

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AND RELATED DISCLOSURES AT JUNE 30, 2023  
TOGETHER WITH LIMITED REVIEW REPORT**

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



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## **Convenience Translation of the Auditor’s Review Report Originally Issued in Turkish**

### **Independent Auditors’ Review Report on Unconsolidated Interim Financial Information**

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

##### *Introduction*

We have reviewed the unconsolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. (“the Bank”) at June 30, 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated of interim financial information 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 unconsolidated 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 Unconsolidated Financial Statements the accompanying unconsolidated financial statements as of June 30, 2023, include a free provision amounting to TL 6,750,000 thousand, of which TL 19,000,000 thousand was provided in prior years and TL 12,250,000 thousand was reversed in the current period, due to the possible effects of negative circumstances 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 unconsolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the financial position of the Bank at June 30, 2023 and of the results of its operations and its cash flows for the six-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 unconsolidated 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



Danla Harman, SMMM  
Partner

August 9, 2023  
İstanbul, Türkiye

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED FINANCIAL REPORT  
AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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The unconsolidated financial report as at and for the six-month period ended June 30, 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 BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- LIMITED REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements for the six-month period and 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.

August 9, 2023

Mustafa SAYDAM  
Chairman of the Board

Abdülkadir AKSU  
Board and Audit  
Committee Member

Sadık YAKUT  
Board and Audit  
Committee Member

Abdi Serdar ÜSTÜNSALİH  
General Manager and  
Board Member

Şuayyip İLBİLGİ  
Assistant General Manager

Korhan TURGUT  
Director of Accounting and  
Financial Affairs

The authorized contact person for questions on this financial report:

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

The Ministry of Treasury and Finance, in addition to its A Group and B Group shares, is indirectly the controlling shareholder in the Bank’s capital when the shares of the Türkiye Wealth Fund (D Group) are included.

As at June 30, 2023, the 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 Bank’s shareholders structure as at June 30, 2023 and December 31, 2022 are as stated below:

	<b>Number of Shares – 100 unit</b>	<b>Nominal Value of the Shares – Thousands of TL</b>	<b>Share Percentage (%)</b>
<b>Shareholders - June 30, 2023</b>			
Türkiye Varlık Fonu (D Grubu)	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
<b>Total</b>	<b>9,915,921,523</b>	<b>9,915,922</b>	<b>100.00</b>

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

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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**GENERAL INFORMATION (Continued)**

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

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

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

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

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

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

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

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

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

In the special circumstances disclosure issued by the Bank on February 25, 2022, it was announced that the 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 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 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 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 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 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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**GENERAL INFORMATION (Continued)**

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

<b>Name and Surname</b>	<b>Responsibility</b>	<b>Date of Appointment</b>	<b>Education</b>	<b>Experience in Banking and Management</b>
<b><u>Board of Directors</u></b>				
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
Haydar Kemal KURT	Member	March 25, 2022	Bachelor's	1 years
Abdullah Erdem CANTİMUR	Member	August 2, 2023	Master's	22 years
<b><u>Audit Committee</u></b>				
Abdülkadir AKSU	Member	March 25, 2022	Bachelor's	4 years
Sadık YAKUT	Member	March 25, 2022	Bachelor's	4 years
<b><u>Auditor</u></b>				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor's	39 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master's	4 years
<b><u>Assistant General Managers</u></b>				
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	20 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, Public Institutions and Local Governments Banking Marketing, Corporate Branches	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	20 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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**GENERAL INFORMATION (Continued)**

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

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

At the Board of Directors Meeting held on August 2nd, 2023 regarding the distribution of duties among Board Members as per the Articles of Incorporation

- Mr. Mustafa Saydam has been selected as the Chairman,
- Mr. Cemil Ragıp Ertem has been selected as the Deputy Chairman,
- Mr. Abdi Serdar Üstünsalih was elected as the General Manager,

by unanimous vote.

**IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS**

**Current Period - June 30, 2023**

<b>Shareholders</b>	<b>Nominal Value of Shares</b>	<b>Share Percentage</b>	<b>Paid Shares (Nominal)</b>	<b>Unpaid Shares</b>
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**

<b>Shareholders</b>	<b>Nominal Value of Shares</b>	<b>Share Percentage</b>	<b>Paid Shares (Nominal)</b>	<b>Unpaid Shares</b>
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 Bank on February 25, 2022, the material event disclosure made by the Bank on March 21, 2023 and the changes in the capital structure of the Bank are explained in detail in Section I General Information section of the report, under heading II.

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**GENERAL INFORMATION (Continued)**

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

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

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

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

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

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

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

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

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

As at June 30, 2023, the Bank has 939 domestic, 4 foreign, in total 943 branches (December 31, 2022: 945 domestic, 4 foreign, in total 949 branches). As at June 30, 2023, the Bank has 16,792 employees (December 31, 2022: 16,961 employees).

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

None.

**SECTION TWO**  
**UNCONSOLIDATED**  
**FINANCIAL STATEMENTS**

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT JUNE 30, 2023**

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

ASSETS	Notes	Current Period June 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>147,719,412</b>	<b>409,616,206</b>	<b>557,335,618</b>	<b>159,158,470</b>	<b>381,761,465</b>	<b>540,919,935</b>
<b>1.1 Cash and cash equivalents</b>	<b>V-I-1</b>	<b>33,319,824</b>	<b>258,669,447</b>	<b>291,989,271</b>	<b>60,478,397</b>	<b>249,085,725</b>	<b>309,564,122</b>
1.1.1 Cash and balances at Central Bank	V-I-1	30,230,428	199,205,428	229,435,856	48,395,302	220,539,919	268,935,221
1.1.2 Banks	V-I-3	3,089,814	59,480,920	62,570,734	53	28,545,806	28,545,859
1.1.3 Receivables from Money Markets		-	-	-	12,095,635	-	12,095,635
1.1.4 Allowance for expected credit losses (-)	V-I-16	418	16,901	17,319	12,593	-	12,593
<b>1.2 Financial assets at fair value through profit or loss</b>	<b>V-I-2</b>	<b>4,430,475</b>	<b>24,543,960</b>	<b>28,974,435</b>	<b>234,078</b>	<b>16,862,130</b>	<b>17,096,208</b>
1.2.1 Public debt securities		-	23,934,620	23,934,620	-	16,478,799	16,478,799
1.2.2 Equity instruments		94,065	609,340	703,405	100,375	383,331	483,706
1.2.3 Other financial assets		4,336,410	-	4,336,410	133,703	-	133,703
<b>Financial assets at fair value through other comprehensive income</b>	<b>V-I-4</b>	<b>71,008,249</b>	<b>122,688,541</b>	<b>193,696,790</b>	<b>84,216,338</b>	<b>112,682,191</b>	<b>196,898,529</b>
1.3.1 Public debt securities		68,706,248	122,659,797	191,366,045	81,886,540	112,298,627	194,185,167
1.3.2 Equity instruments		139,717	15,703	155,420	109,726	10,128	119,854
1.3.3 Other financial assets		2,162,284	13,041	2,175,325	2,220,072	373,436	2,593,508
<b>1.4 Derivative financial assets</b>	<b>V-I-2</b>	<b>38,960,864</b>	<b>3,714,258</b>	<b>42,675,122</b>	<b>14,229,657</b>	<b>3,131,419</b>	<b>17,361,076</b>
1.4.1 Derivative financial assets at fair value through profit or loss		38,960,864	3,714,258	42,675,122	14,229,657	3,131,419	17,361,076
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>		<b>1,073,484,567</b>	<b>423,139,181</b>	<b>1,496,623,748</b>	<b>748,960,983</b>	<b>321,800,151</b>	<b>1,070,761,134</b>
<b>2.1 Loans</b>	<b>V-I-5</b>	<b>905,726,113</b>	<b>385,445,749</b>	<b>1,291,171,862</b>	<b>665,851,258</b>	<b>287,874,060</b>	<b>953,725,318</b>
2.2 Receivables from leasing transactions	V-I-10	-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
<b>2.4 Financial assets measured at amortised cost</b>	<b>V-I-6</b>	<b>203,829,415</b>	<b>47,682,977</b>	<b>251,512,392</b>	<b>124,556,209</b>	<b>34,036,643</b>	<b>158,592,852</b>
2.4.1 Public debt securities		203,770,465	47,393,659	251,164,124	124,497,259	33,829,671	158,326,930
2.4.2 Other financial assets		58,950	289,318	348,268	58,950	206,972	265,922
<b>2.5 Allowance for expected credit losses (-)</b>		<b>36,070,961</b>	<b>9,989,545</b>	<b>46,060,506</b>	<b>41,446,484</b>	<b>110,552</b>	<b>41,557,036</b>
<b>NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS"</b>							
<b>III. (Net)</b>	<b>V-I-14</b>	<b>215,648</b>	<b>-</b>	<b>215,648</b>	<b>282,278</b>	<b>-</b>	<b>282,278</b>
3.1 Held for sale purpose		215,648	-	215,648	282,278	-	282,278
3.2 Held from discontinued operations		-	-	-	-	-	-
<b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>		<b>11,345,887</b>	<b>2,628,125</b>	<b>13,974,012</b>	<b>12,358,076</b>	<b>1,843,727</b>	<b>14,201,803</b>
<b>4.1 Investments in associates (Net)</b>	<b>V-I-7</b>	<b>4,201,318</b>	<b>-</b>	<b>4,201,318</b>	<b>4,066,701</b>	<b>-</b>	<b>4,066,701</b>
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		4,201,318	-	4,201,318	4,066,701	-	4,066,701
<b>4.2 Investments in subsidiaries (Net)</b>	<b>V-I-8</b>	<b>7,144,569</b>	<b>2,628,125</b>	<b>9,772,694</b>	<b>8,291,375</b>	<b>1,843,727</b>	<b>10,135,102</b>
4.2.1 Non-consolidated financial subsidiaries		6,287,623	2,628,125	8,915,748	7,434,429	1,843,727	9,278,156
4.2.2 Non-consolidated non-financial subsidiaries		856,946	-	856,946	856,946	-	856,946
<b>4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)</b>	<b>V-I-9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
<b>V. PROPERTY AND EQUIPMENT (Net)</b>		<b>13,415,956</b>	<b>93,067</b>	<b>13,509,023</b>	<b>11,943,565</b>	<b>47,806</b>	<b>11,991,371</b>
<b>VI. INTANGIBLE ASSETS AND GOODWILL (Net)</b>		<b>630,005</b>	<b>1,897</b>	<b>631,902</b>	<b>428,824</b>	<b>1,125</b>	<b>429,949</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		630,005	1,897	631,902	428,824	1,125	429,949
<b>VII. INVESTMENT PROPERTIES (Net)</b>	<b>V-I-12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSETS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	<b>V-I-13</b>	<b>3,297,344</b>	<b>311,260</b>	<b>3,608,604</b>	<b>2,444,654</b>	<b>33,646</b>	<b>2,478,300</b>
<b>X. OTHER ASSETS</b>	<b>V-I-15</b>	<b>98,984,307</b>	<b>2,196,473</b>	<b>101,180,780</b>	<b>32,969,525</b>	<b>7,026,328</b>	<b>39,995,853</b>
<b>TOTAL ASSETS</b>		<b>1,349,093,126</b>	<b>837,986,209</b>	<b>2,187,079,335</b>	<b>968,546,375</b>	<b>712,514,248</b>	<b>1,681,060,623</b>

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AS AT JUNE 30, 2023**

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

	Notes	Current Period June 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
<b>LIABILITIES AND EQUITY</b>							
<b>I. DEPOSITS</b>	V-II-1	829,046,510	573,151,386	1,402,197,896	680,677,897	447,024,078	1,127,701,975
<b>II. BORROWINGS</b>	V-II-3	23,579,018	167,876,090	191,455,108	9,404,855	121,341,387	130,746,242
<b>III. MONEY MARKET FUNDS</b>		140,488,544	42,476,138	182,964,682	55,875,286	76,656,669	132,531,955
<b>IV. MARKETABLE SECURITIES (Net)</b>	V-II-3	2,053,960	84,114,306	86,168,266	6,025,430	63,828,578	69,854,008
4.1 Bills		1,042,806	-	1,042,806	4,465,332	1,411,042	5,876,374
4.2 Asset backed securities		-	-	-	-	-	-
4.3. Bonds		1,011,154	84,114,306	85,125,460	1,560,098	62,417,536	63,977,634
<b>V. FUNDS</b>		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH</b>							
<b>VI. PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	V-II-2	2,179,351	7,081,535	9,260,886	207,781	4,511,816	4,719,597
7.1 Derivative financial liabilities at fair value through profit or loss		2,179,351	7,081,535	9,260,886	207,781	4,511,816	4,719,597
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES</b>	V-II-5	1,997,956	4,601	2,002,557	1,017,323	4,080	1,021,403
<b>X. PROVISIONS</b>	V-II-7	12,237,227	71,211	12,308,438	23,178,324	68,834	23,247,158
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		4,628,535	-	4,628,535	3,710,133	-	3,710,133
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		7,608,692	71,211	7,679,903	19,468,191	68,834	19,537,025
<b>XI. CURRENT TAX LIABILITIES</b>	V-II-8	2,370,323	15,849	2,386,172	5,162,745	19,871	5,182,616
<b>XII. DEFERRED TAX LIABILITIES</b>	V-II-8	-	-	-	-	-	-
<b>LIABILITIES RELATED TO NON-CURRENT ASSETS</b>							
<b>"HELD FOR SALE" AND "DISCONTINUED</b>							
<b>XIII. OPERATIONS" (Net)</b>	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT</b>	V-II-10	9,857,983	20,124,457	29,982,440	9,567,360	14,475,926	24,043,286
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		9,857,983	20,124,457	29,982,440	9,567,360	14,475,926	24,043,286
<b>XV. OTHER LIABILITIES</b>	V-II-4	102,304,077	29,032,446	131,336,523	40,515,711	14,508,778	55,024,489
<b>XVI. SHAREHOLDERS' EQUITY</b>	V-II-11	137,846,794	(833,432)	137,013,362	106,989,858	(4,969)	106,984,889
16.1 Paid-in capital	V-II-11	9,915,922	-	9,915,922	7,111,364	-	7,111,364
16.2 Capital reserves		45,959,049	768,957	46,728,006	17,195,809	539,452	17,735,261
16.2.1 Equity shares premiums		45,589,048	-	45,589,048	16,468,559	-	16,468,559
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		370,001	768,957	1,138,958	727,250	539,452	1,266,702
<b>Other accumulated comprehensive income that will not be reclassified in profit or loss</b>		9,910,274	(277,932)	9,632,342	11,187,946	(194,979)	10,992,967
<b>Other accumulated comprehensive income that will be reclassified in profit or loss</b>		6,693,647	(1,324,457)	5,369,190	11,635,996	(349,442)	11,286,554
<b>16.5 Profit reserves</b>		35,983,457	-	35,983,457	35,841,511	-	35,841,511
16.5.1 Legal reserves		4,210,933	-	4,210,933	3,828,329	-	3,828,329
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		30,139,667	-	30,139,667	30,522,271	-	30,522,271
16.5.4 Other profit reserves		1,632,857	-	1,632,857	1,490,911	-	1,490,911
<b>16.6 Profit or loss</b>		29,384,445	-	29,384,445	24,017,232	-	24,017,232
16.6.1 Prior years' profits or losses		23,875,286	-	23,875,286	-	-	-
16.6.2 Current period net profit or loss		5,509,159	-	5,509,159	24,017,232	-	24,017,232
<b>16.7 Minority interests</b>		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,263,964,748</b>	<b>923,114,587</b>	<b>2,187,079,335</b>	<b>938,625,575</b>	<b>742,435,048</b>	<b>1,681,060,623</b>

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT JUNE 30, 2023**

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

	Notes	Current Period June 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
<b>A.</b>	<b>OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>	<b>556,065,603</b>	<b>983,180,200</b>	<b>1,539,245,803</b>	<b>355,853,831</b>	<b>662,723,572</b>	<b>1,018,577,403</b>
<b>I.</b>	<b>GUARANTEES AND SURETIES</b>	<b>162,959,255</b>	<b>195,913,815</b>	<b>358,873,070</b>	<b>123,926,018</b>	<b>150,322,508</b>	<b>274,248,526</b>
1.1.	Letters of guarantee	162,616,236	127,402,948	290,019,184	122,161,954	97,327,915	219,489,869
1.1.1.	Guarantees subject to State Tender Law	6,032,284	51,262,902	57,295,186	4,903,928	35,090,731	39,994,659
1.1.2.	Guarantees given for foreign trade operations	7,755,969	-	7,755,969	5,938,641	-	5,938,641
1.1.3.	Other letters of guarantee	148,827,983	76,140,046	224,968,029	111,319,385	62,237,184	173,556,569
1.2.	Bank acceptances	49,258	3,638,736	3,687,994	49,258	3,630,388	3,679,646
1.2.1.	Import letter of acceptance	-	862,392	862,392	-	873,407	873,407
1.2.2.	Other bank acceptances	49,258	2,776,344	2,825,602	49,258	2,756,981	2,806,239
1.3.	Letters of credit	293,761	62,341,876	62,635,637	1,714,806	47,594,116	49,308,922
1.3.1.	Documentary letters of credit	293,761	62,341,876	62,635,637	1,714,806	47,594,116	49,308,922
1.3.2.	Other letters of credit	-	-	-	-	-	-
1.4.	Pre-financing given as guarantee	-	20,724	20,724	-	14,896	14,896
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Republic of Türkiye	-	-	-	-	-	-
1.5.2.	Other endorsements	-	-	-	-	-	-
1.6.	Purchase guarantees for Securities issued	-	-	-	-	-	-
1.7.	Factoring guarantees	-	-	-	-	-	-
1.8.	Other guarantees	-	459,348	459,348	-	316,843	316,843
1.9.	Other warranties	-	2,050,183	2,050,183	-	1,438,350	1,438,350
<b>II.</b>	<b>COMMITMENTS</b>	<b>301,435,809</b>	<b>172,253,143</b>	<b>473,688,952</b>	<b>193,126,679</b>	<b>147,890,651</b>	<b>341,017,330</b>
2.1.	Irrevocable commitments	268,613,395	25,798,135	294,411,530	163,955,449	51,092,262	215,047,711
2.1.1.	Asset purchase and sales commitments	19,917,628	25,798,135	45,715,763	5,100,287	51,092,262	56,192,549
2.1.2.	Deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries	13,908	-	13,908	-	-	-
2.1.4.	Loan granting commitments	82,466,758	-	82,466,758	60,802,246	-	60,802,246
2.1.5.	Securities issuance brokerage commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Commitments for checks payments	9,949,220	-	9,949,220	6,916,438	-	6,916,438
2.1.8.	Tax and fund liabilities from export commitments	-	-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits	146,397,971	-	146,397,971	81,979,697	-	81,979,697
2.1.10.	Commitments for credit cards and banking services promotions	4,838,950	-	4,838,950	5,676,476	-	5,676,476
2.1.11.	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-
2.1.12.	Payables for short sale commitments of marketable securities	-	-	-	-	-	-
2.2.	Other irrevocable commitments	5,028,960	-	5,028,960	3,480,305	-	3,480,305
2.2.1.	Revocable commitments	32,822,414	146,455,008	179,277,422	29,171,230	96,798,389	125,969,619
2.2.2.	Other revocable commitments	32,822,414	146,455,008	179,277,422	29,171,230	96,798,389	125,969,619
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>91,670,539</b>	<b>615,013,242</b>	<b>706,683,781</b>	<b>38,801,134</b>	<b>364,510,413</b>	<b>403,311,547</b>
3.1.	Derivative financial instruments held for hedging	-	-	-	-	-	-
3.1.1.	Fair value hedges	-	-	-	-	-	-
3.1.2.	Cash flow hedges	-	-	-	-	-	-
3.1.3.	Hedges for investments made in foreign countries	-	-	-	-	-	-
3.2.	Trading transactions	91,670,539	615,013,242	706,683,781	38,801,134	364,510,413	403,311,547
3.2.1.	Forward foreign currency purchase and sale transactions	18,218,550	22,246,188	40,464,738	1,031,528	1,153,908	2,185,436
3.2.1.1.	Forward foreign currency purchase transactions	6,529,002	14,380,529	20,909,531	933,919	249,366	1,183,285
3.2.2.	Forward foreign currency sales	11,689,548	7,865,659	19,555,207	97,609	904,542	1,002,151
3.2.2.1.	Currency and interest rate swaps	71,138,385	439,083,163	510,221,548	25,130,648	279,351,809	304,482,457
3.2.2.2.	Currency swap purchase transactions	5,088,975	158,991,077	164,080,052	1,203,410	79,987,782	81,191,192
3.2.2.3.	Currency swap sale transactions	64,599,410	97,025,189	161,624,599	22,417,238	55,474,754	77,891,992
3.2.2.4.	Interest rate swap purchase transactions	725,000	91,533,449	92,258,449	755,000	71,944,637	72,699,637
3.2.2.5.	Interest rate swap sale transactions	725,000	91,533,448	92,258,448	755,000	71,944,636	72,699,636
3.2.3.	Currency, interest rate and security options	1,143,850	2,207,171	3,351,021	10,648,322	11,846,306	22,494,628
3.2.3.1.	Currency purchase options	1,143,850	507,660	1,651,510	10,648,322	716,531	11,364,853
3.2.3.2.	Currency sale options	-	1,699,511	1,699,511	-	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	-	-	-	820,882	655,550	1,476,432
3.2.4.1.	Currency purchases futures	-	-	-	-	655,550	655,550
3.2.4.2.	Currency sales futures	-	-	-	820,882	-	820,882
3.2.5.	Interest rate futures	-	-	-	-	-	-
3.2.5.1.	Interest rate purchases futures	-	-	-	-	-	-
3.2.5.2.	Interest rate sales futures	-	-	-	-	-	-
3.2.6.	Other	1,169,754	151,476,720	152,646,474	1,169,754	71,502,840	72,672,594
<b>B.</b>	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>18,496,291,291</b>	<b>17,326,247,490</b>	<b>35,822,538,781</b>	<b>13,999,266,261</b>	<b>12,025,723,050</b>	<b>26,024,989,311</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>174,781,113</b>	<b>128,706,330</b>	<b>303,487,443</b>	<b>131,787,214</b>	<b>44,328,002</b>	<b>176,115,216</b>
4.1.	Assets under management	-	-	-	-	-	-
4.2.	Securities held in custody	54,527,974	94,298,402	148,826,376	59,772,566	23,547,755	83,320,321
4.3.	Checks received for collection	57,305,388	4,230,543	61,535,931	40,551,463	1,843,476	42,394,939
4.4.	Commercial notes received for collection	5,546,783	4,327,905	9,874,688	5,396,491	3,083,854	8,480,345
4.5.	Other assets received for collection	2,152	1,042	3,194	2,152	749	2,901
4.6.	Securities received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	309	17,450,316	17,450,625	309	10,454,688	10,454,997
4.8.	Custodians	57,398,507	8,398,122	65,796,629	26,064,233	5,397,480	31,461,713
<b>V.</b>	<b>PLEDGED ITEMS</b>	<b>3,559,812,823</b>	<b>896,119,293</b>	<b>4,455,932,116</b>	<b>2,228,674,022</b>	<b>619,386,476</b>	<b>2,848,060,498</b>
5.1.	Marketable securities	421,645	4,569,138	4,990,783	1,137,763	1,876,845	3,014,608
5.2.	Guarantee notes	14,655,634	8,537,279	23,192,913	5,358,114	6,818,656	12,176,770
5.3.	Commodity	227,057,526	11,296,659	238,354,185	168,878,389	8,073,124	176,951,513
5.4.	Warrant	-	-	-	-	-	-
5.5.	Immovables	2,817,163,568	718,370,245	3,535,533,813	1,783,113,213	504,987,569	2,288,100,782
5.6.	Other pledged items	500,131,159	153,167,086	653,298,245	269,844,038	97,432,224	367,276,262
5.7.	Depositories receiving pledged items	383,291	178,886	562,177	342,505	198,058	540,563
<b>VI.</b>	<b>ACCEPTED GUARANTEES AND WARRANTS</b>	<b>14,761,697,355</b>	<b>16,301,421,867</b>	<b>31,063,119,222</b>	<b>11,638,805,025</b>	<b>11,362,008,572</b>	<b>23,000,813,597</b>
<b>TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)</b>		<b>19,052,356,894</b>	<b>18,309,427,690</b>	<b>37,361,784,584</b>	<b>14,355,120,092</b>	<b>12,688,446,622</b>	<b>27,043,566,714</b>

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

	Notes	Current Period January 1, 2023- June 30, 2023	Current Period April 1, 2023- June 30, 2023	Prior Period January 1, 2022- June 30, 2022	Prior Period April 1, 2022- June 30, 2022
<b>I. INTEREST INCOME</b>	<b>V-IV-1</b>	<b>95,578,906</b>	<b>52,431,479</b>	<b>58,522,053</b>	<b>33,720,940</b>
1.1 Interest on loans	V-IV-1	63,453,973	35,136,684	35,705,071	19,448,757
1.2 Interest received from reserve deposits		664,748	340,339	273,019	38,933
1.3 Interest received from banks	V-IV-1	657,024	377,946	34,751	24,620
1.4 Interest received from money market transactions		116,336	62,499	612	159
1.5 Interest received from marketable securities portfolio	V-IV-1	29,967,573	15,945,614	22,372,293	14,086,782
1.5.1 Financial assets at fair value through profit or loss		250,230	149,581	169,046	88,887
1.5.2 Financial assets at fair value through other comprehensive income		10,740,106	5,636,499	9,867,245	5,882,669
1.5.3 Financial assets measured at amortised cost		18,977,237	10,159,534	12,336,002	8,115,226
1.6 Finance lease interest income		-	-	-	-
1.7 Other interest income		719,252	568,397	136,307	121,689
<b>II. INTEREST EXPENSES</b>	<b>V-IV-2</b>	<b>87,364,490</b>	<b>50,669,591</b>	<b>34,806,442</b>	<b>19,211,069</b>
2.1 Interest on deposits	V-IV-2	72,403,670	42,225,070	22,146,638	12,376,348
2.2 Interest on funds borrowed	V-IV-2	5,560,921	3,330,380	1,428,724	817,922
2.3 Interest on money market transactions		4,447,490	2,670,829	6,817,857	3,662,648
2.4 Interest on securities issued	V-IV-2	3,987,121	2,192,782	3,669,882	1,929,467
2.5 Leasing interest income		267,322	148,959	102,606	54,461
2.6 Other interest expenses		697,966	101,571	640,735	370,223
<b>III. NET INTEREST INCOME/ EXPENSE (I - II)</b>		<b>8,214,416</b>	<b>1,761,888</b>	<b>23,715,611</b>	<b>14,509,871</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>9,234,264</b>	<b>5,133,733</b>	<b>4,118,916</b>	<b>2,382,593</b>
4.1 Fees and commissions received		11,489,609	6,441,651	5,245,324	3,027,035
4.1.1 Non-cash loans		1,370,202	748,387	788,551	428,913
4.1.2 Other		10,119,407	5,693,264	4,456,773	2,598,122
4.2 Fees and commissions paid		2,255,345	1,307,918	1,126,408	644,442
4.2.1 Non-cash loans		122	87	142	68
4.2.2 Other		2,255,223	1,307,831	1,126,266	644,374
<b>V. DIVIDEND INCOME</b>		<b>9,428</b>	<b>8,768</b>	<b>146,348</b>	<b>23,990</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	<b>V-IV-3</b>	<b>11,549,600</b>	<b>9,297,686</b>	<b>1,593,505</b>	<b>468,467</b>
6.1 Profit/losses from capital market transactions	V-IV-3	1,646,889	598,113	586,973	66,053
6.2 Profit/losses from derivative financial transactions	V-IV-3	2,664,042	2,743,581	(902,900)	(640,464)
6.3 Foreign exchange profit/losses	V-IV-3	7,238,669	5,955,992	1,909,432	1,042,878
<b>VII. OTHER OPERATING INCOME</b>	<b>V-IV-4</b>	<b>30,400,698</b>	<b>5,799,284</b>	<b>5,046,421</b>	<b>2,050,915</b>
<b>GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>59,408,406</b>	<b>22,001,359</b>	<b>34,620,801</b>	<b>19,435,836</b>
<b>IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)</b>	<b>V-IV-5</b>	<b>21,970,477</b>	<b>8,649,458</b>	<b>11,706,087</b>	<b>5,045,084</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>V-IV-5</b>	<b>70,162</b>	<b>(17,524)</b>	<b>2,419,000</b>	<b>2,013,200</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>6,389,856</b>	<b>3,448,973</b>	<b>2,987,523</b>	<b>1,628,094</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>V-IV-6</b>	<b>23,235,086</b>	<b>6,179,486</b>	<b>3,860,360</b>	<b>2,176,938</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>7,742,825</b>	<b>3,740,966</b>	<b>13,647,831</b>	<b>8,572,520</b>
<b>XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-	-	-
<b>XVI. NET MONETARY POSITION GAIN/LOSS PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)</b>	<b>V-IV-7</b>	<b>7,742,825</b>	<b>3,740,966</b>	<b>13,647,831</b>	<b>8,572,520</b>
<b>XVII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>V-IV-8</b>	<b>(2,233,666)</b>	<b>(2,734,405)</b>	<b>(3,629,217)</b>	<b>(1,556,087)</b>
18.1 Current tax provision	V-IV-10	(1,090,874)	(19,227)	(10,499,758)	(657,981)
18.2 Expense effect of deferred tax (+)	V-IV-10	(7,344,099)	(6,878,522)	(3,826,799)	(2,883,044)
18.3 Income effect of deferred tax (-)	V-IV-10	6,201,307	4,163,344	10,697,340	1,984,938
<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>	<b>V-IV-9</b>	<b>5,509,159</b>	<b>1,006,561</b>	<b>10,018,614</b>	<b>7,016,433</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
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		-	-	-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
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		-	-	-	-
<b>PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-	-	-
23.1 Current tax provision		-	-	-	-
23.2 Expense effect of deferred tax (+)		-	-	-	-
23.3 Income effect of deferred tax (-)		-	-	-	-
<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-	-	-
<b>XXIV. NET PROFIT/LOSSES (XIX+XXIV)</b>	<b>V-IV-11</b>	<b>5,509,159</b>	<b>1,006,561</b>	<b>10,018,614</b>	<b>7,016,433</b>
25.1 Equity holders of the Bank		-	-	-	-
25.2 Non-controlling interest (-)		-	-	-	-
Profit/Loss per 100 shares (full TL)	III-XXIV	0.6136	0.1015	1.6692	0.9867

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		<b>Current Period January 1, 2023- June 30, 2023</b>	<b>Prior Period January 1, 2023- June 30, 2023</b>
<b>I.</b>	<b>PROFIT (LOSS)</b>	<b>5,509,159</b>	<b>10,018,614</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>(7,277,988)</b>	<b>4,749,183</b>
<b>2.1.</b>	<b>Other comprehensive income that will not be reclassified to profit or loss</b>	<b>(1,360,624)</b>	<b>(166,382)</b>
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	(16,249)	(2,619)
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	-	-
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(1,685,794)	(126,133)
2.1.5.	Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	341,419	(37,630)
<b>2.2.</b>	<b>Other Comprehensive Income That Will Be Reclassified to Profit or Loss</b>	<b>(5,917,364)</b>	<b>4,915,565</b>
2.2.1.	Exchange Differences on Translation	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(7,889,297)	6,679,252
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	1,971,933	(1,763,687)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>(1,768,829)</b>	<b>14,767,797</b>

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR SIX-MONTH PERIOD ENDED JUNE 30, 2023**

(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			Prior Period Net Income (Loss))	Current Period Net Income (Loss)	Total Shareholder' Equity	
Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves				
<b>Current Period June 30, 2023</b>															
I.	Prior Period End Balance	7,111,364	16,468,559	-	1,266,702	3,237,995	(792,431)	8,547,402	80,727	11,205,827	-	35,841,512	24,017,232	-	106,984,889
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)	7,111,364	16,468,559	-	1,266,702	3,237,995	(792,431)	8,547,402	80,727	11,205,827	-	35,841,511	24,017,232	-	106,984,888
IV.	Total Comprehensive Income	-	-	-	-	219,810	-	(1,580,434)	-	(5,917,364)	-	-	-	5,509,159	(1,768,829)
V.	Capital Increase by Cash	2,804,558	29,120,489	-	-	-	-	-	-	-	-	-	-	-	31,925,047
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	-	-	-	(127,744)	-	-	-	-	-	-	141,515	(141,515)	-	(127,744)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	431	(431)	-	-
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	431	(431)	-	-
11.3.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Ending Balance</b>	<b>9,915,922</b>	<b>45,589,048</b>	<b>-</b>	<b>1,138,958</b>	<b>3,457,805</b>	<b>(792,431)</b>	<b>6,966,968</b>	<b>80,727</b>	<b>5,288,463</b>	<b>-</b>	<b>35,983,457</b>	<b>23,875,286</b>	<b>5,509,159</b>	<b>137,013,362</b>

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).

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY							Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Shareholders' Equity
Prior Period June 30, 2022	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6					
I. Prior Period End Balance		3,905,622	6,303,277	-	766,228	845,324	(230,911)	2,819,908	80,727	1,621,054	-	31,666,047	4,175,464	-	51,952,740	
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	6,303,277	-	766,228	845,324	(230,911)	2,819,908	80,727	1,621,054	-	31,666,047	4,175,464	-	51,952,740	
IV. Total Comprehensive Income		-	-	-	-	(25,773)	14,432	(155,041)	-	4,915,565	-	-	-	10,018,614	14,767,797	
V. Capital Increase by Cash		3,205,742	10,165,282	-	-	-	-	-	-	-	-	-	-	-	13,371,024	
VI. Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes		-	-	-	425,795	-	-	-	-	-	-	188,919	(188,919)	-	425,795	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	3,986,545	(3,986,545)	-	-	
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3,986,545	(3,986,545)	-	-	
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Ending Balance</b>		<b>7,111,364</b>	<b>16,468,559</b>	<b>-</b>	<b>1,192,023</b>	<b>819,551</b>	<b>(216,479)</b>	<b>2,664,867</b>	<b>80,727</b>	<b>6,536,619</b>	<b>-</b>	<b>35,841,511</b>	<b>-</b>	<b>10,018,614</b>	<b>80,517,356</b>	

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 financial statements.

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

	Notes	Current Period June 30, 2023	Prior Period June 30, 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities</b>		<b>33,956,205</b>	<b>21,935,857</b>
1.1.1 Interests received		95,536,352	47,210,988
1.1.2 Interests paid		(86,447,337)	(33,858,508)
1.1.3 Dividends received		9,428	146,348
1.1.4 Fee and commissions received		5,308,405	4,297,251
1.1.5 Other income		2,382,545	261,986
1.1.6 Collections from previously written-off loans and other receivables		2,054,963	2,093,121
1.1.7 Cash payments to personnel and service suppliers		(7,036,096)	(3,190,888)
1.1.8 Taxes paid		(842,156)	(267,778)
1.1.9 Other		22,990,101	5,243,337
<b>1.2 Changes in operating assets and liabilities</b>		<b>37,131,070</b>	<b>3,340,861</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(6,192,354)	1,448,830
1.2.2 Net increase (decrease) in due from banks		27,036,064	(22,252,457)
1.2.3 Net increase (decrease) in loans		(227,611,407)	(123,385,842)
1.2.4 Net increase (decrease) in other assets		(7,023,476)	(10,997,223)
1.2.5 Net increase (decrease) in bank deposits		(20,747,138)	12,230,062
1.2.6 Net increase (decrease) in other deposits		187,639,900	127,216,094
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		12,651,784	(1,104,154)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		71,377,697	20,185,551
<b>I. Net cash flow provided from banking operations</b>		<b>71,087,275</b>	<b>25,276,718</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash provided from investing activities</b>		<b>(88,397,157)</b>	<b>(24,334,719)</b>
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(585,123)	(162,226)
2.2 Cash obtained from the sale of associates, subsidiaries and joint ventures		-	1,750
2.3 Cash paid for the purchase of tangible and intangible asset		(2,572,257)	(2,620,003)
2.4 Cash obtained from the sale of tangible and intangible asset		543,822	1,068,035
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(21,584,206)	(8,577,393)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		5,801,083	951,288
2.7 Cash paid for the purchase of financial assets at amortized cost		(83,696,110)	(16,072,760)
2.8 Cash obtained from sale of financial assets at amortized cost		13,930,409	1,159,603
2.9 Other		(234,775)	(83,013)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net cash flow from financing activities</b>		<b>21,799,914</b>	<b>8,910,276</b>
3.1 Cash obtained from funds borrowed and securities issued		29,212,093	17,656,060
3.2 Cash outflow from funds borrowed and securities issued		(6,998,854)	(8,501,547)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance lease liabilities		(413,325)	(244,237)
3.6 Other		-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>4,981,573</b>	<b>(2,052,445)</b>
<b>V. Net increase/decrease in cash and cash equivalents</b>		<b>9,471,605</b>	<b>7,799,830</b>
<b>VI. Cash and cash equivalents at beginning of the period</b>		<b>129,436,268</b>	<b>98,641,540</b>
<b>VII. Cash and cash equivalents at end of the period</b>		<b>138,907,873</b>	<b>106,441,370</b>

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

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UNCONSOLIDATED FINANCIAL REPORT  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

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**SECTION THREE  
ACCOUNTING POLICIES**

**I. BASIS OF PRESENTATION**

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

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

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

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

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from January 1, 2021. Loans given from items indexed to benchmark interest rates in the Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Bank's financial position or performance. The process for the Benchmark Interest Rate Reform is expected to be completed by December 31, 2021, and the Bank's efforts to adapt to the changes continue. As of June 30, 2023 the Bank has no hedging transactions based on the benchmark interest rate.

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**ACCOUNTING POLICIES (Continued)**

**I. BASIS OF PRESENTATION (Continued)**

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. IAS 29 identifies characteristics that may indicate an economy is a hyperinflationary. At the same time, According to TAS 29, all entities reporting in the currency of a hyperinflationary economy are required to apply this standard from the same date. From this basis, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 simultaneously, with the announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority (POA) in order to ensure consistency in practice across the country. Nevertheless, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on June 30, 2023. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of June 30, 2023.

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

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

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

**Strategy for the use of financial instruments**

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

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

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

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**ACCOUNTING POLICIES (Continued)**

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

**Strategy for the use of financial instruments (Continued)**

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

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

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

**Information on foreign currency transactions**

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

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

On March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Türkiye Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 million EUR, the fair value hedging strategy has been applied. In this context, 76 million EUR portion of the securities issued by the Bank on April 24, 2019 with a nominal amount of 700 million Euros and the redemption date of April 24, 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the income statement as long as the hedging transaction is effective. In this context, as of June 30, 2023, the foreign exchange income presented in the income statement is TL 643,376 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 June 30, 2023, it was identified that the evaluations that were made about the process to protect from the fair value risk were effective. Efficiency testing, which is consistent with the Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS 39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

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**ACCOUNTING POLICIES (Continued)**

**III. INFORMATION OF ASSOCIATES AND SUBSIDIARIES**

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

**IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS**

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

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

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

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

**V. INFORMATION ON INTEREST INCOME AND EXPENSES**

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

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

**VI. INFORMATION ON FEES AND COMMISSIONS**

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

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

**VII. INFORMATION ON FINANCIAL ASSETS**

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



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**ACCOUNTING POLICIES (Continued)**

**VII. INFORMATION ON FINANCIAL ASSETS (Continued)**

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

**Classification and Measurement of Financial Instruments**

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

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

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

The Bank takes into consideration the contractual terms of the financial asset in the evaluation of the contractual cash flows that only include principal and interest payments on the principal. This assessment assesses whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flow.

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

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

**Financial assets at Fair Value Through Profit or Loss**

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

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

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**ACCOUNTING POLICIES (Continued)**

**VII. INFORMATION ON FINANCIAL ASSETS (Continued)**

**Financial Assets at Fair Value Through Other Comprehensive Income**

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

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

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

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

**Financial Assets Measured at Amortized Cost**

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**VII. INFORMATION ON FINANCIAL ASSETS(Continued)  
Derivative Financial Assets**

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

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

**Loans**

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

**VIII. INFORMATION ON EXPECTED LOSS PROVISIONS**

As of January 1, 2018, the Bank recognizes provisions for expected loss in accordance with IFRS 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 IFRS 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 IFRS 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 IFRS 9. In LGD methodology, all non-performing loans amounts and long-term collection process has been taken into account and LGD rate is calculated after deducting net collections amounts from the default amount and discounted with effective interest rates or approximate rate over the net amounts with an approximate value.

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)**

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

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

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

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

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

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

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)**

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

In addition to the aid provided to the region due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February 2023, the Bank monitors the possible effects of the earthquake disaster on its loan portfolio by taking into account current regulations and data.

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

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

**Staging**

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

**Stage 1:**

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

**Stage 2:**

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

**Stage 3:**

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

**Significant Increase in Credit Risk**

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)**

**Significant Increase in Credit Risk (Continued)**

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

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

**Default Definition**

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

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

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

**Write off Policy**

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period a write-off transaction has been made for non-performing loans in the amount of TL 42,144 for which 100% provision has been made. (December 31, 2022: TL 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 June 30, 2023 and December 31, 2022, there are no transactions of this nature at the Bank.

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**ACCOUNTING POLICIES (Continued)**

**IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

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

**XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**XIII. INFORMATION ON TANGIBLE ASSETS**

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

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

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

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

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

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

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

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

**XIV. INFORMATION ON LEASING ACTIVITIES**

The difference between operating leases and financial leases has been eliminated with the “IFRS 16 Leases” effective as of January 1, 2019, and on the transition date, the Bank has applied the simplified transition approach and elected not to restate comparative figures.

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

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



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**ACCOUNTING POLICIES (Continued)**

**XIV. FORMATION ON LEASING ACTIVITIES (Continued)**

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

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

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

**XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS**

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

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

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

**XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS**

**Reserve for employee termination benefits**

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at June 30, 2023 is TL 19,983 (full TL) (December 31, 2022: TL 15,371 (full TL)).

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the TAS 19 – Employee Benefits.

**Other benefits to employees**

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

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

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**ACCOUNTING POLICIES (Continued)**

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

**Pension fund**

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

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

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

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

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

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

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

The technical financial statements of the Fund are audited by the certified actuary according to the “Actuaries Regulation” which is issued as per the Article no. 21 of the 5684 numbered Insurance Law. As per the actuarial report dated June 30, 2023 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at June 30, 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 corporate income tax rate is applied to the tax base to be found as a result of deducting the abatements such as the addition of expenses that are not accepted as a deduction in accordance with the tax laws to the commercial earnings of the corporations and the exemption in the tax laws.

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

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

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

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

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

There is no 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 accou ting records within five years and change the tax amount if there is a wrong transaction.

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**ACCOUNTING POLICIES (Continued)**

**XVII. INFORMATION ON TAXATION (Continued)**

**Corporate tax (Continued)**

As end of the 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.

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***

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

***Erbil***

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

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**ACCOUNTING POLICIES (Continued)**

**XVII. INFORMATION ON TAXATION (Continued)**

*New York*

New York branch is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Türkiye.

*Qatar*

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

**Deferred taxes**

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

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

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

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

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

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

**Transfer Pricing**

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

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

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**ACCOUNTING POLICIES (Continued)**

**XVIII. INFORMATION ON CASH AND CASH EQUIVALENTS**

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

**XIX. ADDITIONAL INFORMATION ON BORROWINGS**

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

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

The bank is not hedging about debt instruments.

**XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES**

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

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

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

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.

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

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**ACCOUNTING POLICIES (Continued)**

**XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES(Continued)**

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

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

On March 21, 2023, the Bank's Board of Directors decided to increase the 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 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 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.

**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.

**XXII. INFORMATION ON GOVERNMENT INCENTIVES**

As at June 30, 2023 and December 31, 2022, the Bank does not have any government incentives.

**XXIII. INFORMATION ON SEGMENT REPORTING**

An operating segment is a component of an entity:

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

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

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**ACCOUNTING POLICIES (Continued)**

**XXIV. INFORMATION ON OTHER MATTERS**

**Earnings per share**

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

As at and for the period ended June 30, 2023, earnings per 100 shares are full TL 0.6136 (December 31, 2022: full TL 1.6692)

**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 FINANCIAL POSITION AND RISK MANAGEMENT  
I. INFORMATION ON EQUITY ITEMS**

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

Additionally, the recent revision changes considered are as follows:

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

Pursuant to the BRSA's letter no. 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 June 30, 2023 Bank's equity amount TL 182,466,704 (December 31, 2022: 142,131,587 TL) capital adequacy ratio is 14.85% (December 31, 2022: 15.19%).

	Current Period	Prior Period
<b>Current Period - June 30, 2023</b>		
<b>COMMON EQUITY TIER I CAPITAL</b>		
Paid-in capital to be entitled for compensation after all creditors	9,915,922	7,111,364
Share Premium	45,589,048	16,468,559
Reserves	35,983,457	35,841,511
Income recognized under equity in accordance with TAS	19,808,925	25,086,157
Profit	29,384,445	24,017,232
Current Period's Profit	5,509,159	24,017,232
Prior Period's Profit	23,875,286	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	1,671,324	1,266,702
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>142,353,121</b>	<b>109,791,525</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
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	2,405,562	1,336,852
Leasehold Improvements on Operational Leases	237,188	206,443
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	381,152	423,708
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	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>3,173,664</b>	<b>1,967,003</b>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>139,179,457</b>	<b>107,824,522</b>
<b>Additional Tier 1 capital: instruments</b>	<b>24,929,505</b>	<b>18,979,365</b>
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	24,929,505	18,979,365
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
<b>Additional Tier 1 Capital before deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier 1 Capital</b>		
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

**I. INFORMATION ON EQUITY ITEMS (Continued)**

<b>Current Period - June 30, 2023</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Transition from the Core Capital to Continue to deduce Components</b>		
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 (-)	-	-
<b>Total Deductions from Additional Tier 1 Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 Capital</b>	<b>24,929,505</b>	<b>18,979,365</b>
<b>Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)</b>	<b>164,108,962</b>	<b>126,803,887</b>
<b>TIER 2 CAPITAL</b>		
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)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	14,241,230	11,205,302
<b>Tier 2 Capital Before Deductions</b>	<b>18,386,230</b>	<b>15,350,302</b>
<b>Deductions From Tier 2 Capital</b>		
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 (-)	-	-
<b>Total Deductions from Tier 2 Capital</b>	<b>-</b>	<b>-</b>
<b>Tier 2 Capital</b>	<b>18,386,230</b>	<b>15,350,302</b>
<b>Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)</b>	<b>182,495,192</b>	<b>142,154,189</b>
<b>The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>	<b>-</b>	<b>-</b>
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other accounts to be defined by the BRSA (-)	28,488	22,602
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
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	-	-
<b>TOTAL CAPITAL</b>		
Total Capital	182,466,704	142,131,587
Total Risk Weighted Amounts	1,228,424,073	935,977,998
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	11.33	11.52
Tier 1 Capital Adequacy Ratio (%)	13.36	13.55
Capital Adequacy Ratio (%)	14.85	15.19
<b>BUFFERS</b>		
Total buffer requirement (a+b+c)	2.523	2.517
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.023	0.017
c) Systemically important banks buffer requirement (%) *	0.000	0.000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.83	7.02
<b>Amounts below deduction thresholds</b>		
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)	-	-
<b>Limits related to provisions considered in Tier 2 calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	29,535,323	25,493,875
Up to 1.25% of total risk-weighted amounts of general reserves for receivables where the standard approach used	14,241,230	11,205,302
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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
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 FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. INFORMATION ON EQUITY ITEMS (Continued)**

**Summary information related to capital adequacy ratio (Continued)**

<b>Current Period - June, 2023</b>						
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
<b>Regulatory treatment</b>						
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	19,936	725	1,750	1,250
Par value of instrument (in million)	420	4,994	19,936	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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(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

**I. INFORMATION ON EQUITY ITEMS (Continued)**

**Summary information related to capital adequacy ratio (Continued)**

<b>Current Period – June 30, 2023</b>						
<b>Coupons / dividends</b>						
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
<b>Convertible or non-convertible</b>						
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
<b>Write-down feature</b>						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 clauses 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 clauses 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 clauses 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

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

**I. INFORMATION ON EQUITY ITEMS (Continued)**

**Summary information related to capital adequacy ratio (Continued)**

<b>Prior Period - December 31, 2022</b>						
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.
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<b>Regulatory treatment</b>						
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)
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Par value of instrument (in million)	420	4,994	13,985	725	1,750	1,250
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Original date of issuance	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
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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.
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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)**

**I. INFORMATION ON EQUITY ITEMS (Continued)**

**Summary information related to capital adequacy ratio (Continued)**

<b>Prior Period – December 31, 2022</b>		<b>Coupons / dividends</b>				
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
<b>Convertible or non-convertible</b>						
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
<b>Write-down feature</b>						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 clauses 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 clauses 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 clauses 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

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

**I. INFORMATION ON EQUITY ITEMS (Continued)**

**Reconciliation of capital items to balance sheet:**

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
Shareholders' equity	137,013,362	106,984,889
Valuation differences of the marketable securities (*)	2,401,831	1,469,784
Stocks acquired through repurchase from the market (**)	382,604	-
Leasehold improvements on operational leases	(237,188)	(206,443)
Goodwill and intangible assets	(381,152)	(423,708)
General provision (1.25% of the amount that subject to credit risk)	14,241,230	11,205,302
Subordinated debt	29,074,505	23,124,365
Deductions from shareholders' equity	(28,488)	(22,602)
<b>Capital</b>	<b>182,466,704</b>	<b>142,131,587</b>

(\*) 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. FOREIGN CURRENCY EXCHANGE RISK**

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

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

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

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

As at June 30, 2023 and December 31, 2022 the Bank does not have derivative financial instruments held for risk management.

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

**II. FOREIGN CURRENCY EXCHANGE RISK (Continued)**

**Foreign exchange risk management policy**

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

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

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

	<b>US Dollar</b>	<b>Euro</b>
<b>The Bank’s foreign currency purchase rate at the balance sheet date</b>	<b>26.05665</b>	<b>28.47990</b>
<u>Foreign currency purchase rates for the days before balance sheet date;</u>		
Day 1	25.6841	28.0239
Day 2	25.0555	27.2930
Day 3	24.3937	26.7770
Day 4	23.5497	25.7786
Day 5	23.5630	25.6884
<b>Last 30-days arithmetical average rate</b>	<b>22.14613</b>	<b>23.94669</b>



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

**II. FOREIGN CURRENCY EXCHANGE RISK (Continued)**

**Information on currency risk**

<b>Current Period - June 30, 2023</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Other FC</b>	<b>Total</b>
<i>Assets:</i>				
Cash and balances with the Central Bank of Republic of Türkiye	82,630,057	101,084,189	15,491,182	199,205,428
Banks	11,356,361	45,577,619	2,546,940	59,480,920
Financial assets at fair value through profit or loss <sup>(6)</sup>	-	609,339	23,934,621	24,543,960
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	22,006,812	100,681,729	-	122,688,541
Loans <sup>(1)</sup>	192,372,231	193,179,413	355,767	385,907,411
Associates, subsidiaries and joint-ventures	2,628,125	-	-	2,628,125
Financial assets measured at amortized cost	26,962,018	20,720,959	-	47,682,977
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	88,294	4,773	93,067
Intangible assets	-	1,897	-	1,897
Other assets <sup>(2)</sup>	(3,426,478)	(1,547,654)	(834)	(4,974,966)
<b>Total assets</b>	<b>334,529,126</b>	<b>460,395,785</b>	<b>42,332,449</b>	<b>837,257,360</b>
<i>Liabilities:</i>				
Bank deposits	21,060,269	11,417,353	1,684,279	34,161,901
Foreign currency deposits	199,223,533	268,083,633	71,682,319	538,989,485
Interbank money market takings	2,240,672	40,235,466	-	42,476,138
Other funding	61,871,764	94,641,607	11,362,719	167,876,090
Securities issued <sup>(3)</sup>	31,573,719	72,140,859	524,185	104,238,763
Miscellaneous payables	9,427,582	4,637,429	4,546	14,069,557
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities <sup>(2)</sup>	6,910,976	10,900,809	1,792,429	19,604,214
<b>Total liabilities</b>	<b>332,308,515</b>	<b>502,057,156</b>	<b>87,050,477</b>	<b>921,416,148</b>
<b>Net ‘on balance sheet’ position</b>	2,220,611	(41,661,371)	(44,718,028)	(84,158,788)
<b>Net ‘off-balance sheet’ position</b>	1,820,833	45,934,288	44,889,607	92,644,728
Derivative assets <sup>(4)</sup>	31,859,911	129,389,803	51,795,087	213,044,801
Derivative liabilities <sup>(4)</sup>	30,039,078	83,455,515	6,905,480	120,400,073
Non-cash loans <sup>(5)</sup>	82,900,811	105,997,983	7,015,021	195,913,815
<b>Prior Period - December 31, 2022</b>				
	<b>Euro</b>	<b>US Dollar</b>	<b>Other FC</b>	<b>Total</b>
Total assets	309,851,048	366,782,791	35,758,850	712,392,689
Total liabilities	266,984,889	417,038,748	57,943,703	741,967,340
<b>Net ‘on balance sheet’ position</b>	<b>42,866,159</b>	<b>(50,255,957)</b>	<b>(22,184,853)</b>	<b>(29,574,651)</b>
<b>Net ‘off-balance sheet’ position</b>	<b>(42,419,589)</b>	<b>46,800,676</b>	<b>22,094,690</b>	<b>26,475,777</b>
Derivative assets <sup>(4)</sup>	15,420,752	73,133,107	26,028,604	114,582,463
Derivative liabilities <sup>(4)</sup>	57,840,341	26,332,431	3,933,914	88,106,686
Non-cash loans <sup>(5)</sup>	64,503,759	80,730,319	5,088,430	150,322,508

- (1). Foreign currency indexed loans amounting to TL 461,662 (December 31, 2022: TL 462,190) which are presented in TL column in the balance sheet are included in the table above.
- (2). Other Derivative Financial Instruments Currency Income Costs TL 184,854 TL (31 December 2022: TL 65,542), Prepaid Expenses TL 694,397 (December 31, 2022 : TL 508,531), deferred tax assets TL 311,260 (December 31, 2022: TL 33,646), and derivative financial instruments currency expense accruals of TL 1,979,270 (December 31, 2022: TL 135,989), unearned income TL 552,601 (December 31, 2022: TL 336,688) and shareholders' equity TL (833,432) (December 31, 2021: TL (4,969)) are not taken into consideration in the currency risk calculation. Other assets also include expected loss provisions calculated in accordance with TFRS 9.
- (3). Subordinated debt are shown under securities issued.
- (4). Asset purchase commitments amounting to TL 11,457,735 (December 31, 2022: TL 25,503,640) and asset sales commitments amounting to TL 14,340,400 (December 31, 2022: TL 25,588,622) are included.
- (5). Non-cash loans are not taken into consideration in the calculation of the net ‘off-balance sheet’ position.
- (6). The amount in other FX consists of gold-based bonds.

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

**II. FOREIGN CURRENCY EXCHANGE RISK (Continued)**

**Exposure to currency risk**

10% appreciation of the TL against the following currencies as at and for the period ended June 30, 2023 and June 30, 2022 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

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

	<b>Current Period- June 30, 2023</b>		<b>Prior Period- June 30, 2022</b>	
	<b>Profit or loss</b>	<b>Equity <sup>(*)</sup></b>	<b>Profit or loss</b>	<b>Equity <sup>(*)</sup></b>
US Dollar	418,273	418,273	(156,318)	(156,318)
Euro	356,925	356,925	91,881	91,881
Other currencies	16,681	16,681	(12,356)	(12,356)
<b>Total, net <sup>(**)</sup></b>	<b>791,879</b>	<b>791,879</b>	<b>(76,793)</b>	<b>(76,793)</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

<sup>(\*\*)</sup> Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

10% appreciation of the TL against the following currencies as at and for the period ended June 30, 2023 and June 30, 2022 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	<b>Current Period - June 30, 2023</b>		<b>Prior Period- June 30, 2022</b>	
	<b>Profit or loss</b>	<b>Equity <sup>(*)</sup></b>	<b>Profit or loss</b>	<b>Equity <sup>(*)</sup></b>
US Dollar	(418,273)	(418,273)	156,318	156,318
Euro	(356,925)	(356,925)	(91,881)	(91,881)
Other currencies	(16,681)	(16,681)	12,356	12,356
<b>Total, net <sup>(**)</sup></b>	<b>(791,879)</b>	<b>(791,879)</b>	<b>76,793</b>	<b>76,793</b>

<sup>(\*)</sup> Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

<sup>(\*\*)</sup> Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

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

**III. INTEREST RATE RISK**

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

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

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

*Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates*

<b>Current Period June 30, 2023</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<i>Assets:</i>							
Cash and balances with CBRT	-	-	-	-	-	229,435,856	229,435,856
Banks	6,132,119	7,547,584	-	227,910	-	48,663,121	62,570,734
Financial assets at fair value through profit/loss	-	-	21,851,430	2,083,190	-	5,039,815	28,974,435
Interbank money market placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	81,449,233	20,933,968	16,759,357	43,115,983	31,282,829	155,420	193,696,790
Loans and receivables <sup>(1)</sup>	401,450,264	262,149,406	405,189,960	107,256,863	93,981,991	21,143,378	1,291,171,862
Financial assets measured at amortized cost	98,899,884	617,578	25,201,722	94,731,579	32,061,629	-	251,512,392
Other assets <sup>(2)</sup>	11,814,280	29,789,344	5,010,084	60,166	782,201	82,261,191	129,717,266
<b>Total assets</b>	<b>599,745,780</b>	<b>321,037,880</b>	<b>474,012,553</b>	<b>247,475,691</b>	<b>158,108,650</b>	<b>386,698,781</b>	<b>2,187,079,335</b>
<i>Liabilities:</i>							
Bank deposits	40,297,583	11,716,362	1,105,034	-	-	4,617,609	57,736,588
Other deposits	759,162,578	191,689,853	42,169,959	981,582	1,115	350,456,221	1,344,461,308
Interbank money market takings	147,698,091	20,955,787	2,537,459	11,773,345	-	-	182,964,682
Miscellaneous payables	-	-	-	-	-	49,769,742	49,769,742
Securities issued <sup>(3)</sup>	1,218,562	2,539,646	49,216,995	57,411,836	5,763,667	-	116,150,706
Funds borrowed	1,694,753	121,314,491	14,329,846	30,355,988	12,969,478	10,790,552	191,455,108
Other liabilities <sup>(4)</sup>	3,495,343	7,155,142	4,284,327	1,366,347	2,039,560	226,200,482	244,541,201
<b>Total liabilities</b>	<b>953,566,910</b>	<b>355,371,281</b>	<b>113,643,620</b>	<b>101,889,098</b>	<b>20,773,820</b>	<b>641,834,606</b>	<b>2,187,079,335</b>
On balance sheet long position	-	-	360,368,933	145,586,593	137,334,830	-	643,290,356
On balance sheet short position	(353,821,130)	(34,333,401)	-	-	-	(255,135,825)	(643,290,356)
Off-balance sheet long position	6,874,729	34,774,871	955,672	594,997	-	-	43,200,269
Off-balance sheet short position	-	-	-	-	(1,967,586)	-	(1,967,586)
<b>Net position</b>	<b>(346,946,401)</b>	<b>441,470</b>	<b>361,324,605</b>	<b>146,181,590</b>	<b>135,367,244</b>	<b>(255,135,825)</b>	<b>41,232,683</b>

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

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

<sup>(3)</sup> Subordinated debts are shown under securities issued.

<sup>(4)</sup> Equity is included in non-interest bearing column in other liabilities line.

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

**III. INTEREST RATE RISK**

<b>Prior Period – December 31, 2022</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
<i>Assets:</i>							
Cash and balances with CBRT	-	-	-	-	-	268,935,221	268,935,221
Banks	4,065,564	3,296,034	-	159,947	-	21,024,314	28,545,859
Financial assets at fair value through profit/loss	-	-	-	16,478,799	-	617,409	17,096,208
Interbank money market placements	12,095,635	-	-	-	-	-	12,095,635
Financial assets at fair value through other comprehensive income	52,532,440	18,570,351	63,719,193	45,500,272	16,456,419	119,854	196,898,529
Loans and receivables <sup>(1)</sup>	285,501,294	231,486,165	248,950,833	91,694,759	75,817,919	20,274,348	953,725,318
Financial assets measured at amortized cost	92,202,765	3,392,410	1,985,174	44,033,660	16,978,843	-	158,592,852
Other assets <sup>(2)</sup>	2,073,762	12,321,570	3,146,075	2,735,311	977,365	23,916,918	45,171,001
<b>Total assets</b>	<b>448,471,460</b>	<b>269,066,530</b>	<b>317,801,275</b>	<b>200,602,748</b>	<b>110,230,546</b>	<b>334,888,064</b>	<b>1,681,060,623</b>
<i>Liabilities:</i>							
Bank deposits	68,496,142	6,513,088	49,181	-	-	3,039,009	78,097,420
Other deposits	601,875,508	148,998,815	43,401,077	700,181	873	254,628,101	1,049,604,555
Interbank money market takings	58,412,936	63,640,619	8,467,417	2,010,983	-	-	132,531,955
Miscellaneous payables	-	-	-	-	-	37,661,137	37,661,137
Securities issued <sup>(3)</sup>	14,566,554	4,509,909	5,822,331	63,528,037	5,470,463	-	93,897,294
Funds borrowed	7,069,657	72,531,813	17,153,546	23,257,564	5,263,136	5,470,526	130,746,242
Other liabilities <sup>(4)</sup>	1,635,158	9,202,920	2,702,968	750,458	1,678,437	142,552,079	158,522,020
<b>Total liabilities</b>	<b>752,055,955</b>	<b>305,397,164</b>	<b>77,596,520</b>	<b>90,247,223</b>	<b>12,412,909</b>	<b>443,350,852</b>	<b>1,681,060,623</b>
On balance sheet long position	-	-	240,204,755	110,355,525	97,817,637	-	448,377,917
On balance sheet short position	(303,584,495)	(36,330,634)	-	-	-	(108,462,788)	(448,377,917)
Off-balance sheet long position	1,226,200	18,470,911	694,287	3,664,326	-	-	24,055,724
Off-balance sheet short position	-	-	-	-	(1,962,997)	-	(1,962,997)
<b>Net position</b>	<b>(302,358,295)</b>	<b>(17,859,723)</b>	<b>240,899,042</b>	<b>114,019,851</b>	<b>95,854,640</b>	<b>(108,462,788)</b>	<b>22,092,727</b>

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

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

(3) Subordinated debts are shown under securities issued.

(4) Equity is included in non-interest bearing column in other liabilities line.

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

**III. INTEREST RATE RISK (Continued)**

**Average interest rates applied to monetary financial instruments <sup>(\*)</sup>:**

<b>Current Period – June 30, 2023</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets:</b>				
Cash and balance with CBRT	-	-	-	-
Banks	4.31	5.26	-	16.31
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	4.36	6.44	-	21.84
Loans and receivables	7.24	9.51	-	15.90
Financial assets measured at amortized cost	4.97	5.22	-	19.57
<b>Liabilities:</b>				
Bank deposits	4.63	6.26	-	25.92
Other deposits	1.77	1.83	-	29.96
Interbank money market takings	3.53	6.12	-	15.30
Miscellaneous payables	-	-	-	-
Securities issued <sup>(**)</sup>	5.18	6.60	-	12.89
Funds borrowed	5.83	7.47	-	9.70

<b>Prior Period - December 31, 2022</b>	<b>Euro</b>	<b>US Dollar</b>	<b>Yen</b>	<b>TL</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets:</b>				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	23.94
Loans and receivables	6.29	8.84	-	15.81
Financial assets measured at amortized cost	4.59	6.40	-	25.84
<b>Liabilities:</b>				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.77	2.33	-	17.67
Interbank money market takings	3.26	5.05	-	9.36
Miscellaneous payables	-	-	-	-
Securities issued <sup>(**)</sup>	5.08	6.24	-	14.70
Funds borrowed	3.46	6.08	-	10.30

<sup>(\*)</sup> The rates above are calculated over financial instruments with interest rates.

<sup>(\*\*)</sup> Subordinated debts are shown under securities issued.

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

**IV. STOCK POSITION RISKS**

**Stock position risks arising from banking book items**

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

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

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

<b>Current Period - June 30, 2023</b>	<b>Comparison</b>		
<b>Stock Investments</b>	<b>Carrying Value</b>	<b>Fair Value (*)</b>	<b>Market Value (*)</b>
<b>Stocks quoted in exchange (*)</b>	<b>6,266,085</b>	<b>6,266,085</b>	<b>6,266,085</b>
1.Stocks Investments Group A	6,266,085	6,266,085	6,266,085
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
<b>Stocks unquoted in exchange (**)</b>	<b>8,566,752</b>	<b>7,986,554</b>	<b>-</b>

(\*) 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.

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

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

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

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

**IV. STOCK POSITION RISKS**

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

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

Portfolio- Current Period- June 30, 2023	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total <sup>(e)</sup>	Included in Supplementary Capital	Total <sup>(e)</sup>	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	3,431,154	3,431,154
3. Other Stocks	-	3,616,541	3,616,541	-	-
<b>4. Total</b>	-	<b>3,616,541</b>	<b>3,616,541</b>	<b>3,431,154</b>	<b>3,431,154</b>

<sup>(e)</sup> 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 <sup>(e)</sup>	Included in Supplementary Capital	Total <sup>(e)</sup>	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	4,922,117	4,922,117
3. Other Stocks	-	3,706,012	3,706,012	-	-
<b>4. Total</b>	-	<b>3,706,012</b>	<b>3,706,012</b>	<b>4,922,117</b>	<b>4,922,117</b>

<sup>(e)</sup> Amounts are presented including the effect of deferred tax.

**Explanations on Equity Shares Risk Arising from Banking Book**

Portfolio- Current Period - June 30, 2023	Carrying Value	Total RWA	Minimum Capital Requirement
1. Private Equity Investments	-	-	-
2. Quoted	6,266,085	6,094,401	487,552
3. Other Stocks	8,566,752	7,679,329	614,346
<b>4. Total</b>	<b>14,832,837</b>	<b>13,773,730</b>	<b>1,101,898</b>

<sup>(e)</sup> In accordance with the BRSA regulation dated January 31, 2023 and numbered 10188, the foreign exchange buying rates announced by the CBRT as of 31 December, 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	7,170,908	7,060,371	564,830
3. Other Stocks	7,634,455	7,079,634	566,371
<b>4. Total</b>	<b>14,805,363</b>	<b>14,140,005</b>	<b>1,131,201</b>

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

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

**V. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO**

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

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

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

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

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

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



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

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

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

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	June 9 2023	120.04	June 30 2023	207.83
The highest value	April 7 2023	176.88	April 7 2023	467.76

Current Period - June 30, 2023		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	Total High Quality Liquid Assets (HQLA)			422,584,172	254,866,265
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:				
		555,248,948	226,814,465	49,284,470	22,681,447
3	Stable deposits	124,808,489	-	6,240,424	-
4	Less stable deposits	430,440,459	226,814,465	43,044,046	22,681,447
5	Unsecured wholesale funding, of which:	775,813,300	278,664,698	337,588,309	127,265,155
6	Operational deposits	510,968,213	173,391,965	127,165,687	43,347,991
7	Non-operational deposits	155,912,634	61,731,230	101,553,277	40,438,409
8	Unsecured debt	108,932,453	43,541,503	108,869,345	43,478,755
9	Secured wholesale funding			-	-
10	Additional requirements of which:	70,987,107	53,181,527	70,987,107	53,181,527
11	Outflows related to derivative exposures and other collateral requirements	70,973,104	53,181,527	70,973,104	53,181,527
12	Outflows related to loss of funding on debt products	14,003	-	14,003	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	139,673,230	113,726,582	6,983,662	5,686,329
15	Other contingent funding obligations	386,510,272	78,336,154	29,491,260	5,494,378
16	<b>TOTAL CASH OUTFLOWS</b>			<b>494,334,808</b>	<b>214,308,836</b>
<b>CASH INFLOWS</b>					
17	Secured lending	1,496,125	-	-	-
18	Inflows from fully performing exposures	158,707,906	64,333,205	122,956,325	54,880,100
19	Other cash inflows	71,286,117	69,684,875	71,286,117	69,684,875
20	<b>TOTAL CASH INFLOWS</b>	<b>231,490,148</b>	<b>134,018,080</b>	<b>194,242,442</b>	<b>124,564,975</b>
<b>Upper Limit Applied Amounts</b>					
21	<b>TOTAL HQLA</b>			<b>422,584,172</b>	<b>254,866,265</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>300,092,366</b>	<b>89,743,861</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>141.24</b>	<b>298.96</b>

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

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

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

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

Current Period - December 31, 2022		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	Total High Quality Liquid Assets (HQLA)			430,566,928	228,633,753
<b>CASH OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	413,860,821	212,049,452	37,760,415	21,204,945
3	Stable deposits	72,513,345	-	3,625,667	-
4	Less stable deposits	341,347,476	212,049,452	34,134,748	21,204,945
5	Unsecured wholesale funding, of which:	583,006,997	249,522,383	242,660,516	111,194,875
6	Operational deposits	399,574,351	158,357,065	99,555,344	39,589,266
7	Non-operational deposits	112,497,449	55,394,767	72,305,901	35,957,932
8	Other Unsecured debts	70,935,197	35,770,551	70,799,271	35,647,677
9	Secured wholesale funding			-	-
10	Other cash outflows, of which;	89,902,908	42,251,766	89,902,908	42,251,766
11	Outflows related to derivative exposures and other collateral requirements	89,804,600	42,251,766	89,804,600	42,251,766
12	Outflows related to loss of funding on debt products	98,308	-	98,308	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	116,052,378	97,208,582	5,802,619	4,860,429
15	Other contingent funding obligations	258,175,400	71,604,089	20,327,920	5,094,565
16	<b>TOTAL CASH OUTFLOWS</b>			<b>396,454,378</b>	<b>184,606,580</b>
<b>CASH INFLOWS</b>					
17	Secured lending	1,748,624	-	-	-
18	Unsecured lending	107,897,995	62,005,805	87,600,300	55,947,862
19	Other cash inflows	89,348,412	86,185,424	89,348,412	86,185,424
20	<b>TOTAL CASH INFLOWS</b>	<b>198,995,031</b>	<b>148,191,229</b>	<b>176,948,712</b>	<b>142,133,286</b>
<b>Upper Limit Applied Amounts</b>					
21	<b>TOTAL HQLA STOCK</b>			<b>430,566,928</b>	<b>228,633,753</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>219,505,666</b>	<b>46,151,645</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>197.76</b>	<b>450.66</b>

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

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

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

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

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

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

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

***Maturity analysis of assets and liabilities according to remaining maturities***

<b>Current Period – June 30, 2023</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and over</b>	<b>Undistributed <sup>(1)</sup></b>	<b>Total</b>
<b>Assets:</b>								
Cash and balance with CBRT	228,379,072	1,056,784	-	-	-	-	-	229,435,856
Banks	51,705,459	3,089,781	7,547,584	-	227,910	-	-	62,570,734
Financial assets at fair value through profit/loss	4,336,601	-	-	21,851,430	2,083,188	-	703,216	28,974,435
Interbank money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	35,299,785	5,122,807	11,873,450	90,249,881	50,995,447	155,420	193,696,790
Loans and receivables	-	145,489,652	107,604,050	367,033,289	388,790,228	261,111,265	21,143,378	1,291,171,862
Financial assets measured at amortized cost	-	-	3,644,869	37,216,255	130,570,137	80,081,131	-	251,512,392
Other assets <sup>(3) (4)</sup>	14,150	16,366,783	17,713,096	3,224,637	8,155,227	11,861,619	72,381,754	129,717,266
<b>Total assets</b>	<b>284,435,282</b>	<b>201,302,785</b>	<b>141,632,406</b>	<b>441,199,061</b>	<b>620,076,571</b>	<b>404,049,462</b>	<b>94,383,768</b>	<b>2,187,079,335</b>
<b>Liabilities:</b>								
Bank deposits	4,617,609	40,297,583	11,716,362	1,105,034	-	-	-	57,736,588
Other deposits	350,456,221	759,162,578	191,689,853	42,169,959	981,582	1,115	-	1,344,461,308
Funds borrowed	-	1,735,920	3,304,779	53,176,994	99,220,185	34,017,230	-	191,455,108
Interbank money market takings	-	144,445,235	4,926,392	12,143,346	21,449,709	-	-	182,964,682
Securities issued <sup>(2)</sup>	-	601,548	965,444	46,979,648	57,746,083	9,857,983	-	116,150,706
Miscellaneous payables	-	28,542,600	-	-	-	-	21,227,142	49,769,742
Other liabilities	76,198	3,479,573	7,034,802	1,585,377	2,444,987	3,736,237	226,184,027	244,541,201
<b>Total liabilities</b>	<b>355,150,028</b>	<b>978,265,037</b>	<b>219,637,632</b>	<b>157,160,358</b>	<b>181,842,546</b>	<b>47,612,565</b>	<b>247,411,169</b>	<b>2,187,079,335</b>
<b>Liquidity gap</b>	<b>(70,714,746)</b>	<b>(776,962,252)</b>	<b>(78,005,226)</b>	<b>284,038,703</b>	<b>438,234,025</b>	<b>356,436,897</b>	<b>(153,027,401)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>4,711,052</b>	<b>11,303,679</b>	<b>2,044,460</b>	<b>20,229,153</b>	<b>3,352,275</b>	<b>-</b>	<b>41,640,619</b>
Receivables from Derivative Financial Instruments	-	93,041,410	71,708,378	23,456,606	115,726,210	70,229,596	-	374,162,200
Payables from Derivative Financial Instruments	-	88,330,358	60,404,699	21,412,146	95,497,057	66,877,321	-	332,521,581
Non-cash Loans	157,700,646	16,346,277	28,725,094	96,834,816	54,035,835	5,230,402	-	358,873,070
<b>Prior Period – December 31, 2022</b>								
<b>Total assets</b>	274,342,295	131,195,781	104,110,078	319,795,913	474,209,528	339,716,223	37,690,805	1,681,060,623
<b>Total liabilities</b>	257,769,001	769,671,332	226,086,166	106,940,734	126,078,811	37,801,700	156,712,879	1,681,060,623
<b>Liquidity gap</b>	<b>16,573,294</b>	<b>(638,475,551)</b>	<b>(121,976,088)</b>	<b>212,855,179</b>	<b>348,130,717</b>	<b>301,914,523</b>	<b>(119,022,074)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>203,366</b>	<b>838,753</b>	<b>19,787</b>	<b>7,564,155</b>	<b>3,113,732</b>	<b>-</b>	<b>11,739,793</b>
Receivables from Derivative Financial Instruments	-	60,867,374	11,888,824	7,175,722	69,734,388	57,859,362	-	207,525,670
Payables from Derivative Financial Instruments	-	60,664,008	11,050,071	7,155,935	62,170,233	54,745,630	-	195,785,877
Non-cash Loans	88,561,836	48,818,805	28,134,743	64,111,397	40,888,699	3,733,046	-	274,248,526

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

(2) Subordinated debts are shown under securities issued

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

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

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

**VI. LEVERAGE RATIO**

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

The Bank’s unconsolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as 6.18%. Increase in balance sheet assets and Tier I Capital transactions resulted in change in comparison with previous period (December 31, 2022: 6.16%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

**Leverage ratio common disclosure template**

	<b>Current Period - June 30, 2023 <sup>(*)</sup></b>	<b>Prior Period - December 31, 2022 <sup>(*)</sup></b>
<b>On-balance sheet exposures</b>		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,991,576,450	1,553,093,715
2. Assets deducted in determining Basel III Tier 1 capital	(522,014)	(620,733)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	1,991,054,436	1,552,472,982
<b>Derivative exposures</b>		
4. Replacement cost	23,642,323	9,510,444
5. Add-on amount	3,966,420	1,683,481
6. Total derivative exposures	27,608,743	11,193,925
<b>Securities financing transaction exposures</b>		
7. Gross SFT assets (with no recognition of accounting netting)	12,560,346	10,651,636
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	12,560,346	10,651,636
<b>Other off-balance sheet exposures</b>		
10. Off-balance sheet exposures with gross nominal amount	810,554,983	572,926,965
11. Adjustment amounts off-balance sheet exposures with credit conversion factor	(298,803,291)	(198,113,442)
12. Total off-balance sheet exposures	511,751,692	374,813,523
<b>Capital and total exposures</b>		
13. Tier 1 capital	156,900,673	119,914,989
14. Total exposures	2,542,975,217	1,949,132,066
<b>Leverage ratio</b>		
15. Leverage ratio	6.18	6.16

<sup>(\*)</sup> Calculated by using three month average of balances in Leverage Rate Notification table.

**VII. SEGMENT REPORTING**

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

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

Additionally, the Bank provides banking service to its personnel and enterprises which are active in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

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

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

**VII. SEGMENT REPORTING (Continued)**

Major financial statement items according to business lines:

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate/ Commercial Banking</b>	<b>Treasury and Investment Operations</b>	<b>Other and Undistributed</b>	<b>Total Operations</b>
<b>OPERATING INCOME/ EXPENSES</b>					
Interest Income	15,183,093	38,654,890	41,021,671	719,252	95,578,906
Interest Expense	25,246,537	46,402,497	15,678,925	36,531	87,364,490
Net Interest Income/ Losses (Net)	(10,063,444)	(7,747,607)	25,342,746	682,721	8,214,416
Net Fees and Commissions Income	2,116,080	6,434,525	683,659	-	9,234,264
Dividend Income	-	-	9,428	-	9,428
Trading Income/ Losses (Net)	-	-	11,549,600	-	11,549,600
Other Income	-	-	-	30,400,698	30,400,698
Allowance for Expected Credit Losses	-	-	-	22,040,639	22,040,639
Other Expenses	-	-	-	29,624,942	29,624,942
<b>Profit Before Taxes</b>	<b>(7,947,364)</b>	<b>(1,313,082)</b>	<b>37,585,433</b>	<b>(20,582,162)</b>	<b>7,742,825</b>
Provision for taxes	-	-	-	-	(2,233,666)
<b>Net Profit/ Loss</b>					<b>5,509,159</b>
Segment Assets	257,762,041	808,429,913	965,765,706	141,147,663	2,173,105,323
Subsidiaries and Associates (Net)	-	-	13,974,012	-	13,974,012
<b>TOTAL ASSETS</b>	<b>257,762,041</b>	<b>808,429,913</b>	<b>979,739,718</b>	<b>141,147,663</b>	<b>2,187,079,335</b>
Segment Liabilities	535,482,163	833,820,971	532,729,149	148,033,690	2,050,065,973
Equity	-	-	-	137,013,362	137,013,362
<b>TOTAL LIABILITIES</b>	<b>535,482,163</b>	<b>833,820,971</b>	<b>532,729,149</b>	<b>285,047,052</b>	<b>2,187,079,335</b>

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate/ Commercial Banking</b>	<b>Treasury and Investment Operations</b>	<b>Other and Undistributed</b>	<b>Total Operations</b>
<b>OPERATING INCOME/ EXPENSES</b>					
Interest Income	9,357,183	21,080,983	27,947,580	136,307	58,522,053
Interest Expense	7,926,700	13,464,339	13,251,657	163,746	34,806,442
Net Interest Income/ Losses (Net)	1,430,483	7,616,644	14,695,923	(27,439)	23,715,611
Net Fees and Commissions Income	948,491	2,894,257	276,168	-	4,118,916
Dividend Income	-	-	146,348	-	146,348
Trading Income/ Losses (Net)	-	-	1,593,505	-	1,593,505
Other Income	-	-	-	5,046,421	5,046,421
Allowance for Expected Credit Losses	-	-	-	14,125,087	14,125,087
Other Expenses	-	-	-	6,847,883	6,847,883
<b>Profit Before Taxes</b>	<b>2,378,974</b>	<b>10,510,901</b>	<b>16,711,944</b>	<b>(15,953,988)</b>	<b>13,647,831</b>
Provision for taxes	-	-	-	-	(3,629,217)
<b>Net Profit/ Loss</b>					<b>10,018,614</b>
Segment Assets	181,252,900	607,353,608	809,281,855	68,970,457	1,666,858,820
Subsidiaries and Associates (Net)	-	-	14,201,803	-	14,201,803
<b>TOTAL ASSETS</b>	<b>181,252,900</b>	<b>607,353,608</b>	<b>823,483,658</b>	<b>68,970,457</b>	<b>1,681,060,623</b>
Segment Liabilities	376,073,295	685,295,223	428,231,550	84,475,666	1,574,075,734
Equity	-	-	-	106,984,889	106,984,889
<b>TOTAL LIABILITIES</b>	<b>376,073,295</b>	<b>685,295,223</b>	<b>428,231,550</b>	<b>191,460,555</b>	<b>1,681,060,623</b>

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**VIII. INFORMATION ON RISK MANAGEMENT**

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

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

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

**Risk Weighted Amounts**

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- June 30, 2023	Prior Period - December 31, 2022	Current Period- June 30, 2023
<b>1 Credit Risk (excluding counterparty credit risk) <sup>(*)</sup></b>	<b>1,117,846,138</b>	<b>880,096,643</b>	<b>89,427,691</b>
2 Standardised approach	1,117,846,138	880,096,643	89,427,691
3 Internal rating- based approach	-	-	-
<b>4 Counterparty Credit Risk</b>	<b>17,115,847</b>	<b>16,193,840</b>	<b>1,369,268</b>
5 Standardised approach for counterparty credit risk	17,115,847	16,193,840	1,369,268
6 Internal model method	-	-	-
<b>7 Equity position in banking book under basic risk weighting or internal rating based</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8 Equity investments in funds – look-through approach</b>	<b>4,336,410</b>	<b>133,703</b>	<b>346,913</b>
<b>9 Equity investments in funds – mandate-based approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>10 Equity investments in funds – 1250% weighted risk approach</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11 Settlement Risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12 Securitization positions in banking accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
<b>16 Market risk</b>	<b>11,927,330</b>	<b>6,813,950</b>	<b>954,186</b>
17 Standardised approach	11,927,330	6,813,950	954,186
18 Internal model approaches	-	-	-
<b>19 Operational Risk</b>	<b>77,198,348</b>	<b>32,739,862</b>	<b>6,175,868</b>
20 Basic Indicator Approach	77,198,348	32,739,862	6,175,868
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
<b>23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24 Floor adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>1,228,424,073</b>	<b>935,977,998</b>	<b>98,273,926</b>

<sup>(\*)</sup> Except for the amount of the discount threshold under the equity

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

1. Credit Risk Explanations

Credit quality of assets

		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
<b>Current Period- June 30, 2023</b>					
1	Loans	21,143,378	1,270,028,484	46,028,863	1,245,142,999
2	Debt Securities	-	453,539,592	3,290,595	450,248,997
3	Off-balance sheet exposure	647,409	652,637,191	51,375	653,233,225
<b>4</b>	<b>Total</b>	<b>21,790,787</b>	<b>2,376,205,267</b>	<b>49,370,833</b>	<b>2,348,625,221</b>

		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
<b>Prior Period - December 31, 2022</b>					
1	Loans	20,274,348	933,450,970	41,537,028	912,188,290
2	Debt Securities	-	357,701,788	1,592,998	356,108,790
3	Off-balance sheet exposure	583,361	488,712,876	50,421	489,245,816
<b>4</b>	<b>Total</b>	<b>20,857,709</b>	<b>1,779,865,634</b>	<b>43,180,447</b>	<b>1,757,542,896</b>

Changes in stock of defaulted loans and debt securities (\*)

	Current Period June 30, 2023	Prior Period December 31, 2022	
<b>1</b>	<b>Defaulted Loans and debt securities at end of the previous reporting period</b>	<b>20,274,348</b>	<b>18,309,561</b>
2	Loans and debt securities that have defaulted since the last reporting period	2,781,308	9,443,277
3	Returned to non-defaulted status	76	47,396
4	Amounts written-off	42,144	3,186,885
5	Other Changes	(1,870,058)	(4,244,209)
<b>6</b>	<b>Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>21,143,378</b>	<b>20,274,348</b>

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

Credit risk mitigation techniques

		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives , of which: secured amount
1	Loans	931,439,389	313,703,610	229,609,255	74,508,520	60,798,046	-	-
2	Debt Securities	450,248,997	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>1,381,688,386</b>	<b>313,703,610</b>	<b>229,609,255</b>	<b>74,508,520</b>	<b>60,798,046</b>	-	-
4	Of which Defaulted	21,143,378	-	-	-	-	-	-
Prior Period – December 31, 2022								
1	Loans	677,658,878	234,529,412	167,428,336	49,216,390	40,318,184	-	-
2	Debt Securities	356,108,790	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>1,033,767,668</b>	<b>234,529,412</b>	<b>167,428,336</b>	<b>49,216,390</b>	<b>40,318,184</b>	-	-
4	Of which Defaulted	20,274,348	-	-	-	-	-	-

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**VIII. INFORMATION ON RISK MANAGEMENT (Continued)**

**Credit risk exposure and credit risk mitigation effects**

<b>Current Period - June 30, 2023</b>		<b>Exposures before Credit Conversion Factors and CRM</b>		<b>Exposures post- Credit Conversion Factors and CRM</b>		<b>RWA and RWA density</b>	
<b>Asset classes</b>		<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>RWA</b>	<b>RWA</b>
1	Exposures to central governments or central banks	668,603,396	643,905	691,257,729	408,432	-	-
2	Exposures to regional governments or local authorities	7,910,857	1,325,757	7,910,857	651,004	4,253,235	49.68%
3	Exposures to public sector entities	5,432,217	1,154,542	5,432,217	562,961	5,752,795	95.96%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	57,561,008	15,459,566	57,561,008	8,716,228	19,424,521	29.31%
7	Exposures to corporates	529,824,514	409,416,238	507,170,181	169,655,224	538,920,299	79.62%
8	Retail exposures	282,994,804	233,900,787	282,994,804	27,296,801	231,622,882	74.65%
9	Exposures secured by residential property	79,465,960	5,025,010	79,465,960	2,586,775	28,718,457	35.00%
10	Exposures secured by commercial real estate	107,764,036	19,868,853	107,764,036	13,481,048	78,294,994	64.58%
11	Past-due loans	3,727,804	-	3,727,804	-	2,222,214	59.61%
12	Higher-risk categories by the Agency Board	88,779,351	559,360	88,779,351	345,885	153,351,775	172.06%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	4,336,410	-	4,336,410	-	4,336,410	100.00%
16	Other assets	60,014,897	-	60,014,897	-	41,511,236	69.17%
17	Investment in equities	13,773,730	-	13,773,730	-	13,773,730	100.00%
<b>18</b>	<b>Total</b>	<b>1,910,188,984</b>	<b>687,354,018</b>	<b>1,910,188,984</b>	<b>223,704,358</b>	<b>1,122,182,548</b>	<b>52.59%</b>

  

<b>Prior Period - December 31, 2022</b>		<b>Exposures before Credit Conversion Factors and CRM</b>		<b>Exposures post- Credit Conversion Factors and CRM</b>		<b>RWA and RWA density</b>	
<b>Asset classes</b>		<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>On-balance sheet amount</b>	<b>Off-balance sheet amount</b>	<b>RWA</b>	<b>RWA</b>
1	Exposures to central governments or central banks	561,458,653	768,779	579,099,334	550,492	-	-
2	Exposures to regional governments or local authorities	6,232,224	1,556,289	6,232,224	771,130	3,474,083	49.61%
3	Exposures to public sector entities	754,550	407,335	754,550	170,394	882,252	95.38%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions and banks	30,222,786	9,394,320	30,222,786	5,503,471	12,251,173	34.29%
7	Exposures to corporates	399,254,199	322,940,906	381,613,518	135,589,917	421,405,533	81.48%
8	Retail exposures	167,584,659	137,919,165	167,584,659	16,881,354	139,774,279	75.77%
9	Exposures secured by residential property	70,024,092	3,955,445	70,024,092	1,956,017	25,193,038	35.00%
10	Exposures secured by commercial real estate	79,268,087	15,507,602	79,268,087	10,325,178	58,295,720	65.07%
11	Past-due loans	3,790,165	-	3,790,165	-	2,715,506	71.65%
12	Higher-risk categories by the Agency Board	95,485,180	301,641	95,485,180	149,779	168,637,909	176.34%
13	Exposures in the form of covered bonds	74,700	-	74,700	-	7,470	10.00%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings	133,703	-	133,703	-	133,703	100.00%
16	Other receivables	56,847,644	-	56,847,644	-	33,319,675	58.61%
17	Investments in equities	14,140,005	-	14,140,005	-	14,140,005	100.00%
<b>18</b>	<b>Total</b>	<b>1,485,270,647</b>	<b>492,751,482</b>	<b>1,485,270,647</b>	<b>171,897,732</b>	<b>880,230,346</b>	<b>53.12%</b>



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

**VIII. INFORMATION ON RISK MANAGEMENT (Continued)**

**Exposures by asset classes and risk weights**

Current Period - June 30, 2023	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	691,666,161	-	-	-	-	-	-	-	691,666,161
2	Exposures to regional governments or local authorities	54,567	-	1,374	-	8,505,920	-	-	-	8,561,861
3	Exposures to public sector entities	223,554	-	23,536	-	-	-	5,748,088	-	5,995,178
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	664,820	-	46,939,202	-	17,273,066	-	1,400,148	-	66,277,236
7	Exposures to corporates	25,288,934	-	90,772,611	-	79,996,166	-	480,767,694	-	676,825,405
8	Retail exposures	10,058,028	-	2,401,034	-	-	266,759,471	31,073,072	-	310,291,605
9	Exposures secured by residential property	-	-	-	82,052,735	-	-	-	-	82,052,735
10	Exposures secured by commercial real estate	-	-	-	-	85,900,180	-	35,344,904	-	121,245,084
11	Past-due loans	-	-	-	-	3,078,716	-	581,553	67,535	3,727,804
12	Higher Risk categories by the Agency Board	47,983	-	7,230	-	-	-	-	89,070,023	89,125,236
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	4,336,410	-	4,336,410
16	Investments in equities	-	-	-	-	-	-	13,773,730	-	13,773,730
17	Other assets	18,446,921	-	70,928	-	-	-	41,497,048	-	60,014,897
<b>18</b>	<b>Total</b>	<b>746,450,968</b>	<b>-</b>	<b>140,215,915</b>	<b>82,052,735</b>	<b>194,754,048</b>	<b>266,759,471</b>	<b>614,522,647</b>	<b>89,137,558</b>	<b>2,133,893,342</b>

Prior Period - December 31, 2022	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	579,649,826	-	-	-	-	-	-	-	579,649,826
2	Exposures to regional governments or local authorities	54,606	-	970	-	6,947,778	-	-	-	7,003,354
3	Exposures to public sector entities	10,807	-	39,856	-	-	-	874,281	-	924,944
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	658,894	-	20,229,142	-	13,265,753	-	1,572,468	-	35,726,257
7	Exposures to corporates	10,522,237	-	71,026,561	-	56,908,833	-	378,745,804	-	517,203,435
8	Retail exposures	3,547,511	-	1,260,168	-	-	160,544,354	19,113,980	-	184,466,013
9	Exposures secured by residential property	-	-	-	71,980,109	-	-	-	-	71,980,109
10	Exposures secured by commercial real estate	-	-	-	-	62,595,091	-	26,998,174	-	89,593,265
11	Past-due loans	-	-	-	-	2,244,192	-	1,451,100	94,873	3,790,165
12	Higher Risk categories by the Agency Board	35,294	-	21,372	-	-	-	-	95,578,293	95,634,959
13	Exposures in the form of covered bonds	-	74,700	-	-	-	-	-	-	74,700
14	Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	133,703	-	133,703
16	Investments in equities	-	-	-	-	-	-	14,140,005	-	14,140,005
17	Other assets	11,308,980	-	437,174	-	-	-	32,990,012	12,111,478	56,847,644
<b>18</b>	<b>Total</b>	<b>605,788,155</b>	<b>74,700</b>	<b>93,015,243</b>	<b>71,980,109</b>	<b>141,961,647</b>	<b>160,544,354</b>	<b>476,019,527</b>	<b>107,784,644</b>	<b>1,657,168,379</b>

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations

Counterparty credit risk (CCR) approach analysis

Current Period - June 30, 2023	Renewal Cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1 Fair value method - KKR (for derivatives)	-	-	-	-	-	-
2 Standard approach - KKR (for derivatives)	7,123,533	1,737,231	-	1.4	12,405,069	6,683,391
3 Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4 Simple methods that can be used to mitigate credit risk (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	160,358,000	7,769,321
5 A comprehensive method for credit risk reduction (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6 Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
<b>6 Total</b>						<b>14,452,712</b>

Prior Period - December 31, 2022	Renewal Cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1 Fair value method - KKR (for derivatives)	-	-	-	-	-	-
2 Standard approach - KKR (for derivatives)	5,315,771	888,885	-	1.4	8,686,518	4,227,199
3 Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4 Simple methods that can be used to mitigate credit risk (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	99,301,976	8,710,195
5 A comprehensive method for credit risk reduction (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6 Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
<b>6 Total</b>						<b>12,937,394</b>

Capital requirement for credit valuation adjustment (CVA)

Current Period - June 30, 2023	EAD post CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital obligation</b>	-	-
1 (i) VaR component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital obligation	12,405,069	2,573,119
4 Total subject to the CVA capital obligation	12,405,069	2,573,119

Prior Period - December 31, 2022	EAD post CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital obligation</b>	-	-
1 (i) VaR component (including the 3×multiplier)	-	-
2 (ii) Stressed VaR component (including the 3×multiplier)	-	-
3 All portfolios subject to the Standardised CVA capital obligation	8,686,518	2,949,839
4 Total subject to the CVA capital obligation	8,686,518	2,949,839

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

**VIII. INFORMATION ON RISK MANAGEMENT (Continued)**

**2. Counterparty Credit Risk Explanations (Continued)**

**Standardized approach CCR exposures by risk class and risk weights**

**Current Period - June 30, 2023**

<b>Risk Classes / Risk Weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35% Secured by real estate</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total Credit Exposures (*)</b>
Claims from central governments and central banks	55,203,828	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	418	-	-	-	-	-	-	-	42
Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	71,751,764	-	10,081,768	-	11,750,859	-	1,402,009	-	4,291,148	9,379,615
Corporates	1,094,209	16,227,092	-	-	-	-	3,328,746	-	89,011	4,953,235
Retail portfolios	6,011	1,892,080	-	-	-	24,288	-	-	27,331	207,970
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>128,055,812</b>	<b>18,119,590</b>	<b>10,081,768</b>	<b>-</b>	<b>11,750,859</b>	<b>24,288</b>	<b>4,730,755</b>	<b>-</b>	<b>4,407,490</b>	<b>14,540,862</b>

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

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

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

**VIII. INFORMATION ON RISK MANAGEMENT (Continued)**

**2. Counterparty Credit Risk Explanations (Continued)**

**Standardized approach CCR exposures by risk class and risk weights**

**Prior Period - December 31, 2022**

<b>Risk Classes / Risk Weights</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>35% Secured by real estate</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Diğer</b>	<b>Total Credit Exposures (*)</b>
Claims from central governments and central banks	31,423,616	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	427	2	-	-	-	-	-	-	43
Claims from administration and non-commercial entity	-	530	-	-	-	-	327	-	-	380
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	29,796,635	-	8,642,904	-	8,808,810	-	895,205	-	3,190,344	7,091,997
Corporates	871,011	11,108,010	9,551,382	-	-	-	1,081,558	-	22,923	4,103,094
Retail portfolios	148,831	15,634,608	2,031,224	-	-	104,892	-	-	32	2,048,375
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets (**)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>62,240,093</b>	<b>26,743,575</b>	<b>20,225,512</b>	<b>-</b>	<b>8,808,810</b>	<b>104,892</b>	<b>1,977,090</b>	<b>-</b>	<b>3,213,299</b>	<b>13,243,889</b>

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Current Period - June 30, 2023</b>						
Cash-domestic currency	-	-	-	-	139,893,654	-
Cash-foreign currency	-	-	-	-	30,441,434	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>170,335,088</b>	-

	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
<b>Prior Period - December 31, 2022</b>						
Cash-domestic currency	-	-	-	-	55,456,694	-
Cash-foreign currency	-	-	-	-	55,896,137	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>111,352,831</b>	-

Loan Derivatives

<b>Current Period - June 30, 2023</b>	<b>Protection bought</b>	<b>Protection sold</b>
<b>Notionals</b>		
Single-name credit default swaps	1,169,754	11,968,814
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>1,169,754</b>	<b>11,968,814</b>
<b>Fair Values</b>	<b>73,332</b>	<b>2,925,589</b>
Positive fair values (asset)	73,332	-
Negative fair values (liability)	-	2,925,589
<b>Prior Period - December 31, 2022</b>	<b>Protection bought</b>	<b>Protection sold</b>
<b>Notionals</b>		
Single-name credit default swaps	1,169,754	8,531,919
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
<b>Total Notionals</b>	<b>1,169,754</b>	<b>8,531,919</b>
<b>Fair Values</b>	<b>82,104</b>	<b>2,386,474</b>
Positive fair values (asset)	82,104	-
Negative fair values (liability)	-	2,386,474

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT (Continued)

2. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

Current Period - June 30, 2023		Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		90,017
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC Derivatives	4,407,490	88,150
4	(ii) Exchange-traded Derivatives	4,067,058	81,341
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	340,432	6,809
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	93,328	1,867
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Prior Period - December 31, 2022		Exposure at default (post-CRM)	RWA
1	<b>Exposure to Qualified Central Counterparties (QCCPs) (total)</b>		306,606
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which		
3	(i) OTC Derivatives	15,324,777	306,495
4	(ii) Exchange-traded Derivatives	3,115,170	62,303
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	12,209,607	244,192
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	5,390	111
10	Unfunded default fund contributions	-	-
11	<b>Exposures to non-QCCPs (total)</b>		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

**VIII. INFORMATION ON RISK MANAGEMENT (Continued)**

**3. Explanations on Market Risk**

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

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

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

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

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

**Market Risk- Standardized approach**

		Current Period - June 30, 2023	Prior Period - December 31, 2022
		RAT	RAT
<b>Outright products</b>			
1	Interest rate risk (general and specific)	2,469,575	2,102,662
2	Stock risk (general and specific)	188,128	200,749
3	Foreign exchange risk	7,285,277	3,607,543
4	Commodity risk	1,966,320	896,925
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	18,030	6,071
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>11,927,330</b>	<b>6,813,950</b>

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Cash	5,309,342	17,352,938	4,766,482	8,759,199
Central Bank of the Republic of Türkiye (*)	24,852,940	180,653,079	43,544,012	211,076,405
Other	68,146	1,199,411	84,808	704,315
<b>Total</b>	<b>30,230,428</b>	<b>199,205,428</b>	<b>48,395,302</b>	<b>220,539,919</b>

(\*) TL 111,355,193 (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 0% 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 Republic of Türkiye*

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Unrestricted demand deposits	24,171,829	69,297,886	42,937,215	50,293,731
Restricted demand deposits	680,325	-	606,797	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	78,244,822
Reserve Deposits	786	111,355,193	-	82,537,852
<b>Total</b>	<b>24,852,940</b>	<b>180,653,079</b>	<b>43,544,012</b>	<b>211,076,405</b>

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

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

	Current Period - June 30, 2023	Prior Period- December 31, 2022
Collateralized/blocked investment securities	-	-
Investments subject to repurchase agreements	13,994,662	-
<b>Total</b>	<b>13,994,662</b>	<b>-</b>



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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

*Positive differences on derivative financial assets held for trading purpose*

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Forward transactions	2,040,947	2,678	134,695	443
Swap transactions	36,913,083	3,684,803	14,094,488	3,078,373
Futures	-	-	-	-
Options	6,834	26,777	474	52,603
Other	-	-	-	-
<b>Total</b>	<b>38,960,864</b>	<b>3,714,258</b>	<b>14,229,657</b>	<b>3,131,419</b>

The Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of June 30, 2023 the fair value of this transaction is TL 2,554,521, with a nominal amount of 120 million USD and an average maturity of 1.04 years. (As of December 31, 2022, the fair value of this transaction was TL 1,722,403, with a nominal amount of USD 120 million, and an average maturity of 1.54 years.)

**3. Information on banks**

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Banks				
Domestic	3,089,814	-	53	16,845
Foreign	-	59,480,920	-	28,528,961
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>3,089,814</b>	<b>59,480,920</b>	<b>53</b>	<b>28,545,806</b>

**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 - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FP
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	12,132,341	47,004,724	6,024,871	13,831,275
Other	-	-	-	-
<b>Total</b>	<b>12,132,341</b>	<b>47,004,724</b>	<b>6,024,871</b>	<b>13,831,275</b>

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

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	36,823,965	3,150	26,356,794	48,817,628
Treasury bills	-	-	-	-
Other debt securities	-	25,367,100	-	14,613,928
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>36,823,965</b>	<b>25,370,250</b>	<b>26,356,794</b>	<b>63,431,556</b>

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

*Information on financial assets at fair value through other comprehensive income*

	Current Period - June 30, 2023	Prior Period December 31, 2022
<b>Debt securities</b>	<b>196,805,638</b>	<b>198,351,294</b>
Quoted on a Stock Exchange	195,182,568	196,350,850
Unquoted	1,623,070	2,000,444
<b>Equity securities</b>	<b>155,420</b>	<b>119,854</b>
Quoted on a Stock Exchange	-	-
Unquoted	155,420	119,854
<b>Provisions for impairment losses (-)</b>	<b>3,264,268</b>	<b>1,572,619</b>
<b>Total</b>	<b>193,696,790</b>	<b>196,898,529</b>

5. Information on loans

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

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct loans provided to the shareholders</b>	-	<b>1,342</b>	-	<b>1,187</b>
Legal entities	-	1,342	-	1,187
Real persons	-	-	-	-
<b>Indirect loans provided to the shareholders</b>	-	-	-	-
<b>Loans provided to the employees</b>	<b>770,474</b>	-	<b>602,165</b>	-
<b>Total</b>	<b>770,474</b>	<b>1,342</b>	<b>602,165</b>	<b>1,187</b>

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

**Current Period - June 30, 2023**

	Loans and other receivables under close monitoring			
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-specialized loans</b>	<b>1,181,872,275</b>	<b>35,217,389</b>	<b>1,068,212</b>	<b>51,870,608</b>
Loans given to enterprises	287,202,418	17,369,744	923,806	47,652,560
Export loans	113,685,854	997,610	-	-
Import loans	-	-	-	-
Loans given to financial sector	58,239,890	35,063	-	-
Consumer loans	177,754,672	1,478,172	4,776	548,380
Credit cards	97,218,657	1,141,950	139,346	-
Other	447,770,784	14,194,850	284	3,669,668
<b>Specialized lending</b>	-	-	-	-
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>1,181,872,275</b>	<b>35,217,389</b>	<b>1,068,212</b>	<b>51,870,608</b>

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**I. INFORMATION AND DISCLOSURES RELATED TO 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**

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

**Current Period - June 30, 2023**

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	9,134,977	-
Significant Increase in Credit Risk	-	19,478,195

**Prior Period - December 31, 2022**

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	6,238,000	-
Significant Increase in Credit Risk	-	18,815,043

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Current Period - June 30, 2023	Short-Term	Medium and Long-Term	Total
<b>Consumer loans – TL</b>	<b>14,010,976</b>	<b>127,195,552</b>	<b>141,206,528</b>
Housing loans	2,534	58,007,174	58,009,708
Automobile loans	177,017	7,961,089	8,138,106
General purpose loans	13,831,425	61,227,289	75,058,714
Other	-	-	-
<b>Consumer loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Consumer loans – FC</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Retail credit cards – TL</b>	<b>74,246,454</b>	<b>73,034</b>	<b>74,319,488</b>
With instalment	34,974,002	70,163	35,044,165
Without instalment	39,272,452	2,871	39,275,323
<b>Retail credit cards – FC</b>	<b>210,733</b>	-	<b>210,733</b>
With instalment	-	-	-
Without instalment	210,733	-	210,733
<b>Personnel loans – TL</b>	<b>109</b>	<b>115,308</b>	<b>115,417</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	109	115,308	115,417
Other	-	-	-
<b>Personnel loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel loans – FC</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel credit cards – TL</b>	<b>651,030</b>	<b>271</b>	<b>651,301</b>
With instalment	294,574	255	294,829
Without instalment	356,456	16	356,472
<b>Personnel credit cards – FC</b>	<b>5,800</b>	-	<b>5,800</b>
With instalment	-	-	-
Without instalment	5,800	-	5,800
<b>Overdraft Checking Accounts – TL (Real person)</b>	<b>38,461,694</b>	-	<b>38,461,694</b>
<b>Overdraft Checking Accounts – FC (Real person)</b>	<b>2,361</b>	-	<b>2,361</b>
<b>Total</b>	<b>127,589,157</b>	<b>127,384,165</b>	<b>254,973,322</b>

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I. INFORMATION AND DISCLOSURES RELATED TO 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
<b>Consumer loans – TL</b>	<b>7,935,009</b>	<b>108,752,182</b>	<b>116,687,191</b>
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	-	-	-
<b>Consumer loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Consumer loans – FC</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Retail credit cards – TL</b>	<b>42,288,736</b>	<b>101,703</b>	<b>42,390,439</b>
With instalment	20,734,917	100,707	20,835,624
Without instalment	21,553,819	996	21,554,815
<b>Retail credit cards – FC</b>	<b>140,198</b>	-	<b>140,198</b>
With instalment	-	-	-
Without instalment	140,198	-	140,198
<b>Personnel loans – TL</b>	<b>1,018</b>	<b>176,041</b>	<b>177,059</b>
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,018	176,041	177,059
Other	-	-	-
<b>Personnel loans – FC indexed</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel loans – FC</b>	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
<b>Personnel credit cards – TL</b>	<b>422,146</b>	<b>136</b>	<b>422,282</b>
With instalment	194,148	131	194,279
Without instalment	227,998	5	228,003
<b>Personnel credit cards – FC</b>	<b>2,824</b>	-	<b>2,824</b>
With instalment	-	-	-
Without instalment	2,824	-	2,824
<b>Overdraft Checking Accounts – TL (Real person)</b>	<b>18,450,844</b>	-	<b>18,450,844</b>
<b>Overdraft Checking Accounts – FC (Real person)</b>	<b>2,021</b>	-	<b>2,021</b>
<b>Total</b>	<b>69,242,796</b>	<b>109,030,062</b>	<b>178,272,858</b>

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

*Installment based commercial loans and corporate credit cards*

<b>Current Period - June 30, 2023</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Instalment-based commercial loans – TL</b>	<b>45,781,753</b>	<b>155,406,374</b>	<b>201,188,127</b>
Real estate loans	28,562	1,785,906	1,814,468
Automobile loans	1,143,184	8,385,994	9,529,178
General purpose loans	44,610,007	145,234,474	189,844,481
Other	-	-	-
<b>Instalment-based commercial loans – FC indexed</b>	<b>-</b>	<b>343,378</b>	<b>343,378</b>
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	343,378	343,378
Other	-	-	-
<b>Instalment-based commercial loans – FC</b>	<b>1,495,159</b>	<b>97,243,947</b>	<b>98,739,106</b>
Real estate loans	-	-	-
Automobile loans	-	18,066	18,066
General purpose loans	1,495,159	97,225,881	98,721,040
Other	-	-	-
<b>Corporate credit cards – TL</b>	<b>20,118,968</b>	<b>3,132,262</b>	<b>23,251,230</b>
With instalment	7,904,172	2,949,440	10,853,612
Without instalment	12,214,796	182,822	12,397,618
<b>Corporate credit cards – FC</b>	<b>61,401</b>	<b>-</b>	<b>61,401</b>
With instalment	-	-	-
Without instalment	61,401	-	61,401
<b>Overdraft Checking Accounts – TL (Corporate)</b>	<b>41,807,680</b>	<b>-</b>	<b>41,807,680</b>
<b>Overdraft Checking Accounts – FC (Corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>109,264,961</b>	<b>256,125,961</b>	<b>365,390,922</b>
<b>Prior Period - December 31, 2022</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Instalment-based commercial loans – TL</b>	<b>59,277,979</b>	<b>115,454,012</b>	<b>174,731,991</b>
Real estate loans	19,295	1,267,176	1,286,471
Automobile loans	1,230,353	5,759,446	6,989,799
General purpose loans	58,028,331	108,427,390	166,455,721
Other	-	-	-
<b>Instalment-based commercial loans – FC indexed</b>	<b>-</b>	<b>367,517</b>	<b>367,517</b>
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	367,517	367,517
Other	-	-	-
<b>Instalment-based commercial loans – FC</b>	<b>62,090</b>	<b>68,022,514</b>	<b>68,084,604</b>
Real estate loans	-	-	-
Automobile loans	-	22,549	22,549
General purpose loans	62,090	67,999,965	68,062,055
Other	-	-	-
<b>Corporate credit cards – TL</b>	<b>13,219,153</b>	<b>212,008</b>	<b>13,431,161</b>
With instalment	5,434,928	194,897	5,629,825
Without instalment	7,784,225	17,111	7,801,336
<b>Corporate credit cards – FC</b>	<b>27,535</b>	<b>-</b>	<b>27,535</b>
With instalment	-	-	-
Without instalment	27,535	-	27,535
<b>Overdraft Checking Accounts – TL (Corporate)</b>	<b>20,170,978</b>	<b>-</b>	<b>20,170,978</b>
<b>Overdraft Checking Accounts – FC (Corporate)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>92,757,735</b>	<b>184,056,051</b>	<b>276,813,786</b>

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

*Allocation of domestic and overseas loans (\*)*

	Current Period- June 30, 2023	Prior Period - December 31, 2022
Domestic loans	1,267,948,362	931,970,423
Foreign loans	2,080,122	1,480,547
<b>Total</b>	<b>1,270,028,484</b>	<b>933,450,970</b>

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

*Loans to associates and subsidiaries*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Direct loans to associates and subsidiaries	31,239,554	3,978,742
Indirect loans to associates and subsidiaries	-	-
<b>Total</b>	<b>31,239,554</b>	<b>3,978,742</b>

*Specific provisions accounted for loans (Stage 3)*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Loans and receivables with limited collectability	1,043,755	1,087,553
Loans and receivables with doubtful collectability	1,665,742	1,280,720
Uncollectible loans and receivables	14,706,194	14,115,712
<b>Total</b>	<b>17,415,691</b>	<b>16,483,985</b>

*Information on non-performing loans (Net)*

*Information on non-performing loans and other receivables restructured*

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
<b>Current period - June 30, 2023</b>			
Gross Amounts Before the Reserves	137,329	242,013	2,155,862
Loans Which Are Restructured	137,329	242,013	2,155,862
<b>Prior Period - December 31, 2022</b>			
Gross Amounts Before the Reserves	117,559	397,661	2,130,052
Loans Which Are Restructured	117,559	397,661	2,130,052

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

*Movements in non-performing loan groups*

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectible loans and receivables</b>
<b>Current Period - June 30, 2023</b>			
<b>Balance at the beginning of the period</b>	<b>2,367,433</b>	<b>2,102,853</b>	<b>15,804,062</b>
Additions (+)	2,679,887	-	286,250
Transfers from other categories of loans under follow-up (+)	-	2,555,642	1,569,991
Transfers to other categories of loans under follow-up (-)	2,555,642	1,569,991	-
Collections (-) (*)	368,177	300,996	1,385,790
Write-offs (-) (**)	-	-	42,144
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Balance at the end of the period</b>	<b>2,123,501</b>	<b>2,787,508</b>	<b>16,232,369</b>
Provision (-)	1,043,755	1,665,742	14,706,194
<b>Net balance</b>	<b>1,079,746</b>	<b>1,121,766</b>	<b>1,526,175</b>

(\*) 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 June 30, 2023, the Bank has TL 42,144 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. The Bank's non-performing loan ratio after the write-offs has not changed compared to before the write-off, and the NPL ratio is 1.64%.

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

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

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

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



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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period - June 30, 2023</b>			
Balance at the end of the period	1,417,332	1,384,331	5,574,197
Provision (-)	726,184	842,588	5,340,553
<b>Net balance on balance sheet</b>	<b>691,148</b>	<b>541,743</b>	<b>233,644</b>
<b>Prior Period - December 31, 2022</b>			
Balance at the end of the period	1,354,336	448,669	5,330,242
Provision (-)	615,527	321,134	5,060,343
<b>Net balance on balance sheet</b>	<b>738,809</b>	<b>127,535</b>	<b>269,899</b>

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

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
<b>Current Period - June 30, 2023</b>			
<b>Current Period (Net)</b>	<b>1,079,746</b>	<b>1,121,766</b>	<b>1,526,175</b>
Consumer and Commercial Loans (Gross)	2,123,356	2,784,884	16,213,099
Provision (-)	1,043,614	1,663,130	14,686,940
<b>Consumer and Commercial Loans (Net)</b>	<b>1,079,742</b>	<b>1,121,754</b>	<b>1,526,159</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	145	2,624	19,270
Provision (-)	141	2,612	19,254
<b>Other Loans and Receivables (Net)</b>	<b>4</b>	<b>12</b>	<b>16</b>
<b>Prior Period - December 31, 2022</b>			
<b>Current Period (Net)</b>	<b>1,279,880</b>	<b>822,133</b>	<b>1,688,350</b>
Consumer and Commercial Loans (Gross)	2,364,851	2,102,831	15,784,036
Provision (-)	1,084,976	1,280,705	14,095,700
<b>Consumer and Commercial Loans (Net)</b>	<b>1,279,875</b>	<b>822,126</b>	<b>1,688,336</b>
Banks (Gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (Net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Loans and Receivables (Gross)	2,582	22	20,026
Provision (-)	2,577	15	20,012
<b>Other Loans and Receivables (Net)</b>	<b>5</b>	<b>7</b>	<b>14</b>

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO 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
<b>Current Period (Net) - June 30, 2023</b>	<b>97,992</b>	<b>54,358</b>	<b>238,050</b>
Interest accruals and valuation differences	195,829	133,558	2,394,935
Provision (-)	97,837	79,200	2,156,885
<b>Prior Period (Net) - December 31, 2022</b>	<b>26,275</b>	<b>76,700</b>	<b>256,464</b>
Interest accruals and valuation differences	47,049	185,656	2,312,090
Provision (-)	20,774	108,956	2,055,626

6. Information on other financial assets measured at amortized cost

*Information on measured at amortized cost government debt securities*

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	203,770,465	32,807,038	124,497,259	22,217,950
Treasury bills	-	-	-	-
Other securities issued by the governments	-	14,586,621	-	11,611,721
<b>Total</b>	<b>203,770,465</b>	<b>47,393,659</b>	<b>124,497,259</b>	<b>33,829,671</b>

*Information on financial assets measured at amortized cost*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
<b>Debt Securities</b>	<b>251,512,392</b>	<b>158,592,852</b>
<i>Quoted at stock exchanges</i>	251,223,074	158,385,880
<i>Unquoted at stock exchanges</i>	289,318	206,972
<b>Impairment losses (-)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>251,512,392</b>	<b>158,592,852</b>

*The movement table of other financial assets measured at amortized cost*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
<b>Balances at the beginning of the period</b>	<b>158,592,852</b>	<b>73,861,983</b>
Foreign currency differences on monetary assets	12,520,448	8,334,895
Purchases during the period	83,696,110	41,636,940
Disposals through sales/redemptions	(13,930,409)	(3,320,778)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	10,633,391	38,079,812
<b>Balances at the end of the period</b>	<b>251,512,392</b>	<b>158,592,852</b>

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

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

<b>Current Period - June 30, 2023</b>	<b>Cost</b>		<b>Carrying Value</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Collateralized/blocked investment securities	74,664,810	26,267,499	78,409,354	30,518,563
Investments subject to repurchase agreements	46,746,204	14,160,610	95,381,564	14,456,378
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	21,063,794	2,633,039	30,038,497	2,708,036
<b>Total</b>	<b>142,474,808</b>	<b>43,061,148</b>	<b>203,829,415</b>	<b>47,682,977</b>

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

<b>Prior Period - December 31, 2022</b>	<b>Cost</b>		<b>Carrying Value</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
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
<b>Total</b>	<b>72,036,408</b>	<b>31,213,399</b>	<b>124,556,209</b>	<b>34,036,643</b>

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

**7. Information on investments in associates**

*Information on investments in associates*

<b>Title</b>	<b>Address (City/ Country)</b>	<b>Parent Bank’s Share – If Different, Voting Rights (%)</b>	<b>Bank Risk Group’s Share (%)</b>
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Türkiye	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Türkiye	9.93	9.93
4 Bankalararası Kart Merkezi AŞ (*)	İstanbul/Türkiye	4.75	4.75
5 KKB Kredi Kayıt Bürosu AŞ	İstanbul/Türkiye	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/Türkiye	0.07	0.07
7 İzmir Enternasyonal Otelcilik AŞ (*)	İstanbul/Türkiye	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ	İstanbul/Türkiye	4.37	4.37
9 Kredi Garanti Fonu AŞ	Ankara/Türkiye	1.49	1.49
10 Türkiye Ürün İhtisas Borsası AŞ	Ankara/Türkiye	3.00	3.00
11 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ	İstanbul/Türkiye	33.33	33.33
12 JCR Avrasya Derecelendirme AŞ	İstanbul/Türkiye	2.86	2.86
13 Birleşik İpotek Finansmanı AŞ	İstanbul/Türkiye	8.33	8.33
14 Birleşim Varlık Yönetim AŞ	İstanbul/Türkiye	16.00	16.00
15 Tasfiye Halinde World Vakıf UBB Ltd. (**)	Lefkoşa/KKTC	83.00	83.62

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**7.Information on investments in associates**

*Information on investments in associates*

	<b>Total Assets</b>	<b>Equity</b>	<b>Tangible Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Year's Profit/(Loss)</b>	<b>Prior Period's Profit/Loss</b>	<b>Fair Value</b>
1	5,078,229	234,750	21,316	206,443	6,661	53,263	17,514	-
2	148,811,437	16,757,611	4,540,889	5,216,543	2,085,576	3,144,986	1,519,222	12,546,800
3	32,178,497	11,142,485	5,357,380	64,459	-	684,174	712,634	28,450,000
4	2,086,572	1,640,651	151,557	61,552	-	955,578	53,059	-
5	1,062,916	217,363	429,250	16,302	799	102,762	19,581	-
6	141,401	(256,676)	92,392	1	-	(9,763)	(13,043)	-
7	80,612	(707,846)	70,039	-	-	(26,998)	(64,605)	-
8	93,492,229	5,540,972	387,473	1,548,117	102,526	1,035,347	658,669	-
9	3,359,176	1,592,127	43,138	130,899	-	300,457	159,089	-
10	321,552	302,162	88,429	23,102	-	64,345	45,002	-
11	466,853	326,747	161,264	24,307	-	(8,029)	4,804	-
12	241,618	210,272	18,085	21,668	-	49,979	42,608	-
13	154,804	83,496	1,308	6,665	8,657	13,042	9,637	-
14	848,614	720,581	28,169	159,461	-	65,935	-	-
15	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

(<sup>o</sup>) The financial statement information provided for these associates is taken from the financial statements dated March 31, 2023

(<sup>\*\*</sup>) The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

*Movement table of investments in associates*

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
<b>Balance at the beginning of the period</b>	<b>4,066,701</b>	<b>2,047,712</b>
<b>Movements during the period</b>	<b>134,617</b>	<b>2,018,989</b>
Transfers	-	-
Acquisitions	119,285	92,566
Bonus shares received	-	63,745
Share of current year profit	-	-
Sales/liquidations	-	(1,750)
Fair value changes	22,284	1,864,428
Impairment losses	(6,952)	-
<b>Balance at the end of the period</b>	<b>4,201,318</b>	<b>4,066,701</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share percentage at the end of period (%)</b>	<b>-</b>	<b>-</b>

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

In the prior period, it has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the current period. TL 270,577 of the capital increase will be covered by paid, TL 588,211 from internal resources. The remaining 3/4 of the TL 26,872 worth of shares corresponding to our Bank's share, TL 20,154, has been paid and is shown in Acquisitions row in the movement table for associates.

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

In the prior period, it has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the current period. TL 270,577 of the capital increase will be covered by paid, TL 588,211 from internal resources. A portion of TL 6,718, which is 1/4 of the TL 26,872 worth of shares corresponding to the Bank's, has been paid and is shown in Acquisitions column in the movement table for associates. Bonus shares worth of TL 58,417 corresponding to the Bank's is shown in Bonus Shares column in the movement table for associates

In the prior period, it has been decided to increase the share capital of former JCR Avrasya Derecelendirme A.Ş from TL 1,000 to TL 30,000. Bonus shares amounting to TL 828 corresponding to the Bank's share are shown in the Bonus shares received row in the movement table of investments in associates.

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

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

*Sectoral distribution of investments in financial associates*

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
Banks	1,096,126	1,073,842
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	131,110	11,825
<b>Total</b>	<b>1,227,236</b>	<b>1,085,667</b>

*Quoted associates*

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
Quoted at domestic stock exchanges	1,051,106	1,028,822
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>1,051,106</b>	<b>1,028,822</b>

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

*Investments in associates acquired during the period*

In the current period, the 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 Bank's share in the Company is %16.00.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

*Information on financial subsidiaries*

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
<b>Current Period - June 30, 2023</b>						
Paid in Capital	311,248	600,000	250,000	450,000	1,717,500	30,000
Share Premium	-	1,366	137	-	322,717	121
Equity shares 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	-	97,056	2,595	22,501	(779)	(125)
Other accumulated comprehensive income that will be reclassified in profit or loss	3,720,594	-	-	-	-	-
Profit Reserves	28,297	100,339	152,736	135,080	155,104	1,645
Legal Reserves	28,297	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	-	7,656	75,050	-	547	-
Profit/Loss	130,373	1,339,268	693,563	1,122,891	1,036,916	9,248
<i>Prior Period's Profit/Loss</i>	43,848	415,435	388,711	494,842	885,790	5,640
<i>Current Period's Profit/Loss</i>	86,525	923,833	304,852	628,049	151,126	3,608
Minority Rights	-	-	-	-	-	-
<b>Total Core Capital</b>	<b>4,190,512</b>	<b>2,138,029</b>	<b>1,099,031</b>	<b>1,730,472</b>	<b>3,231,458</b>	<b>40,889</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-	-	-	-	-
<b>CAPITAL</b>	<b>4,190,512</b>	<b>2,138,029</b>	<b>1,099,031</b>	<b>1,730,472</b>	<b>3,231,458</b>	<b>40,889</b>
<b>NET AVAILABLE EQUITY</b>	<b>4,190,512</b>	<b>2,138,029</b>	<b>1,099,031</b>	<b>1,730,472</b>	<b>3,231,458</b>	<b>40,889</b>

(\*) Reviewed BRSA financial statements as of June 30, 2023 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries (Continued)

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
<b>Prior Period - December 31, 2022</b>						
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 shares 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	-	-	-	-	-	-
<i>Extraordinary Reserves</i>	-	71,946	24,564	106,074	135,037	1,167
<i>Other Profit Reserves</i>	-	-	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	-	-	-	-	-	-
<b>Total Core Capital</b>	<b>3,040,598</b>	<b>1,207,274</b>	<b>798,084</b>	<b>1,102,423</b>	<b>2,507,946</b>	<b>37,367</b>
<b>SUPPLEMENTARY CAPITAL</b>	-	-	-	-	-	-
<b>CAPITAL</b>	<b>3,040,598</b>	<b>1,207,274</b>	<b>798,084</b>	<b>1,102,423</b>	<b>2,507,946</b>	<b>37,367</b>
<b>NET AVAILABLE EQUITY</b>	<b>3,040,598</b>	<b>1,207,274</b>	<b>798,084</b>	<b>1,102,423</b>	<b>2,507,946</b>	<b>37,367</b>

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



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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every six months as an independent audit, in line with the “Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies” Serial: V, No:34 of the Capital Markets Board.

*Information on investments in subsidiaries*

Title	Address (City / Country)	Bank’s Share –If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1 Vakıf Faktoring AŞ	İstanbul/Türkiye	92.10	94.45
2 Vakıf Finansal Kiralama AŞ	İstanbul/Türkiye	62.05	62.05
3 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/Türkiye	99.50	99.66
4 VakıfBank International AG	Viyana/Avusturya	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/Türkiye	33.77	33.77
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Türkiye	53.31	53.31
7 Vakıf Enerji ve Madencilik AŞ	Ankara/Türkiye	67.27	84.82
8 Taksim Otelcilik AŞ	İstanbul/Türkiye	52.43	52.43
9 Vakıf Pazarlama Sanayi ve Ticaret AŞ	İstanbul/Türkiye	96.73	98.76
10 Vakıf Gayrimenkul Değerleme AŞ	İstanbul/Türkiye	97.14	97.14
11 Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ	İstanbul/Türkiye	100.00	100.00

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	27,264,091	1,785,400	4,549	2,733,095	-	631,100	159,684	1,022,000
2	21,109,249	2,274,459	101,833	1,523,821	1,826	942,598	191,205	3,079,800
3	5,743,826	1,099,032	64,643	-	5,626	304,854	121,019	839,000
4	25,316,392	4,673,247	17,113	356,862	11,568	111,572	101	2,628,125
5	41,938	40,891	109	530	6,033	3,605	2,185	842,040
6	8,338,537	5,685,567	3,910,614	134,187	-	367,907	347,381	4,345,275
7	300,230	299,713	365	4,671	-	81,089	40,828	140,984
8	912,608	854,802	105,934	70,785	-	97,585	28,114	816,136
9	407,648	153,020	147,479	18,370	208	(38)	(1,631)	180,670
10	63,860	49,903	958	7,915	-	(6,452)	41	61,154
11	116,369	109,815	4,506	13,779	-	5,686	9,486	100,000

**Movement table of investments in subsidiaries**

	Current Period - June 30, 2023	Prior Period - December 31, 2022
<b>Balance at the beginning of the period</b>	<b>10,135,102</b>	<b>4,650,121</b>
<b>Movements during the period</b>	<b>(362,408)</b>	<b>5,484,981</b>
Transfers	-	-
Acquisitions	465,838	378,945
Bonus shares received	-	307,337
Share of current year profit	-	(99,397)
Sales and liquidations	-	-
Fair value changes	1,075,418	4,913,528
Impairment losses	(1,903,664)	(15,432)
<b>Balance at the end of the period</b>	<b>9,772,694</b>	<b>10,135,102</b>
<b>Capital commitments</b>	<b>-</b>	<b>-</b>
<b>Share percentage at the end of the period (%)</b>	<b>-</b>	<b>-</b>

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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED FINANCIAL REPORT  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

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

**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

In the current period, 3.66% nominal shares amounting to TL 41,865 owned by TOKİ, one of the shareholders of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, were purchased by the Bank for TL 160,660. The Bank's share amounting to TL 160,660 has been recognized under Purchases in the movement table of subsidiaries. In addition, it has been decided to increase the Company's paid-in capital of TL 1,145,000 by 50% rights issue to TL 1,717,500. The Bank's share amounting to TL 305,178 has been recognized as Purchases in the statement of movement of subsidiaries.

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 our 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 our Bank for a price of TL 40,150. TL 40,150 shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

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. The share of TL 11,695 corresponding to the Bank's are shown under Acquisitions row in the movement table of subsidiaries.

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. TL 2,494 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 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 our Bank for a price of TL 17,635. TL 17,635 of shares corresponding to the Bank's share are shown 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 our 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, Türkiye Sigorta A.Ş. one of the partners of Vakıf Finansal Kiralama AŞ in the current period, was purchased for a nominal TL 49,000 of 20,000,000 amount of shares. Shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

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

In the 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 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 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 Pazarlama Sanayi ve Ticaret AŞ from TL 30,241 to TL 100,000 by an increase of TL 69,759. TL 60,671 worth of shares corresponding to the Bank's share are shown in Purchases in the movement table for subsidiaries.

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

In the 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. TL 29,143 worth of shares corresponding to the Bank's shares are shown under Purchases in the movement table for 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 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 Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

***Methods to measure investments in subsidiaries***

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
Measured at cost	-	-
Measured at fair value	9,772,694	10,135,102
Equity method of accounting	-	-
<b>Total</b>	<b>9,772,694</b>	<b>10,135,102</b>

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

***Sectoral distribution of investments in financial subsidiaries***

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
Banks	2,628,125	1,843,727
Factoring companies	941,244	941,244
Leasing companies	1,910,880	1,993,897
Financing companies	-	-
Other financial subsidiaries	3,435,499	4,499,288
<b>Total</b>	<b>8,915,748</b>	<b>9,278,156</b>

***Quoted subsidiaries***

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - December 31, 2022</b>
Quoted at domestic stock exchanges	4,511,575	5,658,381
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>4,511,575</b>	<b>5,658,381</b>

***Investments in subsidiaries disposed during the period***

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

***Investments in subsidiaries acquired during the period***

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

**9. Investments in joint-ventures**

None.

**10. Information on finance lease receivables (net)**

None.

**11. Information on hedging purpose derivatives**

***Positive differences on derivative financial instruments held for risk management purposes***

None.

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**12. Information on investment properties**

None.

**13. Information on deferred tax assets**

The deferred tax asset of the Bank as of June 30, 2023 is TL 3,608,604. (December 31, 2022: TL 2,478,300) Accounting policies applied for deferred tax assets and deferred tax liabilities are shown in the financial statements by being netted. Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of June 30, 2023 and December 31, 2022 is as follows:

	<b>Current Period June 30, 2023</b>	<b>Prior Period December 31, 2022</b>
<b>As of January 1</b>	<b>2,478,300</b>	<b>(46,378)</b>
Deferred tax income/(loss)	(1,142,792)	6,462,173
Deferred tax that is accounted under Equity	2,313,352	(3,911,523)
Other	(40,256)	(25,972)
<b>Deferred tax asset/(Liability)</b>	<b>3,608,604</b>	<b>2,478,300</b>

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

As of June 30, 2023, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 216,355 (December 31, 2022: TL 283,264) and the provision for impairment is TL 707 (December 31, 2022: TL 986).

**15. Information on other assets**

As at June 30, 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**

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - June 30, 2023</b>
Balances with the Central Bank	2,313	2,865
Banks	15,006	9,728
<b>Total</b>	<b>17,319</b>	<b>12,593</b>
Financial Assets Measured at Amortized Cost	31,643	20,008
<b>Total</b>	<b>48,962</b>	<b>32,601</b>

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

1. Information on maturity profile of deposits

Current Period June 30, 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	38,076,678	-	21,374,672	73,328,605	134,845,304	8,135,834	21,631,721	10,490	297,403,304
Foreign currency deposits	168,232,545	-	125,117,520	150,076,513	9,050,473	5,093,574	16,018,458	-	473,589,083
Residents in Türkiye	153,920,434	-	122,051,812	137,825,378	6,881,486	2,847,047	7,704,887	-	431,231,044
Residents in abroad	14,312,111	-	3,065,708	12,251,135	2,168,987	2,246,527	8,313,571	-	42,358,039
Public sector deposits	24,488,468	-	64,267,657	19,057,591	1,126,815	178,281	148,846	-	109,267,658
Commercial deposits	36,814,703	-	147,476,700	85,313,387	27,684,734	17,362,369	10,741,190	-	325,393,083
Other	22,472,678	-	9,471,565	39,580,935	2,226,337	195,459	89,528	-	74,036,502
Precious metal deposits	60,371,149	-	-	69,289	211,946	3,787,566	331,728	-	64,771,678
Bank deposits	4,617,609	-	37,583,818	14,705,985	829,176	-	-	-	57,736,588
Central Bank	197,041	-	-	-	-	-	-	-	197,041
Domestic banks	3,644,752	-	32,324,639	3,083,856	19,414	-	-	-	39,072,661
Foreign banks	581,570	-	5,259,179	11,622,129	809,762	-	-	-	18,272,640
Participation banks	194,246	-	-	-	-	-	-	-	194,246
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>355,073,830</b>	<b>-</b>	<b>405,291,932</b>	<b>382,132,305</b>	<b>175,974,785</b>	<b>34,753,083</b>	<b>48,961,471</b>	<b>10,490</b>	<b>1,402,197,896</b>

As of June 30, 2023, TL 100,627,213 (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 103,310,404 (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	107,102,018	-	93,723,037	132,504,374	24,906,168	5,389,553	12,480,471	-	376,105,621
Residents in Türkiye	100,665,294	-	90,489,725	127,598,756	23,317,946	3,711,618	6,880,831	-	352,664,170
Residents in abroad	6,436,724	-	3,233,312	4,905,618	1,588,222	1,677,935	5,599,640	-	23,441,451
Public sector deposits	20,775,383	-	65,983,069	13,731,218	1,170,824	298,194	44,116	-	102,002,804
Commercial deposits	43,276,621	-	97,535,694	85,355,414	35,316,784	12,282,762	6,594,846	-	280,362,121
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	3,039,009	-	58,729,296	15,617,303	110,198	49,181	552,433	-	78,097,420
Central Bank	4,247	-	-	-	-	-	-	-	4,247
Domestic banks	1,339,633	-	57,597,022	3,335,949	-	49,181	-	-	62,321,785
Foreign banks	941,525	-	1,132,274	12,281,354	110,198	-	552,433	-	15,017,784
Participation banks	753,604	-	-	-	-	-	-	-	753,604
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>257,667,110</b>	<b>-</b>	<b>342,933,656</b>	<b>332,004,092</b>	<b>136,435,501</b>	<b>27,826,502</b>	<b>30,825,440</b>	<b>9,674</b>	<b>1,127,701,975</b>

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

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	121,173,804	176,229,500	67,118,488	127,237,104
Foreign currency saving deposits	87,256,735	150,822,124	47,027,029	134,690,674
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
<b>Total</b>	<b>208,430,539</b>	<b>327,051,624</b>	<b>114,145,517</b>	<b>261,927,778</b>

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

*Saving deposits out of insurance coverage limits*

	Current Period – June 30, 2023	Prior Period - December 31, 2022
Deposits and other accounts at foreign branches	208,231	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	43,232	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 - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Forwards	672,118	1,979	5,120	79
Swaps	1,500,399	7,022,183	202,661	4,458,210
Futures	-	-	-	-
Options	6,834	57,373	-	53,527
Other	-	-	-	-
<b>Total</b>	<b>2,179,351</b>	<b>7,081,535</b>	<b>207,781</b>	<b>4,511,816</b>

3. Information on funds borrowed

*a) Information on banks and other financial institutions*

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	23,204,190	75,410	9,000,667	1,116,440
Domestic banks and institutions	234,147	1,146,203	371,242	7,598,260
Foreign banks, institutions and funds	140,681	166,654,477	32,946	112,626,687
<b>Total</b>	<b>23,579,018</b>	<b>167,876,090</b>	<b>9,404,855</b>	<b>121,341,387</b>

*b) Maturity information of funds borrowed*

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Short-term (*)	10,835,358	1,894,321	4,648,420	3,464,551
Medium and Long-term (*)	12,743,660	165,981,769	4,756,435	117,876,836
<b>Total</b>	<b>23,579,018</b>	<b>167,876,090</b>	<b>9,404,855</b>	<b>121,341,387</b>

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

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 9.34% (December 31, 2022: 8.90%) of the Bank’s liabilities. There is no risk concentration on funding sources of the Bank.

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

**Syndicated Loans Received**

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
November 28, 2022	367	USD	222,5	SOFR+%4,25	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C).
	367	EUR	328	Euribor+4%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)
May 15, 2023	367	USD	189,5	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	575,5	E+4%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.))	Emirates NBD Bank (P.J.S.C)

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**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
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 / Based on treasury financing transactions
	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 / Based on treasury financing transactions
March 13, 2023	March 15, 2028	USD	120	Based on international remittance flows / Based on treasury financing transactions
	December 15, 2027	USD	100	Based on international remittance flows / Based on treasury financing transactions

As of June 30, 2023, the total securitization balance is equivalent of USD 3,845 million and EUR 310 million. (December 31, 2022: USD 1,616 million and EUR 252 million).



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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

*Information on securities issued*

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

As of December 8, 2020 with 5 years 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 June 30, 2023, the total balance of allocated sales transactions was equivalent to USD 455.2 million.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
<b>Current Period - June 30, 2023</b>				
Nominal	1,067,379	1,000,000	-	82,698,648
Cost	1,001,833	1,000,000	-	82,384,899
Net Book Value	1,042,806	1,011,154	-	84,114,306

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

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

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

**4. Information on lease payables (net)**

*Obligations under financial leasing*

The amounts recognized under TFRS 16 as of June 30, 2023 and December 31, 2022 are presented below.

<b>Current Period - June 30, 2023</b>	<b>Service Buildings</b>	<b>Vehicles</b>	<b>Total</b>
Lease payables	4,833,605	96,289	4,929,894
Deferred rental expenses	2,906,827	20,510	2,927,337
<b>Lease payables (Net)</b>	<b>1,926,778</b>	<b>75,779</b>	<b>2,002,557</b>
Right of use assets	1,815,027	74,471	1,889,498
<b>Prior Period - December 31, 2022</b>			
Lease payables	2,039,148	118,060	2,157,208
Deferred rental expenses	1,074,684	61,121	1,135,805
<b>Lease payables (Net)</b>	<b>964,464</b>	<b>56,939</b>	<b>1,021,403</b>
Right of use assets	854,229	48,260	902,489

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, 70,519 TL of lease payments were made in the related period. (June 30, 2023: TL 58,803)

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	Gross	Net	Gross	Net
Under 1 year	4,630,391	1,846,453	836,477	369,457
1-4 Years	299,503	156,104	567,756	276,665
Over 4 years	-	-	752,975	375,281
<b>Total</b>	<b>4,929,894</b>	<b>2,002,557</b>	<b>2,157,208</b>	<b>1,021,403</b>

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

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

*Negative fair values of hedging purpose derivatives*

None.

**7. Information on Provision**

*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 June 30, 2023, TL 1,995,671 (December 31, 2022: TL 1,958,653) provision for severance pay and TL 217,027 (December 31, 2022 TL 180,576) provision for unused vacation are stated in financial statements under employee rights provision.

*Provision for currency exchange loss on foreign currency indexed loans*

None

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

As of June 30, 2023, Bank has recorded TL 51,375 (December 31, 2022: TL 50,421) as provisions for non-cash loans that are not indemnified or converted into cash.

*Information on provision for probable risks*

As of June 30, 2023, TL 12,250,000 of the free provision has been reversed in the current period which was provided in previous periods amounting to TL 19,000,000 in the financial statements. As of June 30, 2023, the free provision amount in the financial statements is TL 6,750,000 (December 31, 2022: 19,000,000 TL).

**8. Taxation**

*Current taxes*

*Tax provision*

As of June 30, 2023, the Bank's corporate tax payable is TL 560,450 (December 31, 2022: TL 3,866,582).

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation (Continued)

*Information on taxes payable*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Corporate taxes payable	560,450	3,866,582
Taxation on securities	698,669	464,843
Capital gains tax on property	10,742	5,540
Banking and Insurance Transaction Tax (BITT)	788,638	610,791
Taxes on foreign exchange transactions	17,135	22,623
Value added tax payable	87,340	30,428
Other	179,530	167,906
<b>Total</b>	<b>2,342,504</b>	<b>5,168,713</b>

*Information on premiums payable*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	14,549	4,634
Unemployment insurance- employer share	29,098	9,267
Other	21	2
<b>Total</b>	<b>43,668</b>	<b>13,903</b>

*Information on deferred tax liabilities*

As of June 30, 2023, the Bank has no deferred tax liabilities. (December 31, 2022: None). Deferred tax asset and deferred tax liability items are shown in the financial statements by netting in accordance with the applied accounting policies. Information on the deferred tax asset is presented in Note 13 of Section I, Section V.

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

None.

10. Information on subordinated debts

Stated bonds' total balance sheet value is TL 29,982,440 as of June 30, 2023 (December 31, 2022: TL 24,043,286).

	Current Period - June 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
<b>Debt instruments to be included in the additional capital calculation</b>	<b>5,142,394</b>	<b>20,124,457</b>	<b>5,145,157</b>	<b>14,475,926</b>
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,142,394	20,124,457	5,145,157	14,475,926
<b>Debt instruments to be included in the additional capital calculation</b>	<b>4,715,589</b>	<b>-</b>	<b>4,422,203</b>	<b>-</b>
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,715,589	-	4,422,203	-
<b>Total</b>	<b>9,857,983</b>	<b>20,124,457</b>	<b>9,567,360</b>	<b>14,475,926</b>

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

11. Information on equity

*Paid-in capital*

	Current Period - June 30, 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 bank; if so the amount of registered share capital*

Capital System	Paid-in Capital	Ceiling per RegisteredShare Capital
Registered capital system	9,915,922	25,000,000

According to the decision taken at the Board of Directors Meeting dated January 26, 2023 and accepted at the 69th Ordinary General Assembly Meeting held on August 2, 2023, the registered capital ceiling of the Bank was increased from TL 10,000,000 to TL 25,000,000.

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

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

None.

*Information on the privileges given to stocks representing the capital*

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

*Valuation differences of the marketable securities*

	Current Period – June 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	7,244,900	(277,932)	8,742,381	(194,979)
Financial assets at fair value through other comprehensive income	6,604,858	(1,335,199)	11,534,896	(349,442)
Foreign exchange differences	80,727	-	80,727	-
<b>Total</b>	<b>13,930,485</b>	<b>(1,613,131)</b>	<b>20,358,004</b>	<b>(544,421)</b>

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

1. Disclosures related to other contingent liabilities

*Type and amount of irrevocable commitments*

	Current Period – June 30, 2023	Prior Period – December 31, 2022
Commitments for credit card limits	146,397,971	81,979,697
Loan granting commitments	82,466,758	60,802,246
Commitments for cheque payments	9,949,220	6,916,438
Asset purchase sale commitments	45,715,763	56,192,549
Other	9,881,818	9,156,781
<b>Total</b>	<b>294,411,530</b>	<b>215,047,711</b>

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

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

The Bank provided specific provision amounting to TL 647,409 (December 31, 2022: TL 583,361) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 51,375 (December 31, 2022: TL 50,421).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

*Final guarantees, provisional guarantees, sureties and similar transactions*

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Provisional letters of guarantee	4,548,302	5,312,468
Final letters of guarantee	103,312,691	79,435,509
Letters of guarantee for advances	41,820,252	28,688,031
Letters of guarantee given to custom offices	7,755,969	5,938,641
Other letters of guarantee	132,581,970	100,115,220
<b>Total</b>	<b>290,019,184</b>	<b>219,489,869</b>

2. Non-cash loans

	Current Period - June 30, 2023	Prior Period - December 31, 2022
Non-cash loans given for cash loan risks	<b>68,562,764</b>	<b>54,770,548</b>
<i>With original maturity of 1 year or less</i>	<i>9,492,725</i>	<i>7,674,681</i>
<i>With original maturity of more than 1 year</i>	<i>59,070,039</i>	<i>47,095,867</i>
Other non-cash loans	<b>290,310,306</b>	<b>219,477,978</b>
<b>Total</b>	<b>358,873,070</b>	<b>274,248,526</b>

3. Sectoral risk concentrations of non-cash loans

	Current Period - June 30, 2023				Prior Period - December 31, 2022			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>361,389</b>	<b>0.22</b>	<b>469,648</b>	<b>0.24</b>	<b>244,348</b>	<b>0.20</b>	<b>472,287</b>	<b>0.31</b>
Farming and Cattle	324,858	0.20	6,175	0.00	224,411	0.18	187,736	0.12
Forestry	17,477	0.01	-	-	8,032	0.01	-	-
Fishing	19,054	0.01	463,473	0.24	11,905	0.01	284,551	0.19
<b>Manufacturing</b>	<b>57,483,446</b>	<b>35.27</b>	<b>98,328,058</b>	<b>50.19</b>	<b>49,401,506</b>	<b>39.86</b>	<b>69,019,266</b>	<b>45.92</b>
Mining	1,891,319	1.16	1,740,038	0.89	1,038,377	0.84	1,482,590	0.99
Production	46,290,251	28.41	89,414,978	45.64	38,985,823	31.46	61,690,706	41.04
Electric, gas and water	9,301,876	5.70	7,173,042	3.66	9,377,306	7.56	5,845,970	3.89
<b>Construction</b>	<b>31,296,855</b>	<b>19.21</b>	<b>36,413,829</b>	<b>18.59</b>	<b>23,530,449</b>	<b>18.99</b>	<b>25,771,591</b>	<b>17.14</b>
<b>Services</b>	<b>71,366,392</b>	<b>43.79</b>	<b>44,637,967</b>	<b>22.78</b>	<b>49,155,854</b>	<b>39.67</b>	<b>43,591,726</b>	<b>29.00</b>
Wholesale and retail trade	30,260,627	18.57	19,231,782	9.82	22,972,726	18.54	16,005,899	10.65
Hotel, food and beverage Services	2,240,902	1.37	643,908	0.33	1,520,860	1.23	1,096,002	0.73
Transportation and telecommunication	11,243,108	6.90	18,917,558	9.66	8,373,286	6.76	21,194,630	14.10
Financial institutions	18,413,155	11.30	978,882	0.50	8,802,446	7.10	1,224,308	0.81
Real estate and renting Services	4,260,582	2.61	4,070,938	2.08	3,022,793	2.44	1,914,088	1.27
Self-employment services	3,664,612	2.25	685,596	0.35	3,634,382	2.93	989,576	0.66
Education services	655,015	0.40	80,145	0.04	423,681	0.34	56,232	0.04
Health and social services	628,391	0.39	29,158	0.01	405,680	0.32	1,110,991	0.74
<b>Other</b>	<b>2,451,173</b>	<b>1.50</b>	<b>16,064,313</b>	<b>8.20</b>	<b>1,593,861</b>	<b>1.28</b>	<b>11,467,638</b>	<b>7.63</b>
<b>Total</b>	<b>162,959,255</b>	<b>100.00</b>	<b>195,913,815</b>	<b>100.00</b>	<b>123,926,018</b>	<b>100.00</b>	<b>150,322,508</b>	<b>100.00</b>

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

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

Current Period - June 30, 2023	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	159,017,439	123,152,200	3,433,265	3,768,871
Confirmed Bills of Exchange and Acceptances	49,258	3,638,736	-	-
Letters of Credit	293,761	61,771,132	-	570,744
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,530,255	-	-
<b>Non-Cash Loans</b>	<b>159,360,458</b>	<b>191,092,323</b>	<b>3,433,265</b>	<b>4,339,615</b>

Prior Period - December 31, 2022	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	118,953,159	94,085,967	2,982,982	2,884,400
Confirmed Bills of Exchange and Acceptances	49,258	3,630,388	-	-
Letters of Credit	1,714,806	47,218,307	-	375,809
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	1,770,089	-	-
<b>Non-Cash Loans</b>	<b>120,717,223</b>	<b>146,704,751</b>	<b>2,982,982</b>	<b>3,260,209</b>

5. Contingent assets and liabilities

Bank allocates TL 34,381 as provision for lawsuits against the Bank (December 31, 2022: TL 34,381).

6. Services rendered on behalf of third parties

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

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

1. Interest income

*Information on interest income received from loans*

	Current Period - June 30, 2023		Prior Period - June 30, 2022	
	TL	FC	TL	FC
Short-term Loans	25,062,794	1,919,684	11,601,622	677,756
Medium and Long-Term Loans	24,608,767	11,448,784	17,180,663	5,849,092
Non-performing Loans	413,944	-	395,938	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>50,085,505</b>	<b>13,368,468</b>	<b>29,178,223</b>	<b>6,526,848</b>

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

1. Interest income (Continued)

*Information on interest income received from banks*

	Current Period – June 30, 2023		Prior Period –December 31, 2022	
	TL	FC	TL	FC
Central Bank of Republic of Türkiye	-	111,923	-	-
Domestic Banks	104,093	4,622	11,388	2,066
Foreign Banks	-	436,386	-	21,297
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>104,093</b>	<b>552,931</b>	<b>11,388</b>	<b>23,363</b>

*Information on interest income received from marketable securities portfolio*

	Current Period – June 30, 2023		Prior Period – June 30, 2022	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	-	250,230	-	169,046
Financial assets at fair value through other comprehensive income	7,366,142	3,373,964	7,795,754	2,071,491
Financial assets measured at amortized cost	17,837,817	1,139,420	11,625,194	710,808
<b>Total</b>	<b>25,203,959</b>	<b>4,763,614</b>	<b>19,420,948</b>	<b>2,951,345</b>

As stated in the accounting policies, the 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 June 30, 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 June 30, 2023 will increase by approximately TL 145.15 million (full amount) or decrease by the same amount.

*Information on interest income received from associates and subsidiaries*

	Current Period -June 30, 2023	Prior Period - June 30, 2022
Interest Received from Associates and Subsidiaries	1,643,318	408,123



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

2. Interest expense

*Interest expense on funds borrowed*

	Current Period - June 30, 2023		Prior Period - June 30, 2022	
	TL	FC	TL	FC
<b>Banks</b>	<b>921,026</b>	<b>4,382,630</b>	<b>105,281</b>	<b>1,266,629</b>
Central Bank of Republic of Türkiye	895,780	2,757	65,886	2,222
Domestic Banks	25,246	159,691	30,924	61,182
Foreign Banks	-	4,220,182	8,471	1,203,225
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>257,265</b>	<b>-</b>	<b>56,814</b>
<b>Total</b>	<b>921,026</b>	<b>4,639,895</b>	<b>105,281</b>	<b>1,323,443</b>

*Interest expense paid to associates and subsidiaries*

	Current Period - June 30, 2023	Prior Period - June 30, 2022
Interest Paid to Associates and Subsidiaries	862,294	147,367

*Interest expense on securities issued*

Interest paid to securities issued as at for the period ended June 30, 2023 is TL 3,987,121 (TL 1,138,968 and 2,848,153 FC). (June 30, 2022: TL 3,669,882 (TL 1,137,115 and 2,532,767 FC)).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME (Continued)

*Maturity structure of the interest expense on deposits*

Current Period June 30, 2023	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	309,189	1,161,425	-	-	-	-	1,470,614
Saving deposits	61,431	2,132,852	10,832,071	9,838,363	509,125	995,907	499	24,370,248
Public sector deposits	25,654	4,351,105	1,247,212	50,061	10,838	6,562	-	5,691,432
Commercial deposits	89,570	14,908,947	13,261,526	3,327,897	948,124	479,593	-	33,015,657
Other deposits	24,825	875,899	3,556,952	333,404	13,810	3,712	-	4,808,602
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>201,480</b>	<b>22,577,992</b>	<b>30,059,186</b>	<b>13,549,725</b>	<b>1,481,897</b>	<b>1,485,774</b>	<b>499</b>	<b>69,356,553</b>
<i>FC</i>								
Foreign currency deposits	338,057	565,481	1,190,543	148,094	46,503	123,621	-	2,412,299
Interbank deposits	15,822	128,448	482,496	-	-	-	-	626,766
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	104	731	6,408	809	-	8,052
<b>Total</b>	<b>353,879</b>	<b>693,929</b>	<b>1,673,143</b>	<b>148,825</b>	<b>52,911</b>	<b>124,430</b>	<b>-</b>	<b>3,047,117</b>
<b>Grand Total</b>	<b>555,359</b>	<b>23,271,921</b>	<b>31,732,329</b>	<b>13,698,550</b>	<b>1,534,808</b>	<b>1,610,204</b>	<b>499</b>	<b>72,403,670</b>

Prior Period – June 30, 2022	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>TL</i>								
Interbank deposits	-	430,200	466,943	1,461	-	-	-	898,604
Saving deposits	2,710	720,288	2,317,759	3,690,966	287,306	162,033	506	7,181,568
Public sector deposits	22,305	1,272,394	566,578	49,641	28,163	2,323	-	1,941,404
Commercial deposits	4,854	2,811,115	2,569,701	424,066	2,362,457	114,989	-	8,287,182
Other deposits	1,263	346,663	1,524,170	138,704	56,480	20,682	-	2,087,962
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31,132</b>	<b>5,580,660</b>	<b>7,445,151</b>	<b>4,304,838</b>	<b>2,734,406</b>	<b>300,027</b>	<b>506</b>	<b>20,396,720</b>
<i>FC</i>								
Foreign currency deposits	19,823	255,878	1,125,635	182,701	20,878	25,188	-	1,630,103
Interbank deposits	4,584	52,451	56,931	178	-	-	-	114,144
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	2	-	5,133	536	-	5,671
<b>Total</b>	<b>24,407</b>	<b>308,329</b>	<b>1,182,568</b>	<b>182,879</b>	<b>26,011</b>	<b>25,724</b>	<b>-</b>	<b>1,749,918</b>
<b>Grand Total</b>	<b>55,539</b>	<b>5,888,989</b>	<b>8,627,719</b>	<b>4,487,717</b>	<b>2,760,417</b>	<b>325,751</b>	<b>506</b>	<b>22,146,638</b>

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**DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**V. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME (Continued)**

**3. Information on trading income/loss**

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - June 30, 2022</b>
<b>Profit</b>	<b>268,962,552</b>	<b>59,407,187</b>
Income from capital market operations	2,977,403	711,573
Income from derivative financial instruments	175,165,906	45,822,075
Foreign exchange gains	90,819,243	12,873,539
<b>Losses</b>	<b>(257,412,952)</b>	<b>(57,813,682)</b>
Loss from capital market operations	(1,330,514)	(124,600)
Loss from derivative financial instruments	(172,501,864)	(46,724,975)
Foreign exchange loss	(83,580,574)	(10,964,107)
<b>Net trading profit/loss</b>	<b>11,549,600</b>	<b>1,593,505</b>

For the six-month period ending on 30 June 2023, the Bank's net profit on currency derivative financial transactions arising from currency changes is TL 2,188,271. (June 30, 2022: TL 324,038 net loss).

**4. Information on other operating income**

	<b>Current Period - June 30, 2023</b>	<b>Prior Period - June 30, 2022</b>
Income from reversal of the specific provisions for loans from prior periods	16,823,504	4,071,343
Communication income	14,213	12,329
Gain on sale of assets	275,926	633,961
Rent income	10,281	5,892
Other income	13,276,774	322,896
<b>Total</b>	<b>30,400,698</b>	<b>5,046,421</b>

(\*) Related balance includes free provision of TL 12,250,000 canceled in the current period.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME (Continued)

5. Expected Credit Loss and Other Provision Expenses

	Current Period – June 30, 2023	Prior Period – June 30, 2022
<b>Expected Credit Loss</b>	<b>21,970,477</b>	<b>11,706,087</b>
12 month expected credit loss (stage 1)	7,830,249	1,863,255
Significant increase in credit risk (stage 2)	9,981,377	6,539,053
Non-performing loans (stage 3)	4,158,851	3,303,779
<b>Marketable Securities Impairment Expense</b>	<b>70,162</b>	<b>191,000</b>
Financial Assets at Fair Value through Profit or Loss	53,432	174,463
Financial Assets at Fair Value Through Other Comprehensive Income	16,730	16,537
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	<b>-</b>	<b>2,228,000</b>
<b>Total</b>	<b>22,040,639</b>	<b>14,125,087</b>

(\*) It is the free provision amount allocated in the relevant period. (June 30, 2022: TL2,228,000)

6. Information on other operating expenses

	Current Period – June 30, 2023	Prior Period - June 30, 2022
Reserve for Employee Termination Benefits	37,018	135,233
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	385,348	274,487
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	33,595	22,441
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	7,867,041	2,200,525
<i>Leasing expenses related toIFRS 16 exceptions</i>	70,519	58,803
<i>Repair and maintenance expenses</i>	122,602	73,419
<i>Advertisement expenses</i>	350,522	210,842
<i>Other expenses</i>	7,323,398	1,857,461
Loss on sale of assets	374	435
Other (*)	14,911,710	1,227,239
<b>Total</b>	<b>23,235,086</b>	<b>3,860,360</b>

(\*) Other operating expenses amounted TL 14,911,710 (June 30, 2022: TL 1,227,239); AFAD Donation amounted TL 12,000,000, Dividend provision expenses to be paid to staff amounted TL 746,991 (June 30, 2022: TL 351,785), credits and receivables written off TL 842,156 (June 30, 2022: TL 267,778) taxes, duties, fees and funds, TL 854,155 (June 30, 2022: TL 374,253) SDIF expenses and TL 468,408 (June 30, 2022: TL 233,423) consists of other expenses.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME (Continued)

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

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

**8. Information on tax provision from discontinued and continuing operations**

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

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

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

**10. Provision for taxes**

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

In the current period, the Bank has recorded a tax charge of TL 1,090,874 (June 30, 2022: TL 10,499,758) from the net taxable profit calculated in accordance the laws and regulations in effect.

As of June 30, 2023, the Bank's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 3,950,603 (June 30, 2022: (TL 5,834,811)), from the taxable temporary differences (Occurrence)/Closing TL (5,093,395) (June 30, 2022: (TL 1,035,730)) has deferred tax expense

**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*

The Bank has earned TL 95,578,906 interest income, TL 87,364,490 interest expenses, TL 9,234,264 net fees and commissions income, from ordinary banking transactions (June 30, 2022: TL 58,522,053 interest income, TL 34,806,442 interest expenses, TL 4,118,916 net fees and commissions income).

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

None.

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

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Current Period - June 30, 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 and other receivables						
Balance at the beginning of the year	21,599,570	184,738	-	1,187	264,014	55,935
Balance at the end of the year	31,239,554	296,143	-	1,342	244,601	56,915
Interest and commission income	1,643,318	2,850	-	-	10,472	334
Prior Period - June 30, 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 and other receivables						
Balance at the beginning of the year	3,978,742	208,949	-	8,344	228,644	22,489
Balance at the end of the year	21,599,570	184,738	--	1,187	264,014	55,935
Interest and commission income	408,123	422	-	-	3,564	43

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

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	13,514,572	2,729,465	2,398,302	3,908,130	195,275	82,435
Balance at the end of the year	13,735,151	13,514,572	3,268,026	2,398,302	364,631	195,275
Interest on deposits	862,294	147,367	14	140,059	32,733	560

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

Bank’s Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	1,334	-	-	-	-	-
Total profit/loss	-	-	-	-	-	-
Transactions for Hedging Purposes	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

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

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

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

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

*Information on Benefits Provided to Directors*

In the accounting period ending on June 30, 2023, a total amount of TL 64,002 was paid to the Bank's top management. (December 31, 2022: 28,161 TL).

SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

As per the resolution of 69<sup>th</sup> Annual General Assembly held on August 2, 2023 the net profit of year 2022 has been decided to be distributed as follows:

	<b>Profit Distribution Table of Year 2022</b>
<b>Bank’s unconsolidated profit in its statutory financial statements</b>	<b>24,017,232</b>
Deferred tax credits	-
<b>Net profit of the year subject to distribution</b>	<b>24,017,232</b>
Legal reserves	2,401,723
<i>First Legal Reserves</i>	1,200,862
<i>Reserves allocated according to banking law and articles of association.</i>	1,200,861
<b>Net profit of the year subject to distribution</b>	<b>21,615,509</b>
Gain on sale of immovable and shares of associates and subsidiaries	141,947
Extraordinary reserves	21,473,562
<b>Dividends to shareholders</b>	<b>-</b>

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**OTHER DISCLOSURES (Continued)**

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

<b>July 2022</b>	<b>Fitch Ratings</b>
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	Durağan
Support	ns
Support Rating Floor	b-

  

<b>Agust 2022*</b>	<b>Moody’s Investors Service</b>
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B3
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	B3
Foreign Currency Outlook	Stable

  

<b>June 2022*</b>	<b>JCR Eurasia</b>
Long Term International FC	BB (Negative)
Long Term International TL	BB (Negative)
Long Term NSR	AAA (tr) (Stable)

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

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

The Bank has issued financing bonds on July 14, 2023.

According to Article 21 of the Law No. 7456 published in the Official Gazette dated July 15, 2023 and numbered 32249, starting from the declarations to be submitted as of 1/10/2023, the corporate tax rate of 25% over the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased from 25% to 30% to be applied to the earnings of the institutions in 2023 and the following taxation periods. In this context, for the first time, the rate of 30% will be applied for the temporary tax covering the period January 1, 2023-September 30, 2023 and which must be declared and paid on November 17, 2023. Furthermore, with the same law, the exemption for the gains derived from the sale of immovable properties acquired as of July 15, 2023 has been terminated.

Pursuant to the amendment in the Communiqué on Reserve Requirements published by the CBRT in the Official Gazette dated July 21, 2023 and numbered 32255, the CBRT introduced a 15% reserve requirement at all maturities for all accounts (Currency Protected Deposit Accounts, Foreign Currency Indexed Deposit Accounts, Yuvam Accounts, Fatsi Accounts) for which the Central Bank provides exchange rate/price protection support, which were not previously considered as reserve requirements. The first facility for these liabilities will start on August 4, 2023 for the fiscal period of July 21, 2023.

With the decision of the Bank's Board of Directors dated July 7, 2023 and numbered 97520, the 69th Ordinary General Assembly Meeting for the 2022 accounting period was held on Wednesday, August 2, 2023 at 10:30 at the address Finanskent Mahallesi Finans Caddesi No:40/1 Ümraniye/Istanbul. It was held in the General Directorate conference hall.



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**SECTION SEVEN  
INDEPENDENT AUDITORS’ REVIEW REPORT**

**I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT**

The Bank’s unconsolidated financial statements and footnotes as at June 30, 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 review report dated August 9, 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**

**Assessments of the Chairperson of the Board**

Dear Stakeholders,

Statements from the central banks of developed countries, including, in particular, the USA, were closely monitored in the second quarter of 2023. This was a period when interest rate hikes continued with the particular intention to pull down the inflation to the target levels. During this period, FED hiked the policy rate to 5%-5.25% range while ECB continued to increase its policy rate as well. While FED announced that rate hikes may continue depending on the data to be published, ECB also signalled that the policy interest rate would remain tight so that the inflation target could be met.

The US economy grew by a higher-than-expected rate of 2.4% on a quarterly basis of 2023, driven by consumer spending, non-residential fixed investments, state and local government expenditures, and contributions from federal government spending. During the same period, Euro Zone economy displayed a 0.3% growth performance on a quarterly basis according to the leading data. Chinese economy grew by 6.3% below the expectations in the second quarter of the year compared to the same period of the last year.

Turkish economy grew by 4% on an annual basis in the first quarter of 2023 thanks to a high contribution from personal consumption expenditure despite the effects of the earthquake. The Central Bank of Republic of Turkey increased the policy interest rate to 15% from 8.5% in June. The post-meeting statement highlighted the fact that the monetary tight would be gradually strenghtened until and unless an apparent improvement is achieved in the inflationary outlook and strategic investments that would improve the current balance would be supported.

Turkish Banking sector maintained its strong structure, and continued to support the national economy during this period as well. The sector's total assets reached TL 19,102 billion representing a 33.17% increase as of the year-end of 2022. The sector loans reached TL 10,154 billion representing a 31.79% increase compared to the year-end of 2022. Having maintained a healthy growth, Turkish banking sector achieved a capital adequacy ratio of 19.46%, which is well above international standards.

Our bank continued to support the national economy during this period as well. In the first half of the year, Vakıfbank's total assets size reached TL 2,187 billion with a 30.10% increase while its cash loans turned out to be TL 1,270 billion with a 36.06% increase. Deposits, which represent the main funding source, rose to TL 1,402 billion with a 24.34% increase. We will continue to support the sustainable growth of the strong Turkish economy in near future as well. 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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**Assessments of the General Manager**

Our dear Stakeholders,

The first half of 2023 was a period when growth and employment data, including inflation data, as well as central bank statements were closely followed up. The World Bank and OECD Global Economic Outlook Report published in June states that the growth expectations for 2023 might be a little bit higher, given the improvements in global markets.

The US Central Bank did not change its interest rates in its June meeting in line with the market expectations. The fact that interest rates left unchanged at 5.00%-5.25%, the peak of the last 16 years, was regarded an opportunity to take advantage of the current conditions. Notwithstanding the foregoing, the US economy displayed a 2.4% growth above the expectations according to the second quarter’s leading indicators. In its June meeting, the European Central Bank hiked its interest rates by 25 basis points in line with expectations. The meeting emphasized that interest increases would continue to pull down the inflation to its target levels. Moreover, according to the leading data for the second quarter, Euro zone grew by 0.6%. The Japanese Central Bank left the interest rates unchanged in its June meeting and revised the growth rate of the Japanese economy to 2.7% according to the published data.

Turkish economy, on the other hand, grew by 4% in first half of 2023 and that figure was above the expectations. According to OECD and World Bank reports, growth forecasts for Turkey were revised upwards based on the expectation that the growth in domestic demand would continue to be the driving force of the economic growth. Moreover, in its June meeting, the Central Bank of Republic of Turkey rose its policy interest rate to 15% in order to secure the disinflation as soon as possible, curb down inflationist expectations and control the deterioration in pricing behaviours. The Bank stated that tight monetary policy would remain in place in near future.

In Vakıfbank, we were adamant in our support to our national economy this quarter as well. Our asset size rose by 30.10%, reaching TL 2,187 billion. This way we maintained our position as one of the two biggest banks in Turkey. We managed to raise our cash loans to TL 1,270 billion by a 36.06% increase in the second quarter of the year as well. We have always stood by national companies that manufacture and compete in international markets for our country, and continued to support investments, production and exports. Thanks to our products and services we offer to our customers, our support for our national economy totalled to TL 1,629 billion in the form of cash and non-cash loans

Deposits continue to be the main funding source for our Bank during this quarter just like in the past. We managed to increase our total deposits to TL 1,402 billion owing to our diverse product and service range, representing 24.34% 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. During this period, we successfully borrowed a syndicated loan amounting USD 825 million in total, including USD 189.5 million and EUR 575.5 million, thanks to a participation of 36 banks from 20 countries.

Notwithstanding the foregoing, we continued to strengthen our Bank's equity. Our capital adequacy ratio turned out to be 14.85% in the second quarter of 2023.

On the other hand, we continue to offer practical solutions in e-transformation paths of businesses by launching e-Transformation products as we have been a bank that carry its customers towards future thanks to innovative products and services since the first day. Accordingly, we will continue to stand by our customers including well-institutionalized ones and SMEs and micro and small-sized businesses in their journey towards e-Transformation thanks to our seven products offered by us, including e-Invoice, e-Book, e-Bookkeeping, e-Archive, e-self employment voucher, e-Waybill and e-Producer Receipt.

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 ÜSTÜNSALIH**  
**General Manager and**  
**Board of Directors Executive Member**

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI  
UNCONSOLIDATED FINANCIAL REPORT  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

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

Key Financial Indicators

BALANCE SHEET (TL Million)	JUNE 2023	DECEMBER 2022	CHANGE (%)
TOTAL ASSETS	2,187,079	1,681,061	30.10
SECURITIES PORTFOLIO	474,184	372,588	27.27
LOANS (*)	1,270,028	933,451	36.06
- Commercial Loans	1,015,055	755,178	34.41
- Retail Loans	254,973	178,273	43.02
DEPOSITS	1,402,198	1,127,702	24.34
- Term Deposits	1,047,124	870,035	20.35
- Demand Deposits	355,074	257,667	37.80
FUNDS BORROWED	191,455	130,746	46.43
SUBORDINATED DEBT	29,982	24,043	24.70
SECURITIES ISSUED (NET)	86,168	69,854	23.35
SHAREHOLDERS' EQUITY	137,013	106,985	28.07
NON-CASH LOANS	358,873	274,249	30.86

INCOME STATEMENT (TL Million)	JUNE 2023	JUNE 2022	CHANGE (%)
Net Profit/ Loss	5,509	10,019	-45.01

INDICATIVE RATIOS (%)	JUNE 2023	DECEMBER 2022
TOTAL LOANS/ TOTAL ASSETS (*)	58.07	55.53
LOANS/DEPOSITS (*)	90.57	82.77
NON-PERFORMING LOAN RATIO	1.64	2.13
CAPITAL ADEQUACY RATIO	14.85	15.19
RETURN ON AVERAGE ASSETS (ROAA) (**)	0.57	1.79
RETURN ON AVERAGE EQUITY (ROAE) (**)	9.03	30.22

(\*) Loans excluding legal proceedings.

(\*\*) Calculations are annualized.

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**Assessment of 2<sup>nd</sup> Quarter of 2023**

Our Bank managed to grow in the second quarter of 2023 as well, and its total asset size reached TL 2,187 billion, which meant a 30.10% increase. During that period, our loans rose by 36.06% and reached TL 1,270 billion, and loans in our total assets captured a 58.07% share in total assets. When we look at the sub-distribution of loans, we see that our commercial loans reached TL 1,015 billion while retail loans reached TL 254,973 million.

During the second quarter of 2023, our Bank has increased its deposits by 24.34%, reached TL 1,402 billion.

In addition to deposits, our Bank issued financial bills with a total nominal value of TL 3,008 million in total as of the second quarter in 2023 for marketing via public offering and qualified investors in national market. The international funding has reached USD 3,477 million during the year.

VakıfBank generated a net period profit of TL 5.509 million in the second quarter of 2023 and our Bank’s capital adequacy ratio turned out to be 14.85%.

As of 30 June 2023, the number of our Bank branches was 943 with 16,792 employees.

Our Bank was rated by JCR Eurasia Rating, and our Bank’s Long-term Sovereign Rating was confirmed to be “AAA (Tr)” and its Short-term Sovereign Rating “J1+(Tr)” and its outlook was confirmed as “Stable”. Its Long-term International Foreign and Local Currency Ratings were set to ‘BB’, the national cap.

**Other significant developments**

- Our Head Office was moved to "Finanskent Mahallesi, Finans Caddesi, N40, İç kapı No1 Ümraniye/İstanbul" on June 1st, 2023 and the registration formalities for the change were completed before Istanbul Chamber of Commerce.

**Amendments to Articles of Association**

Article 6 of the Articles of Incorporation entitled "Capital" was changed and the amendment was registered on 19.04.2023 and published in Turkish Trade Registry Gazette dated 20.04.2023. 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>.