposits			Cumulative deposit	Total
				Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	15,330	592,738	-	30,672	-	-	638,740
Saving deposits	30,286	984,396	5,243,221	2,611,226	219,776	408,189	272	9,497,366
Public sector deposits	12,826	1,834,929	543,532	24,524	5,468	3,190	-	2,424,469
Commercial deposits	40,986	5,784,022	6,108,190	1,513,587	465,516	208,598	-	14,120,899
Other deposits	12,902	376,951	1,383,222	203,325	8,843	2,202	-	1,987,445
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	97,000	8,995,628	13,870,903	4,352,662	730,275	622,179	272	28,668,919
FC								
Foreign currency deposits	123,614	304,552	576,825	96,184	33,992	65,847	-	1,201,014
Interbank deposits	12,894	6,089	235,421	-	12,182	-	-	266,586
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	65	614	3,082	342	-	4,103
Total	136,508	310,641	812,311	96,798	49,256	66,189	-	1,471,703
Grand Total	233,508	9,306,269	14,683,214	4,449,460	779,531	688,368	272	30,140,622

	Time Deposits							
Prior Period – March 31, 2022	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
TL								
Interbank deposits	-	39,343	354,085	-	-	-	-	393,428
Saving deposits	1,843	335,686	1,484,590	1,238,814	115,400	73,067	257	3,249,657
Public sector deposits	11,270	548,751	284,234	23,390	15,958	1,114	-	884,717
Commercial deposits	1,499	1,237,607	1,381,256	95,647	748,302	35,284	-	3,499,595
Other deposits	871	152,990	813,960	74,080	29,275	14,177	-	1,085,353
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	15,483	2,314,377	4,318,125	1,431,931	908,935	123,642	257	9,112,750
FC								
Foreign currency deposits	6,667	108,179	378,704	40,552	7,179	15,229	-	556,510
Interbank deposits	4,479	5,018	45,165	-	-	-	-	54,662
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	2	-	2,361	275	-	2,638
Total	11,146	113,197	423,871	40,552	9,540	15,504	-	613,810
Grand Total	26,629	2,427,574	4,741,996	1,472,483	918,475	139,146	257	9,726,560

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on trading income/losses

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Income	212,313,348	52,013,458
Income from capital market operations	12,333,381	4,955,395
Income from derivative financial instruments	132,865,950	41,468,796
Foreign exchange gains	67,114,017	5,589,267
Losses	(209,979,223)	(50,757,766)
Loss from capital market operations	(11,277,205)	(4,423,642)
Loss from derivative financial instruments	(132,945,489)	(41,512,632)
Foreign exchange loss	(65,756,529)	(4,821,492)
Net trading profit/loss	2,334,125	1,255,692

Net loss arising from changes in foreign exchange rates that relate to the Group's foreign exchange rate based derivative financial instruments is amounting to net loss of TL (284,256) as at and for the three-month period ended March 31, 2023 (March 31, 2022: net loss of TL (296,655)).

4. Information on other operating income

	Current Period – March 31, 2023	Prior Period – December 31, 2022
Income from reversal of the provisions for loans from prior periods	11,761,801	2,554,665
Communication income	7,338	6,251
Gain on sale of assets	180,468	309,059
Rent income	32,699	270,846
Other income	13,099,905	254,449
Total	25,082,211	3,395,270

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

5. Expected credit loss and other provision expenses

	Current Period - March 31, 2023	Prior Period – March 31, 2022
Expected Credit Loss	13,423,846	6,692,640
12 month expected credit loss (stage 1)	5,296,682	1,088,388
Significant increase in credit risk (stage 2)	7,031,661	3,880,817
Non-performing loans (stage 3)	1,095,503	1,723,435
Marketable Securities Impairment Expense	87,686	177,802
Financial Assets at Fair Value through Profit or Loss	70,742	169,485
Financial Assets at Fair Value Through Other Comprehensive Income	16,944	8,317
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	5,403	8,912
Investments in Associates	5,403	8,912
Subsidiaries	-	-
Joint Ventures	-	-
Other^(*)	-	228,000
Total	13,516,935	7,107,354

(*) Free provision balance calculated in 2023 is none. (March 31, 2022 TL: 228,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information on other operating expenses

	Current Period - March 31, 2023	Prior Period - March 31, 2022
Reserve for Employee Termination Benefits	135,845	68,719
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	184,515	137,147
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	17,856	11,713
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	3,321,737	1,038,519
<i>Leasing expenses related to TFRS 16 exceptions</i>	8,987	37,188
<i>Repair and maintenance expenses</i>	44,723	29,045
<i>Advertisement expenses</i>	104,308	77,183
<i>Other expenses</i>	3,163,719	895,103
Loss on sale of assets	184	331
Other ^(*)	13,426,311	578,889
Total	17,086,448	1,835,318

^(*) Other operating expenses amounting to TL 13,426,311 (March 31, 2022: TL 578,889); AFAD Donation amounted TL 12,000,000, is comprised of provision expenses for dividends to the personnel amounting to TL 242,993 (March 31, 2022: TL 111,476), tax, fees and funds expenses amounting to TL 483,623 (March 31, 2022: TL 136,038), Saving Deposits Insurance Fund expenses amounting to TL 445,239 (March 31, 2022: TL 204,810) and other expenses amounting to TL 254,456 (March 31, 2022: TL 126,565).

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

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

8. Information on tax provision from discontinued and continuing operations

Information on provision for taxes on income from continuing operations is presented in disclosure 10 in this section. The Group has no discontinued operations.

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

Information on net profit/loss from continuing operations is presented in disclosures 1-13 in this section. The Group has no discontinued operations.

10. Provision for taxes

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

In the current period, the Group recorded a tax provision of TL (1,293,520) (March 31, 2022: TL (9,877,005)) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of December 2022, the Group's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 1,493,613 (March 31, 2022: TL 5,984,285), from the taxable temporary differences (Occurrence)/Closing TL 37,284 (March 31, 2022: (TL 1,737,770)) has deferred tax expense.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on net profit and loss

The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period

Group has incurred TL 44,513,274 interest income and TL 36,979,619 interest expense, also incurred TL 3,802,317 amount of net fee and commission income from its ordinary banking operations (March 31, 2022: TL 25,256,340 interest income, TL 15,782,472 interest expense, TL 1,668,497 net fee and commission income).

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

None.

12. Income/loss related to non-controlling interest

	Current Period - March 31, 2023	Prior Period - March 31, 2022
Income/(losses) related to non-controlling interest	145,351	110,956

13. Information related to the sub-accounts which constitute at least 20% of other items, in case of the components of other items in the profit or loss statement exceeding 10% of the group total

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Current Period - March 31, 2023	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	126,530	84,256	-	1,187	264,014	55,935
Balance at the end of the year	175,304	90,137	-	1,242	192,202	76,014
Interest and commission income	4,612	531	-	-	5,727	197

Prior Period - December 31, 2022	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	50,676	78,364	-	8,344	228,644	22,489
Balance at the end of the year	126,530	84,256	-	1,187	264,014	55,935
Interest and commission income	2,374	228	-	-	2,587	43

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	9,740,031	1,153,273	2,398,302	3,908,130	195,275	82,435
Balance at the end of the year	6,797,584	9,740,031	2,938,788	2,398,302	417,136	195,275
Interest on deposits	164,574	17,706	7	194,332	14,544	819

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)

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

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

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

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

Information on Benefits Provided to Directors

In the accounting period ending on March 31, 2023, a total amount of TL 46,770 was paid to the Group top management (March 31, 2022: TL 21,207).

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**SECTION SIX
OTHER DISCLOSURES**

I. INFORMATION ON THE PARENT BANK'S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

July 2022	Fitch Ratings
Long Term Foreign Currency	B-
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	B
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term	AA (tur)
National Outlook	Stable
Support	ns
Support Rating Floor	b-

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

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

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

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OTHER DISCLOSURES (Continued)

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

None.

SECTION SEVEN

INDEPENDENT AUDITORS’ REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REPORT

The Group’s consolidated financial statements and footnotes as at March 31, 2023 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent audit report dated May 15, 2023 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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SECTION EIGHT

INFORMATION ON THE INTERIM ANNUAL REPORT

Assessment of the Chairperson of the Board

Dear stakeholders,

We are deeply sorry and full of grief because of the earthquake that hit Kahramanmaraş and the region surrounding it on 6 February 2023. We wish Allah's mercy upon those souls who lost their lives and hope the injured gets well soon.

During the 1Q2023, as far as preliminary data shows, the US economy grew by a less-than-expected rate of 1.1%, because of weak investment expenditure and the decline in the increase in investment spending due to the drop in stocks. On the other hand, the Euro Zone grew by 1.3% on an annualized basis. The International Monetary Fund (IMF) published a "Global Economic Outlook" report during that time, predicting that the growth in the global economy will drop to 2.8% in 2023 but expecting that a recovery is expected in 2024 with a 3% growth rate.

The Chinese economy grew by 4.5%, a figure more than expected, during the first quarter of 2023. The Bank of China pulled down the required reserve ratio of banks by 25 basis points with effect from 27 March in order to boost the economic activities during that term.

Turkish economy, on the other hand, maintained its well-balanced and stable growth as it grew by 5.6%, in 2022 which surpassed the expectations. Besides, Turkish Central Bank noted that the earthquake would affect economic activities in near future but would not leave a lasting impact on the performance of Turkish economy in the medium term.

Turkish Banking sector maintained its strong structure in the first quarter of 2023. The sector's total assets grew by 10.43% compared to the 2022 year end, reaching a level of TL 15,844 billion. The sector's credit volume reached to TL 8,640 billion with a 12.14 % increase during that term. The capital adequacy ratio of Turkish banking sector turned out to be well above the international standards as it was 17.67% as of the end of March 2023. This way, Turkish Banking Sector continued to support national economy during that time as well as it maintained its sound growth momentum.

During the first quarter of this year, our Bank was firm and adamant in its support to the national economy as well. During that period, our Bank's asset size has reached to TL 1,817 billion with 8.10% increase since the year end, whereas our performing loans reached to TL 1,088 billion, which represents a 16.52% increase. Our deposits, which represent our main funding source, reached to TL 1,253 billion, representing 11% growth.

In light of the foregoing, I would like to thank to our esteemed customers, our shareholders and investors for their trust as well as our employees for their efforts.

Sincerely yours,

Mustafa SAYDAM
Chairperson of the Board

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INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

Assessment of the General Manager

Our dear stakeholders,

We wish Allah's mercy on all victims who lost their lives in the earthquake with its epicentre in Kahramanmaraş and its surrounding provinces in February 2023, and we offer our condolences to their grief-stricken families and we also wish a quick recovery for our injured and nation. As always, we fulfilled all our responsibilities by mobilizing all our means in order to bind up our wounds and mitigate the effects of the biggest disaster that ever hit our national history even slightly. And we will continue to work in future as well with our mighty power in order to leave these challenging times behind us.

While the insight that the inflation tended to be declining during the first quarter of the year has led to a positive spirit and mood, the biggest bank bankruptcies that hit the USA since the global crisis and the fact that similar news started to emanate from Europe gave rise to volatilities in the markets. The likelihood that these developments may adversely affect economic activities drove up the gold prices as gold is regarded a safe haven at all times, but led to a decrease in oil prices. In March, the interest rate decisions published by the central banks of developed and emerging countries were also noteworthy during that period. The interest rates in the USA reached their zenith ever in the last 16 years as the US Federal Bank increased the interest rate by 25 basis points, according to preliminary data, the US economy grew by 1.1% in the 1Q2023. The European Central Bank did not surprise and increased the interest rate by 50 basis points. According to the published preliminary data for 1Q2023 Euro Zone grew by 1.3%. The Bank of China, on the other hand, chose to pull down the required reserve ratio applicable to banks in order to stimulate and boost economic activities, The Chinese economy's growth rate was 4.5%, well above the expectations, in 1Q2023.

Turkish economy, on the other hand, ranked at the top among the G20 and OECD countries in 2022 with a 5.6% growth rate. The Consumer Price Index receded in March on an annualized basis. This way, the inflation rate turned out to be the lowest in the last 14 months. Central Bank of the Republic of Turkey (CBRT) did not change the policy interest rate in its March meeting, keeping it at 8.50%. Moreover, various measures were adopted and subsidies were announced in order to mitigate the economic effects of the earthquake that we had gone through during that period.

In VakıfBank, we kept the momentum of our support to the national economy non-stop in the 1Q2023. Our asset size grew by 8.10%, amounting to TL 1,817 billion. Our cash loans grew by 16.52% in 1Q2023, topping at TL 1,088 billion. Our retail loans grew by 38.27%, which shows that our support to households are still strong. We have always stood by national companies that manufacture and compete in international markets for our country, and never shied away from supporting investments, production and exports. Thanks to our products and services we offer to our customers, our support for our national economy totalled to TL 1,386 billion in the form of cash and non-cash loans.

Deposits continue to be the main funding source for our Bank during this quarter not unlike in the past. We managed to increase our total deposits to TL 1,253 billion owing to our diverse product and service range, representing 11.09% growth. Thanks to international sources that we have secured in addition to deposits, we maintained our strong and leading position in the sector as well. Even in an environment where global challenges are abundant, we managed to bring international finance to our country at reasonable costs. During the first quarter, we successfully completed the largest securitization transaction in lump sum among Turkish banks. We secured this transaction with a 2-year grace period and in the total amount of USD 2 billion. This way, we re-confirmed the credibility of our bank and our national banking industry in international markets, and never lost momentum in our support to the national economy.

Notwithstanding the foregoing, we strongly consolidated our equity thanks to our capital increase in the first quarter as we support it with a sustainable profitability. Our capital adequacy ratio turned out to be 15.84% in the first quarter of 2023.

On the other hand, we are shaping up the future of the banking industry with young people as we make sure that our customers meet and get familiar with our innovative technologies and investments in digitalization. We organized "Hack to the Future", a Hackathon event, for the fourth time in February as we have made it a customary event based on the "Digital Makes it Easier" approach. This way not only do we provide an opportunity to young individuals who are willing to make a career in software industry but also we create added value for our customers by increasing competition in digitalization industry, as we make their lives easier.

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Assessment of the General Manager (Continued)

In addition, as the first carbon neutral bank in Turkey, we proceed with our operations with a point of view of sustainability, and are the first bank awarded with Leed Gold certificate in the campus with our new building in Istanbul Finance Centre. Our service building was built in compliance with international standards in certain areas such as energy efficiency, water saving, environment-friendly construction materials and recycling of waste materials. The building is also remarkable with its landscaping architecture, which features a rich biodiversity and green areas where our employees may socialize.

VakıfBank will continue to contribute to the sustainable and strong growth of Turkish national economy now and in the future as well thanks to our strong technological infrastructure and with more than 17 thousand employees under our belt. I heartily thank to our customers and shareholders thanks to their trust in us, our employees with the lion’s share in our achievements and our Board of Directors and all other stakeholders who never shied away from supporting us

Sincerely yours,

Abdi Serdar ÜSTÜNSALİH

**General Manager and
Executive Director**

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Unconsolidated)

BALANCE SHEET (TL Million)	MARCH 2023	DECEMBER 2022	CHANGE (%)
TOTAL ASSETS	1,817,191	1,681,061	8.10
SECURITIES PORTFOLIO	404,964	372,588	8.69
LOANS (*)	1,087,640	933,451	16.52
- Commercial Loans	841,148	755,178	11.38
- Retail Loans	246,492	178,273	38.27
DEPOSITS	1,252,726	1,127,702	11.09
- Term Deposits	954,950	870,035	9.76
- Demand Deposits	297,776	257,667	15.57
FUNDS BORROWED	163,007	130,746	24.67
SUBORDINATED DEBT	24,937	24,043	3.72
SECURITIES ISSUED (NET)	65,647	69,854	-6.02
SHAREHOLDERS' EQUITY	141,108	106,985	31.90
NON-CASH LOANS	297,989	274,249	8.66

INCOME STATEMENT (TL Million)	MARCH 2023	MARCH 2022	CHANGE (%)
Period's Net Profit/ Loss	4,503	3,002	49.98

INDICATIVE RATIOS (%)	MARCH 2023	DECEMBER 2022
TOTAL LOANS/ TOTAL ASSETS (*)	59.85	55.53
LOANS/DEPOSITS (*)	86.82	82.77
NON-PERFORMING LOAN RATIO	1.80	2.13
CAPITAL ADEQUACY RATIO	15.84	15.19
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.03	1.79
RETURN ON AVERAGE EQUITY (ROAE) (**)	14.52	30.22

(*) Loans excluding legal proceedings.

(**) Calculations are annualized

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INFORMATION ON THE INTERIM ANNUAL REPORT(Continued)

Significant Financial Indicators (Consolidated)

BALANCE SHEET (TL Million)	MARCH 2023	DECEMBER 2022	CHANGE (%)
TOTAL ASSETS	1,847,496	1,707,032	8.23
SECURITIES PORTFOLIO	412,629	379,643	8.69
LOANS (*)	1,106,271	952,482	16.15
- Commercial Loans	859,777	774,206	11.05
- Retail Loans	246,494	178,275	38.27
DEPOSITS	1,259,874	1,132,098	11.29
- Term Deposits	960,183	872,342	10.07
- Demand Deposits	299,691	259,756	15.37
FUNDS BORROWED	170,946	139,369	22.66
SUBORDINATED DEBT	24,937	24,043	3.72
SECURITIES ISSUED (NET)	66,349	71,078	-6.65
SHAREHOLDERS' EQUITY	144,205	106,526	35.37
NON-CASH LOANS	303,327	279,356	8.58

INCOME STATEMENT (TL Million)	MARCH 2023	MARCH 2022	CHANGE (%)
Period's Net Profit/ Loss	5,340	3,260	63.81

INDICATIVE RATIOS (%)	MARCH 2023	DECEMBER 2022
TOTAL LOANS/ TOTAL ASSETS (*)	59.88	55.80
LOANS/DEPOSITS (*)	87.81	84.13
NON-PERFORMING LOAN RATIO	1.84	2.14
CAPITAL ADEQUACY RATIO	15.59	14.34
RETURN ON AVERAGE ASSETS (ROAA) (**)	1.20	1.89
RETURN ON AVERAGE EQUITY (ROAE) (**)	17.04	32.12

(*) Loans excluding legal proceedings.

(**) Calculations are annualized

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Assessment of 1st Quarter of 2023

The Group managed to grow in the first quarter of 2023, and its total asset size reached TL 1,847 billion, which meant a 8.23% increase. During that period, our performing loans rose by 16.15% and reached TL 1,106 billion, and performing loans in our total assets captured a 59.88% share in total assets. When we look at the sub-distribution of loans, we see that our commercial loans reached TL 859,777 million while retail loans reached TL 246,494 million.

During the first quarter of 2023, the Group has increased its deposits by 11.29%, reached TL 1,260 billion.

In addition to deposits, the Group issued financial bills with a total nominal value of TL 1,927 million in total as of the first quarter in 2023 for marketing via public offering and qualified investors in national market. The international funding has reached USD 2,633 million during the year.

VakıfBank executed a DPR securitization in the approximate amount of 2 billion USD in total consisting of two different tranches. The said transaction is characterized to be the largest securitization and financing transaction among Turkish bank that has been executed in lump sum.

The group net profit in the first quarter of 2023 was TL 5,340 million while our capital adequacy ratio was 15.59%.

As of 31 March 2023, the number of our Bank branches was 949 with 17,038 employees.

Following the period review by JCR Avrasya Derecelendirme A.Ş., our Bank's rating for Compliance with the CMB Corporate Management was set to 9.38 out of 10 and its outlook to "Stable."

International Credit Rating Agency Fitch Ratings confirmed Turkey's long-term foreign currency issuer default rating and its negative credit outlook on 27 March 2023.

Other Significant Developments

- Shares with a nominal value of TL 2,804,557,405.78 which were issued by our Bank were sold to Turkey Sovereign Wealth Fund by means of bulk sales in the Stock Exchange equity market on March 29,2023 and by means of private placement at a price of TL 11.41 per share with a nominal value of TL 1 in a manner that total sales proceeds would reach TL 32,000,000,000 and the capital increase was completed. Our Bank's Capital Increase Agreement may be read at the following link: <https://www.kap.org.tr/en/Bildirim/1129498>

- Our Bank obtained necessary permissions from the BRSA for the purchase of 12,000,000 Group B Shares (a 16% shareholding) that Savings Deposit Insurance Fund holds in Birleşim Varlık Yönetim A.Ş. at a price of TL 119,284,800 together with all its rights and obligations therein, and the share purchase transaction is now complete.

- Negotiations started on 08.03.2023 between our Bank and the Bank Finance and Insurance Workers Union (BASS) for 26th Term Collective Bargaining Agreement culminated in a mutual agreement and settlement on April 27, 2023 for the period between 1 May 2023 and 30 April 2025.

Amendments to Articles of Incorporation

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