

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT SEPTEMBER 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 September 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 nine-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 September 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".



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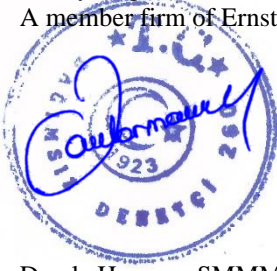
Qualified Conclusion

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 September 30, 2023 and of the results of its operations and its cash flows for the nine-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



Damla Harman, SMMM
Partner

November 9, 2023
İstanbul, Türkiye

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

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

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The unconsolidated financial report as at and for the nine-month period ended September 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 APLIED 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 nine-month period and related disclosures and footnotes which have been limited 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.

November 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 OF THE SEPTEMBER 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 September 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 September 30, 2023 and December 31, 2022 are as stated below:

	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders – September 30, 2023			
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
Total	9,915,921,523	9,915,922	100.00

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

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023**
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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 Türkiye 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.

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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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<u>Board of Directors</u>				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor's	29 years
Dr. Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	25 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master's	32 years
Dr. Adnan ERTEM	Member	October 28, 2010	PhD	35 years
Şahin UĞUR	Member	June 9, 2017	Bachelor's	37 years
Sadık YAKUT	Member	May 27, 2019	Bachelor's	4 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor's	4 years
Haydar Kemal KURT	Member	March 25, 2022	Bachelor's	1 years
Abdullah Erdem CANTİMUR	Member	August 2, 2023	Master's	22 years
<u>Audit Committee</u>				
Abdülkadir AKSU	Member	March 25, 2022	Bachelor's	4 years
Sadık YAKUT	Member	March 25, 2022	Bachelor's	4 years
<u>Auditor</u>				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor's	39 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master's	4 years
<u>Assistant General Managers</u>				
Metin Recep ZAFER	Banking Operations, Digital Channels, Business Intelligence and Payment Systems Software Development, Credit- Customer and Account Operations, Core Banking Software Development, Treasury Operations, Foreign Operations, It System and Software Support Department, R&D, Marketing and Infrastructure Software Development, System Management, It Planning and Coordination	June 13, 2006	PhD	28 years
Muhammet Lütfü ÇELEBİ	Human Resources, Organisation Development, Performance Management and Academy	October 23, 2013	Bachelor's	28 years
Şuayyip İLBİLGİ	General Accounting and Financial Operations, Strategy and Planning Department, Subsidiaries and Affiliates	August 1, 2017	Bachelor's	26 years
Mikail HIDİR	Office Of Chief Legal Counsel, Legal Affairs, Credit Risk Liquidation	December 26, 2018	Bachelor's	20 years
Hazım AKYOL	Corporate Loans 1-2, Commercial Loans 1-2, SME, Micro SME and Retail Loans	May 31, 2019	Bachelor's	29 years
Alaattin ŞİMŞEK	Corporate Banking Marketing, Commercial Banking Marketing, SME Banking Marketing, Micro SME Banking Marketing, Cash Management Product Development and Foreign Trade Marketing, Public Institutions and Local Governments Banking Marketing, Field Management, Corporate Branches	May 31, 2019	Bachelor's	28 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication	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, Special Loans Management, 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	Retail Banking Marketing, Deposit Management and Marketing, Payment Systems, Marketing	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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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

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 - September 30, 2023

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Wealth Fund (Group D)	7,415,922	74.79	7,415,922	-
The Ministry of Treasury and Finance of the Republic of Türkiye (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	-
The Ministry of Treasury and Finance of the Republic of Türkiye (Group B)	387,673	3.91	387,673	-

Prior Period - December 31, 2022

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Wealth Fund (Group D)	4,611,364	64.85	4,611,364	-
The Ministry of Treasury and Finance of the Republic of Türkiye (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	-
The Ministry of Treasury and Finance of the Republic of Türkiye (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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

As at September 30, 2023, the Bank has 937 domestic, 4 foreign, in total 941 branches (December 31, 2022: 945 domestic, 4 foreign, in total 949 branches). As at September 30, 2023, the Bank has 17,433 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 OF SEPTEMBER 30, 2023
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

ASSETS	Note	Current Period September 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		252,496,848	435,920,264	688,417,112	159,158,470	381,761,465	540,919,935
1.1 Cash and cash equivalents	V-I-1	131,934,482	263,598,948	395,533,430	60,478,397	249,085,725	309,564,122
1.1.1 Cash and balances at Central Bank	V-I-1	123,136,171	211,927,921	335,064,092	48,395,302	220,539,919	268,935,221
1.1.2 Banks	V-I-3	35	51,688,554	51,688,589	53	28,545,806	28,545,859
1.1.3 Receivables from Money Markets		8,799,993	-	8,799,993	12,095,635	-	12,095,635
1.1.4 Allowance for expected credit losses (-)	V-I-16	1,717	17,527	19,244	12,593	-	12,593
1.2 Financial assets at fair value through profit or loss	V-I-2	4,182,381	25,561,117	29,743,498	234,078	16,862,130	17,096,208
1.2.1 Public debt securities		-	24,940,134	24,940,134	-	16,478,799	16,478,799
1.2.2 Equity instruments		136,446	620,983	757,429	100,375	383,331	483,706
1.2.3 Other financial assets		4,045,935	-	4,045,935	133,703	-	133,703
1.3 Financial assets at fair value through other comprehensive income	V-I-4	92,105,518	142,151,892	234,257,410	84,216,338	112,682,191	196,898,529
1.3.1 Public debt securities		89,825,697	142,121,627	231,947,324	81,886,540	112,298,627	194,185,167
1.3.2 Equity instruments		139,717	16,523	156,240	109,726	10,128	119,854
1.3.3 Other financial assets		2,140,104	13,742	2,153,846	2,220,072	373,436	2,593,508
1.4 Derivative financial assets	V-I-2	24,274,467	4,608,307	28,882,774	14,229,657	3,131,419	17,361,076
1.4.1 Derivative financial assets at fair value through profit or loss		24,274,467	4,608,307	28,882,774	14,229,657	3,131,419	17,361,076
1.4.2 Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST		1,214,866,397	449,977,690	1,664,844,087	748,960,983	321,800,151	1,070,761,134
2.1 Loans	V-I-5	992,722,612	411,233,510	1,403,956,122	665,851,258	287,874,060	953,725,318
2.2 Receivables from leasing transactions	V-I-10	-	-	-	-	-	-
2.3 Factoring receivables	-	-	-	-	-	-	-
2.4 Financial assets measured at amortised cost	V-I-6	263,579,543	49,269,390	312,848,933	124,556,209	34,036,643	158,592,852
2.4.1 Public debt securities		263,520,603	48,964,855	312,485,458	124,497,259	33,829,671	158,326,930
2.4.2 Other financial assets		58,940	304,535	363,475	58,950	206,972	265,922
2.5 Allowance for expected credit losses (-)	-	41,435,758	10,525,210	51,960,968	41,446,484	110,552	41,557,036
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-14	178,211	-	178,211	282,278	-	282,278
3.1 Held for sale purpose		178,211	-	178,211	282,278	-	282,278
3.2 Held from discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		15,547,657	2,674,750	18,222,407	12,358,076	1,843,727	14,201,803
4.1 Investments in associates (Net)	V-I-7	5,100,994	-	5,100,994	4,066,701	-	4,066,701
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		5,100,994	-	5,100,994	4,066,701	-	4,066,701
4.2 Investments in subsidiaries (Net)	V-I-8	10,446,663	2,674,750	13,121,413	8,291,375	1,843,727	10,135,102
4.2.1 Non-consolidated financial subsidiaries		9,396,251	2,674,750	12,071,001	7,434,429	1,843,727	9,278,156
4.2.2 Non-consolidated non-financial subsidiaries		1,050,412	-	1,050,412	856,946	-	856,946
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)		13,641,180	107,765	13,748,945	11,943,565	47,806	11,991,371
VI. INTANGIBLE ASSETS AND GOODWILL (Net)		811,706	1,997	813,703	428,824	1,125	429,949
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		811,706	1,997	813,703	428,824	1,125	429,949
VII. INVESTMENT PROPERTIES (Net)	V-I-12	877,564	-	877,564	-	-	-
VIII. CURRENT TAX ASSETS		597	-	597	-	-	-
IX. DEFERRED TAX ASSETS	V-I-13	231,692	-	231,692	2,444,654	33,646	2,478,300
X. OTHER ASSETS	V-I-15	54,770,662	6,886,434	61,657,096	32,969,525	7,026,328	39,995,853
TOTAL ASSETS		1,553,422,514	895,568,900	2,448,991,414	968,546,375	712,514,248	1,681,060,623

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 OF SEPTEMBER 30, 2023**

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

LIABILITIES AND EQUITY	Notes	Current Period September 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	1,074,192,654	626,450,895	1,700,643,549	680,677,897	447,024,078	1,127,701,975
II. BORROWINGS	V-II-3	26,672,352	173,010,279	199,682,631	9,404,855	121,341,387	130,746,242
III. MONEY MARKET FUNDS		72,021,341	62,690,486	134,711,827	55,875,286	76,656,669	132,531,955
IV. MARKETABLE SECURITIES (Net)	V-II-3	1,869,580	106,892,684	108,762,264	6,025,430	63,828,578	69,854,008
4.1 Bills		858,596	2,197,454	3,056,050	4,465,332	1,411,042	5,876,374
4.2 Asset backed securities		-	-	-	-	-	-
4.3 Bonds		1,010,984	104,695,230	105,706,214	1,560,098	62,417,536	63,977,634
V. FUNDS		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	549,428	7,081,095	7,630,523	207,781	4,511,816	4,719,597
7.1 Derivative financial liabilities at fair value through profit or loss		549,428	7,081,095	7,630,523	207,781	4,511,816	4,719,597
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	V-II-5	2,657,429	4,251	2,661,680	1,017,323	4,080	1,021,403
X. PROVISIONS	V-II-7	13,283,292	81,307	13,364,599	23,178,324	68,834	23,247,158
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		4,497,898	-	4,497,898	3,710,133	-	3,710,133
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		8,785,394	81,307	8,866,701	19,468,191	68,834	19,537,025
XI. CURRENT TAX LIABILITIES	V-II-8	2,630,262	16,439	2,646,701	5,162,745	19,871	5,182,616
XII. DEFERRED TAX LIABILITIES	V-II-8	-	-	-	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	10,163,238	20,741,068	30,904,306	9,567,360	14,475,926	24,043,286
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		10,163,238	20,741,068	30,904,306	9,567,360	14,475,926	24,043,286
XV. OTHER LIABILITIES	V-II-4	70,739,440	24,006,906	94,746,346	40,515,711	14,508,778	55,024,489
XVI. SHAREHOLDERS' EQUITY	V-II-11	152,176,255	1,057,728	153,233,983	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		47,189,733	782,599	47,972,332	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		1,600,685	782,599	2,383,284	727,250	539,452	1,266,702
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		12,340,664	(279,091)	12,061,573	11,187,946	(194,979)	10,992,967
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		7,847,925	554,220	8,402,145	11,635,996	(349,442)	11,286,554
16.5 Profit reserves		59,858,743	-	59,858,743	35,841,511	-	35,841,511
16.5.1 Legal reserves		6,612,656	-	6,612,656	3,828,329	-	3,828,329
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		51,613,230	-	51,613,230	30,522,271	-	30,522,271
16.5.4 Other profit reserves		1,632,857	-	1,632,857	1,490,911	-	1,490,911
16.6 Profit or loss		15,023,268	-	15,023,268	24,017,232	-	24,017,232
16.6.1 Prior years' profits or losses		-	-	-	-	-	-
16.6.2 Current period net profit or loss		15,023,268	-	15,023,268	24,017,232	-	24,017,232
16.7 Minority interests		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1,426,958,276	1,022,033,138	2,448,991,414	938,625,575	742,435,048	1,681,060,623

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 OF SEPTEMBER 30, 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

	Notes	Current Period September 30, 2023			Prior Period December 31, 2022		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III)							
I. GUARANTEES AND SURETIES		795,275,148	1,129,380,534	1,924,655,682	355,853,831	662,723,572	1,018,577,403
1.1. Letters of guarantee	V-III-1	193,883,029	197,754,656	391,637,685	123,926,018	150,322,508	274,248,526
1.1.1. Guarantees subject to State Tender Law		6,316,110	-	6,316,110	4,903,928	35,090,731	39,994,659
1.1.2. Guarantees given for foreign trade operations		12,668,822	65,721,286	78,390,108	5,938,641	-	5,938,641
1.1.3. Other letters of guarantee		174,481,881	63,881,476	238,363,357	111,319,385	62,237,184	173,556,569
1.2. Bank acceptances		49,258	4,190,068	4,239,326	49,258	3,630,388	3,679,646
1.2.1. Import letter of acceptance		-	853,258	853,258	-	873,407	873,407
1.2.2. Other bank acceptances	V-III-4	49,258	3,336,810	3,386,068	49,258	2,756,981	2,806,239
1.3. Letters of credit	V-III-4	366,958	61,203,941	61,570,899	1,714,806	47,594,116	49,308,922
1.3.1. Documentary letters of credit		366,958	61,203,941	61,570,899	1,714,806	47,594,116	49,308,922
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Pre-financing given as guarantee		-	21,805	21,805	-	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		-	487,934	487,934	-	316,843	316,843
1.9. Other warranties		-	2,248,146	2,248,146	-	1,438,350	1,438,350
II. COMMITMENTS		436,926,103	255,102,794	692,028,897	193,126,679	147,890,651	341,017,330
2.1. Irrevocable commitments	V-III-1	404,484,149	103,338,887	507,823,036	163,955,449	51,092,262	215,047,711
2.1.1. Asset purchase and sales commitments	V-III-1	66,619,397	103,338,887	169,958,284	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	V-III-1	103,184,374	-	103,184,374	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	V-III-1	9,860,157	-	9,860,157	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	V-III-1	215,651,865	-	215,651,865	81,979,697	-	81,979,697
2.1.10. Commitments for credit cards and banking services promotions		2,756,084	-	2,756,084	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		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		6,398,364	-	6,398,364	3,480,305	-	3,480,305
2.2. Revocable commitments		32,441,954	151,763,907	184,205,861	29,171,230	96,798,389	125,969,619
2.2.1. Revocable loan granting commitments		32,441,954	151,763,907	184,205,861	29,171,230	96,798,389	125,969,619
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		164,466,016	676,523,084	840,989,100	38,801,134	364,510,413	403,311,547
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		164,466,016	676,523,084	840,989,100	38,801,134	364,510,413	403,311,547
3.2.1. Forward foreign currency purchase and sale transactions		12,347,630	13,302,231	25,649,861	1,031,528	1,153,908	2,185,436
3.2.1.1. Forward foreign currency purchase transactions		6,190,069	6,651,433	12,841,502	933,919	249,366	1,183,285
3.2.2.2. Forward foreign currency sales		6,157,561	6,650,798	12,808,359	97,609	904,542	1,002,151
3.2.2. Currency and interest rate swaps		144,368,065	496,983,753	641,351,818	25,130,648	279,351,809	304,482,457
3.2.2.1. Currency swap purchase transactions		1,928,975	199,122,604	201,051,579	1,203,410	79,987,782	81,191,192
3.2.2.2. Currency swap sale transactions		140,589,090	79,781,715	220,370,805	22,417,238	55,474,754	77,891,992
3.2.2.3. Interest rate swap purchase transactions		925,000	109,039,717	109,964,717	755,000	71,944,637	72,699,637
3.2.2.4. Interest rate swap sale transactions		925,000	109,039,717	109,964,717	755,000	71,944,636	72,699,636
3.2.3. Currency, interest rate and security options		6,580,567	7,137,654	13,718,221	10,648,322	11,846,306	22,494,628
3.2.3.1. Currency purchase options		6,568,695	506,516	7,075,211	10,648,322	716,531	11,364,853
3.2.3.2. Currency sale options		11,872	6,631,138	6,643,010	-	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	159,099,446	160,269,200	1,169,754	71,502,840	72,672,594
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		22,193,430,630	18,288,097,005	40,481,527,635	13,999,266,261	12,025,723,050	26,024,989,311
IV. ITEMS HELD IN CUSTODY		204,595,265	99,977,536	304,572,801	131,787,214	44,328,002	176,115,216
4.1. Assets under management		-	-	-	-	-	-
4.2. Securities held in custody		56,800,477	67,362,917	124,163,394	59,772,566	23,547,755	83,320,321
4.3. Checks received for collection		70,695,730	2,410,352	73,106,082	40,551,463	1,843,476	42,394,939
4.4. Commercial notes received for collection		6,098,627	4,025,530	10,124,157	5,396,491	3,083,854	8,480,345
4.5. Other assets received for collection		2,152	1,097	3,249	2,152	749	2,901
4.6. Securities received for public offering		-	-	-	-	-	-
4.7. Other items under custody		309	17,991,231	17,991,540	309	10,454,688	10,454,997
4.8. Custodians		70,997,970	8,186,409	79,184,379	26,064,233	5,397,480	31,461,713
V. PLEDGED ITEMS		4,035,415,267	944,434,959	4,979,850,226	2,228,674,022	619,386,476	2,848,060,498
5.1. Marketable securities		280,060	4,650,955	4,931,015	1,137,763	1,876,845	3,014,608
5.2. Guarantee notes		15,419,317	9,297,923	24,717,240	5,358,114	6,818,656	12,176,770
5.3. Commodity		275,526,132	11,550,903	287,077,035	168,878,389	8,073,124	176,951,513
5.4. Warrant		-	-	-	-	-	-
5.5. Immovables		3,219,403,826	758,661,678	3,978,065,504	1,783,113,213	504,987,569	2,288,100,782
5.6. Other pledged items		524,442,291	160,090,152	684,532,443	269,844,038	97,432,224	367,276,262
5.7. Depositories receiving pledged items		343,641	183,348	526,989	342,505	198,058	540,563
VI. ACCEPTED GUARANTEES AND WARRANTS		17,953,420,098	17,243,684,510	35,197,104,608	11,638,805,025	11,362,008,572	23,000,813,597
TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		22,988,705,778	19,417,477,539	42,406,183,317	14,355,120,092	12,688,446,622	27,043,566,714

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

	Notes	Current Period January 1, 2023- September 30, 2023	Current Period July 1, 2023- September 30, 2023	Prior Period January 1, 2022- September 30, 2022	Prior Period July 1, 2022- September 30, 2022
I. INTEREST INCOME		182,614,820	87,035,914	97,415,739	38,893,686
1.1 Interest on loans	V-IV-1	115,203,620	51,749,647	59,141,319	23,436,248
1.2 Interest received from reserve deposits		910,415	245,667	273,019	-
1.3 Interest received from banks	V-IV-1	971,010	313,986	175,132	140,381
1.4 Interest received from money market transactions		140,640	24,304	6,577	5,965
1.5 Interest received from marketable securities portfolio	V-IV-1	64,119,263	34,151,690	37,592,178	15,219,885
1.5.1 Financial assets at fair value through profit or loss		400,966	150,736	259,366	90,320
1.5.2 Financial assets at fair value through other comprehensive income		20,754,729	10,014,623	15,934,726	6,067,481
1.5.3 Financial assets measured at amortised cost		42,963,568	23,986,331	21,398,086	9,062,084
1.6 Finance lease interest income		-	-	-	-
1.7 Other interest income		1,269,872	550,620	227,514	91,207
II. INTEREST EXPENSES	V-IV-2	159,252,588	71,888,098	58,030,181	23,223,739
2.1 Interest on deposits	V-IV-2	134,513,839	62,110,169	39,698,449	17,551,811
2.2 Interest on funds borrowed	V-IV-2	9,159,893	3,598,972	2,531,898	1,103,174
2.3 Interest on money market transactions		7,770,043	3,322,553	9,132,222	2,314,365
2.4 Interest on securities issued	V-IV-2	6,541,110	2,553,989	5,752,681	2,082,799
2.5 Leasing interest income		442,450	175,128	168,116	65,510
2.6 Other interest expenses		825,253	127,287	746,815	106,080
III. NET INTEREST INCOME/EXPENSE (I - II)		23,362,232	15,147,816	39,385,558	15,669,947
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		16,271,869	7,037,605	7,198,176	3,079,260
4.1 Fees and commissions received		20,557,250	9,067,641	9,137,941	3,892,617
4.1.1 Non-cash loans		2,273,592	903,390	1,283,947	495,396
4.1.2 Other		18,283,658	8,164,251	7,853,994	3,397,221
4.2 Fees and commissions paid		4,285,381	2,030,036	1,939,765	813,357
4.2.1 Non-cash loans		191	69	210	68
4.2.2 Other		4,285,190	2,029,967	1,939,555	813,289
V. DIVIDEND INCOME		198,566	189,138	148,351	2,003
VI. TRADING PROFIT/LOSS (Net)	V-IV-3	17,805,889	6,256,289	3,100,898	1,507,393
6.1 Profit/losses from capital market transactions	V-IV-3	4,460,998	2,814,109	1,105,059	518,086
6.2 Profit/losses from derivative financial transactions	V-IV-3	3,596,713	932,671	(1,132,939)	(230,039)
6.3 Foreign exchange profit/losses	V-IV-3	9,748,178	2,509,509	3,128,778	1,219,346
VII. OTHER OPERATING INCOME	V-IV-4	34,046,963	3,646,265	7,392,668	2,346,247
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		91,685,519	32,277,113	57,225,651	22,604,850
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-5	32,981,735	11,011,258	15,096,546	3,390,459
X. OTHER PROVISION EXPENSES (-)	V-IV-5	73,217	3,055	7,920,864	5,501,864
XI. PERSONNEL EXPENSES (-)		10,452,789	4,062,933	4,817,175	1,829,652
XII. OTHER OPERATING EXPENSES (-)	V-IV-6	29,635,820	6,400,734	6,510,952	2,650,592
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		18,541,958	10,799,133	22,880,114	9,232,283
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI. NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	V-IV-7	18,541,958	10,799,133	22,880,114	9,232,283
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-8	(3,518,690)	(1,285,024)	(7,269,998)	(3,640,781)
18.1 Current tax provision	V-IV-10	(1,090,874)	-	(15,825,893)	(5,326,135)
18.2 Expense effect of deferred tax (+)	V-IV-10	(12,350,241)	(5,006,142)	(4,420,737)	(593,938)
18.3 Income effect of deferred tax (-)	V-IV-10	9,922,425	3,721,118	12,976,632	2,279,292
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-9	15,023,268	9,514,109	15,610,116	5,591,502
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from assets held for sale		-	-	-	-
20.2 Profit from sale of associates, subsidiaries and joint ventures		-	-	-	-
20.3 Other income from discontinued operations		-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on assets held for sale		-	-	-	-
21.2 Losses from sale of associates, subsidiaries and joint ventures		-	-	-	-
21.3 Other expenses from discontinued operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current tax provision		-	-	-	-
23.2 Expense effect of deferred tax (+)		-	-	-	-
23.3 Income effect of deferred tax (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/LOSSES (XIX+XXIV)	V-IV-11	15,023,268	9,514,109	15,610,116	5,591,502
25.1 Equity holders of the Bank		-	-	-	-
25.2 Non-controlling interest (-)		-	-	-	-
Profit/Loss per 100 shares (full TL)	III-XXIV	1.5731	0.9595	2.4554	0.7862

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 AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period January 1, 2023- September 30, 2023	Prior Period January 1, 2022- September 30, 2022
I.	PROFIT (LOSS)	15,023,268	15,610,116
II.	OTHER COMPREHENSIVE INCOME	(1,815,803)	9,441,922
2.1.	Other comprehensive income that will not be reclassified to profit or loss	1,068,606	554,825
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	(49,739)	(12,302)
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	1,062,403	652,192
2.1.5.	Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	55,942	(85,065)
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(2,884,409)	8,887,097
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	(3,058,642)	11,982,184
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	174,233	(3,095,087)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	13,207,465	25,052,038

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

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

**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR NINE-MONTH PERIOD ENDED SEPTEMBER 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 Shareholders' Equity	
Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves				
Current Period September 30, 2023															
I.	Prior Period End Balance	7,111,364	16,468,559	-	1,266,702	3,237,996	(792,431)	8,547,402	80,727	11,205,827	-	35,841,511	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	3,237,996	(792,431)	8,547,402	80,727	11,205,827	-	35,841,511	24,017,232	-	106,984,889
IV.	Total Comprehensive Income	-	-	-	-	146,703	52,828	869,075	-	(2,884,409)	-	-	-	15,023,268	13,207,465
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	-	-	1,116,582	-	-	-	-	-	141,515	(141,515)	-	-	1,116,582
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	23,875,717	(23,875,717)	-	-	-
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	23,875,717	(23,875,717)	-	-	-
11.3.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance	9,915,922	45,589,048	-	2,383,284	3,384,699	(739,603)	9,416,477	80,727	8,321,418	-	59,858,743	-	15,023,268	153,233,983

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.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Income (Loss)	Current Period Net Income (Loss)	Total Shareholders' Equity	
						1	2	3	4	5	6					
Prior Period September 30, 2022																
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		-	-	-	-	(34,245)	14,432	574,638	-	8,887,097	-	-	-	15,610,116	25,052,038	
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes		-	-	-	449,040	-	-	-	-	-	-	188,919	(188,919)	-	449,040	
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ending Balance		7,111,364	16,468,559	-	1,215,268	811,079	(216,479)	3,394,546	80,727	10,508,151	-	35,841,511	-	15,610,116	90,824,842	

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.

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

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

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

	Notes	Current Period September 30, 2023	Prior Period September 30, 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		54,492,085	28,034,879
1.1.1 Interests received		171,139,886	76,977,581
1.1.2 Interests paid		(158,029,309)	(56,901,727)
1.1.3 Dividends received		198,566	148,351
1.1.4 Fee and commissions received		12,914,296	5,686,331
1.1.5 Other income		3,887,979	367,874
1.1.6 Collections from previously written-off loans and other receivables		3,855,297	3,125,817
1.1.7 Cash payments to personnel and service suppliers		(11,576,758)	(5,207,884)
1.1.8 Taxes paid		(1,230,792)	(1,804,371)
1.1.9 Other		33,332,920	5,642,907
1.2 Changes in operating assets and liabilities		210,728,893	(26,020,422)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(12,373,567)	1,134,220
1.2.2 Net increase (decrease) in due from banks		37,331,140	(50,374,135)
1.2.3 Net increase (decrease) in loans		(321,580,819)	(159,454,147)
1.2.4 Net increase (decrease) in other assets		(11,114,360)	(11,066,080)
1.2.5 Net increase (decrease) in bank deposits		(10,797,543)	21,016,291
1.2.6 Net increase (decrease) in other deposits		482,252,899	256,641,096
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		17,902,508	(1,424,515)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		29,108,635	(82,493,152)
I. Net cash flow provided from banking operations		265,220,978	2,014,457
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities		(188,317,298)	(25,350,879)
2.1 Cash paid for the purchase of associates, subsidiaries and joint ventures		(802,751)	(237,216)
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		(8,429,550)	(5,425,215)
2.4 Cash obtained from the sale of tangible and intangible asset		4,906,604	1,517,572
2.5 Cash paid for the purchase of financial assets at fair value through other comprehensive income		(79,973,861)	(20,182,243)
2.6 Cash obtained from the sale of financial assets at fair value through other comprehensive income		8,054,276	24,646,074
2.7 Cash paid for the purchase of financial assets at amortized cost		(126,283,530)	(27,378,526)
2.8 Cash obtained from sale of financial assets at amortized cost		14,650,808	1,874,785
2.9 Other		(439,294)	(167,860)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		45,969,558	14,966,733
3.1 Cash obtained from funds borrowed and securities issued		55,014,571	30,570,288
3.2 Cash outflow from funds borrowed and securities issued		(8,360,294)	(15,230,669)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance lease liabilities		(684,719)	(372,886)
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		414,516	336,151
V. Net increase/decrease in cash and cash equivalents		123,287,754	(8,033,538)
VI. Cash and cash equivalents at beginning of the period		129,436,268	98,641,540
VII. Cash and cash equivalents at end of the period		252,724,022	90,608,002

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
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

**SECTION THREE
ACCOUNTING POLICIES**

I. BASIS OF PRESENTATION

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

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

The accounting policies and valuation principles applied in the preparation of the 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 As of September 30, 2023 the Bank has no hedging transactions based on the benchmark interest rate.

As of July 1, 2023, the secured overnight financing rate (SOFR) has been introduced in floating rate open transactions indexed to USD LIBOR. These changes did not have a material impact on the Bank's financial statements as of September 30, 2023.

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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 September 30, 2023. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of September 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 September 30, 2023 the foreign exchange income presented in the income statement is TL 681,618 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 September 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 was to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Financial Assets Measured at Amortized Cost

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

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

In addition, the Bank's securities portfolio includes, Consumer Price Indexed (CPI) Government Bonds classified as both financial assets at fair value through other comprehensive income and financial assets measured at amortised cost. These securities are valued and recorded according to the effective interest rate method on the basis of the real coupon rates and the reference inflation index at the date of issuance and the index calculated by taking into account the estimated inflation rate. As stated in the CPI Indexed Bonds Investor Guide of the Ministry of Treasury and Finance, 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.

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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 “TFRS 9 Financial Instruments” (TFRS 9). Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts.

Loans

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

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS

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

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

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

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

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

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

Loss Given Default: The ratio that provides the uncollectable amount of the loans in the process after the default. The LGD ratio is the division of the uncollectable amount of a defaulted loan into the defaulted loan amount. This ratio enables to predetermine the risks in the case of default for the active credit portfolio and allows for provision under TFRS 9. In LGD methodology, all non-performing loans amounts and long-term collection process has been taken into account and LGD rate is calculated after deducting net collections amounts from the default amount and discounted with effective interest rates or approxiamate rate over the net amounts with an approximated 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 September 30,2023. 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 is subject to individual assessment 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 Standard 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 bankrupted or has been found to apply for bankruptcy,
- The customer's creditworthiness is impaired,
- It is decided that the principal and / or interest payments of the borrower will be delayed by more than 90 days since the collaterals and / or borrower's own funds are insufficient to cover the payment of the receivables at maturity,
- It is decided that the principal and / or interest payments of the customer will be delayed by more than 90 days due to macroeconomic, sector specific or customer specific reasons.

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period a write-off transaction has been made for non-performing loans in the amount of TL 696,915 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 September 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:

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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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 September 30, 2023 is TL 23,490 (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.20, monthly income or salary is eligible for whose disabled with fund’s associates, senility and death insurance is subjected according to the first paragraph of the temporary article no. 23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the 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 December 31, 2022 in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against as at September 30, 2023.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

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, the exemption rate for profits arising from the sale of immovable properties in the assets of institutions before this date has been determined as 25%.

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 is 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.

The bank shall be responsible for all of the profits corresponding to the part of the proceeds used in the liquidation of these debts from the transfer of immovable properties, participation shares, founder's shares, usufruct shares and priority rights to the banks, in return for these debts, of the institutions that are under follow-up due to their debts and their guarantors and mortgagers, and all of the profits obtained by the banks in this way. 50% of the gains arising from the sale of immovables obtained by the banks in this way, and 75% of the gains arising from the sale of others It is exempt from corporate tax.

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 accounting records within five years and change the tax amount if there is a wrong transaction

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporate tax (Continued)

As 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 was 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 has been 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 30% 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, deferred tax assets is not calculated on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions is not calculated.

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

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

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

Transfer Pricing

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

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

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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 September 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 X.

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ACCOUNTING POLICIES (Continued)

XXIV. INFORMATION ON OTHER MATTERS

Earnings per share

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

As at and for the period ended September 30, 2023, earnings per 100 shares are full TL 1.5731 (September 30, 2022: full TL 2.4554).

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 September 30, 2023 Bank's equity amount TL 199,030,488 (December 31, 2022: 142,131,587 TL) capital adequacy ratio is 14.69% (December 31, 2022: 15.19%).

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	9,915,922	7,111,364
Share Premium	45,589,048	16,468,559
Reserves	59,858,743	35,841,511
Income recognized under equity in accordance with TAS	22,670,206	25,086,157
Profit	15,023,268	24,017,232
Current Period's Profit	15,023,268	24,017,232
Prior Period's Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	2,916,350	1,266,702
Common Equity Tier 1 Capital Before Deductions	155,973,537	109,791,525
Deductions from Common Equity Tier 1 Capital	-	-
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	1,018,694	1,336,852
Leasehold Improvements on Operational Leases	259,141	206,443
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	528,569	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	-	-
Total regulatory adjustments to Common equity Tier 1	1,956,166	1,967,003
Common Equity Tier 1 capital (CET1)	154,017,371	107,824,522
Additional Tier 1 capital: instruments	25,283,180	18,979,365
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	25,283,180	18,979,365
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	-	-
Deductions from Additional Tier 1 Capital	-	-
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

	Current Period	Prior Period
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	25,283,180	18,979,365
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	179,300,551	126,803,887
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	4,040,000	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)	15,725,468	11,205,302
Tier 2 Capital Before Deductions	19,765,468	15,350,302
Deductions From Tier 2 Capital		
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions from Tier 2 Capital	-	-
Tier 2 Capital	19,765,468	15,350,302
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	199,066,019	142,154,189
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other accounts to be defined by the BRSA (-)	35,531	22,602
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL		
Total Capital	199,030,488	142,131,587
Total Risk Weighted Amounts	1,354,987,558	935,977,998
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	11.37	11.52
Tier 1 Capital Adequacy Ratio (%)	13.23	13.55
Capital Adequacy Ratio (%)	14.69	15.19
BUFFERS		
Total buffer requirement (a+b+c)	2.526	2.517
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.026	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 (%)	6.87	7.02
Amounts below deduction thresholds		
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	37,104,981	25,493,875
Up to 1.25% of total risk-weighted amounts of general reserves for receivables where the standard approach used	15,725,468	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	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period – September 30, 2023						
Issuer	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719	TRSVKFB0043	XS1984644812	TRSVKFB92925	TRSVKFB3217	TRSVKFB3225
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	315	4,994	20,289	725	1,750	1,250
Par value of instrument (in million)	315	4,994	20,289	725	1,750	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.	Early call date at the end of five years.	Early call date at the end of five years.
Subsequent call dates, if applicable	Only one call option is available.	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

**I. INFORMATION ON EQUITY ITEMS (Continued)
Summary information related to capital adequacy ratio (Continued)**

Current Period – September 30, 2023		Coupons / dividends				
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity "Indicator Government Debt Security" +350 basis points	% 12.62 fixed interest rate	% 5.076 fixed interest rate	TLREF + 150 basis points	CPI (Annual Real Interest Rate 160 basis points)	17.50 % (Annual simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 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)

Prior Period - December 31, 2022						
Issuer	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719	TRSVKFB0043	XS1984644812	TRSVKFB92925	TRSVKFB3217	TRSVKFB3225
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity	Debt Instrument Communiqué numbered CMB- VII-128.8 BRSA regulation on bank’s shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	420	4,994	13,985	725	1,750	1,250
Par value of instrument (in million)	420	4,994	13,985	725	1,750	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.	Early call date at the end of five years.	Early call date at the end of five years.
Subsequent call dates, if applicable	Only one call option is available.	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
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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)

Prior Period – December 31, 2022		Coupons / dividends				
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity “Indicator Government Debt Security” +350 basis points	% 12.62 fixed interest rate	% 5.076 fixed interest rate	TLREF + 150 basis points	CPI (Annual Real Interest Rate 160 basis points)	17.50 % (Annual simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 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:

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Shareholders’ equity	153,233,983	106,984,889
Valuation differences of the marketable securities (*)	1,187,794	1,469,784
Stocks acquired through repurchase from the market (**)	383,304	-
Leasehold improvements on operational leases	(259,141)	(206,443)
Goodwill and intangible assets	(528,569)	(423,708)
General provision (1.25% of the amount that subject to credit risk) (**)	15,725,468	11,205,302
Subordinated debt	29,323,180	23,124,365
Deductions from shareholders’ equity	(35,531)	(22,602)
Capital	199,030,488	142,131,587

(*) 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 September 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:

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	27.4169	28.9852
<u>Foreign currency purchase rates for the days before balance sheet date;</u>		
Day 1	27.4284	28.9452
Day 2	27.3074	28.7206
Day 3	27.2676	28.8710
Day 4	27.2084	28.7960
Day 5	27.1650	28.9742
Last 30-days arithmetical average rate	26.9397	28.8943

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period - September 30, 2023	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of Republic of Türkiye	95,481,654	103,760,800	12,685,467	211,927,921
Banks	4,610,426	44,577,539	2,500,589	51,688,554
Financial assets at fair value through profit or loss ⁽⁶⁾	-	620,981	24,940,136	25,561,117
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	20,823,497	121,328,395	-	142,151,892
Loans ⁽¹⁾	202,503,149	208,889,710	296,458	411,689,317
Associates, subsidiaries and joint-ventures	2,674,750	-	-	2,674,750
Financial assets measured at amortized cost	27,653,039	21,616,351	-	49,269,390
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	103,325	4,440	107,765
Intangible assets	-	1,997	-	1,997
Other assets ⁽²⁾	(1,575,546)	1,171,771	454,445	50,670
Total assets	352,170,969	502,070,869	40,881,535	895,123,373
<i>Liabilities:</i>				
Bank deposits	9,843,693	12,722,311	1,806,631	24,372,635
Foreign currency deposits	215,086,374	310,518,260	76,473,626	602,078,260
Interbank money market takings	2,294,953	60,395,533	-	62,690,486
Other funding	63,323,715	97,711,292	11,975,272	173,010,279
Securities issued ⁽³⁾	32,393,537	95,240,215	-	127,633,752
Miscellaneous payables	10,732,213	6,188,287	7,666	16,928,166
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ⁽²⁾	1,413,641	9,178,544	1,375,309	11,967,494
Total liabilities	335,088,126	591,954,442	91,638,504	1,018,681,072
Net ‘on balance sheet’ position	17,082,843	(89,883,573)	(50,756,969)	(123,557,699)
Net ‘off-balance sheet’ position	(9,557,077)	97,412,698	50,717,729	138,573,350
Derivative assets ⁽⁴⁾	22,724,934	205,125,296	57,875,232	285,725,462
Derivative liabilities ⁽⁴⁾	32,282,011	107,712,598	7,157,503	147,152,112
Non-cash loans ⁽⁵⁾	86,038,728	104,859,647	6,856,281	197,754,656
Prior Period - December 31, 2022	Euro	US Dollar	Other FC	Total
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
Net ‘on balance sheet’ position	42,866,159	(50,255,957)	(22,184,853)	(29,574,651)
Net ‘off-balance sheet’ position	(42,419,589)	46,800,676	22,094,690	26,475,777
Derivative assets ⁽⁵⁾	15,420,752	73,133,107	26,028,604	114,582,463
Derivative liabilities ⁽⁵⁾	57,840,341	26,332,431	3,933,914	88,106,686
Non-cash loans ⁽⁶⁾	64,503,759	80,730,319	5,088,430	150,322,508

- Foreign currency indexed loans amounting to TL 455,807 (December 31, 2022: TL 462,190) which are presented in TL column in the balance sheet are included in the table above.
- Other Derivative Financial Instruments Currency Income Costs TL 197,916 (31 December 2022: TL 65,542), Prepaid Expenses TL 703,418 (December 31, 2022 : TL 508,531), deferred tax assets TL none (December 31, 2022: TL 33,646), and derivative financial instruments currency expense accruals of TL 1,636,095 (December 31, 2022: TL 135,989), unearned income TL 658,243 (December 31, 2022: TL 336,688) and shareholders' equity TL 1,057,728 TL (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.
- Subordinated debt are shown under securities issued.
- Asset purchase commitments amounting to TL 46,372,400 (December 31, 2022: TL 25,503,640) and asset sales commitments amounting to TL 56,966,487 (December 31, 2022: TL 25,588,622) are included.
- Non-cash loans are not taken into consideration in the calculation of the net ‘off-balance sheet’ position.
- 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 September 30, 2023 and December 31, 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.

	Current Period- September 30, 2023		Prior Period- September 30, 2022	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	742,380	742,380	(21,465)	(21,465)
Euro	704,519	704,519	189,217	189,217
Other currencies	(4,368)	(4,368)	(33,716)	(33,716)
Total, net (**)	1,442,531	1,442,531	134,036	134,036

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

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

10% appreciation of the TL against the following currencies as at and for the period ended September 30, 2023 and December 31, 2022 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	Current Period - September 30, 2023		Prior Period- September 30, 2022	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(742,380)	(742,380)	21,465	21,465
Euro	(704,519)	(704,519)	(189,217)	(189,217)
Other currencies	4,368	4,368	33,716	33,716
Total, net (**)	(1,442,531)	(1,442,531)	(134,036)	(134,036)

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

Current Period - September 30, 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	-	-	-	-	-	335,064,092	335,064,092
Banks	4,279,310	7,965,954	-	231,969	-	39,211,356	51,688,589
Financial assets at fair value through profit/loss	-	-	24,940,134	-	-	4,803,364	29,743,498
Interbank money market placements	8,799,993	-	-	-	-	-	8,799,993
Financial assets at fair value through other comprehensive income	59,093,232	19,237,904	14,932,942	100,018,083	40,819,009	156,240	234,257,410
Loans and receivables ⁽¹⁾	496,239,086	344,600,127	345,749,752	96,303,610	100,466,865	20,596,682	1,403,956,122
Financial assets measured at amortized cost	138,516,249	990,336	26,728,410	113,637,038	32,976,900	-	312,848,933
Other assets ⁽²⁾	7,511,983	23,032,390	1,973,631	51,060	799,756	39,263,957	72,632,777
Total assets	714,439,853	395,826,711	414,324,869	310,241,760	175,062,530	439,095,691	2,448,991,414
<i>Liabilities:</i>							
Bank deposits	51,299,851	11,403,137	931,876	-	-	4,421,461	68,056,325
Other deposits	941,742,790	208,873,797	97,655,454	1,144,803	1,096	383,169,284	1,632,587,224
Interbank money market takings	79,157,299	27,564,961	16,610,630	11,378,937	-	-	134,711,827
Miscellaneous payables	-	-	-	-	-	62,262,712	62,262,712
Securities issued ⁽³⁾	1,257,239	1,306,516	58,989,200	59,766,568	18,347,047	-	139,666,570
Funds borrowed	5,403,311	123,114,016	13,594,937	31,123,553	14,806,332	11,640,482	199,682,631
Other liabilities ⁽⁴⁾	4,964,983	8,418,785	2,161,001	668,679	1,764,039	194,046,638	212,024,125
Total liabilities	1,083,825,473	380,681,212	189,943,098	104,082,540	34,918,514	655,540,577	2,448,991,414
On balance sheet long position	-	15,145,499	224,381,771	206,159,220	140,144,016	-	585,830,506
On balance sheet short position	(369,385,620)	-	-	-	-	(216,444,886)	(585,830,506)
Off-balance sheet long position	6,742,338	36,852,479	-	840,450	11,781,672	-	56,216,939
Off-balance sheet short position	-	-	(13,083,412)	-	-	-	(13,083,412)
Net position	(362,643,282)	51,997,978	211,298,359	206,999,670	151,925,688	(216,444,886)	43,133,527

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

⁽²⁾ Subsidiaries, associates and tangible and intangible assets, investment properties, 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

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

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

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

⁽³⁾ Subordinated debts are shown under securities issued.

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. INTEREST RATE RISK (Continued)

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

Current Period – September 30, 2023	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	-
Banks	3.91	5.49	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	30.14
Financial assets at fair value through other comprehensive income	4.47	7.37	-	31.40
Loans and receivables	7.36	9.32	-	23.31
Financial assets measured at amortized cost	4.97	5.22	-	27.94
Liabilities:				
Bank deposits	4.35	6.41	-	32.73
Other deposits	1.35	2.54	-	29.59
Interbank money market takings	4.19	5.33	-	31.09
Miscellaneous payables	-	-	-	-
Securities issued (**)	5.18	7.15	-	14.20
Funds borrowed	6.10	7.84	-	11.67
Prior Period - December 31, 2022				
	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	23.94
Loans and receivables	6.29	8.84	-	15.81
Financial assets measured at amortized cost	4.59	6.40	-	25.84
Liabilities:				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.77	2.33	-	17.67
Interbank money market takings	3.26	5.05	-	9.36
Miscellaneous payables	-	-	-	-
Securities issued (**)	5.08	6.24	-	14.70
Funds borrowed	3.46	6.08	-	10.30

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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 is shown in the table below:

Current Period - September 30, 2023	Comparison		
Stock Investments	Carrying Value	Fair Value (*)	Market Value (*)
Stocks quoted in exchange (*)	10,477,091	10,477,091	10,477,091
1.Stocks Investments Group A	10,477,091	10,477,091	10,477,091
2..Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange (**)	8,658,985	8,077,395	-

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. STOCK POSITION RISKS(Continued)

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

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

Portfolio-Current Period- September 30, 2023	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Core Capital	Total ^(*)	Included in Core Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	6,595,248	6,595,248
3. Other Stocks	-	2,901,956	2,901,956	-	-
4. Total	-	2,901,956	2,901,956	6,595,248	6,595,248

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

Portfolio-Prior Period – December 31, 2022	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Core Capital	Total ^(*)	Included in Core Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	4,922,117	4,922,117
3. Other Stocks	-	3,706,012	3,706,012	-	-
4. Total	-	3,706,012	3,706,012	4,922,117	4,922,117

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

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period – September 30, 2023	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	10,477,091	10,274,364	821,949
3.Other Stocks	8,658,985	7,687,382	614,991
4. Total	19,136,076	17,961,746	1,436,940

^(*) 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
4. Total	14,805,363	14,140,005	1,131,201

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

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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)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	July 7, 2023	151.86	August 25 2023	286.73
The highest value	September 1, 2023	187.16	August 18 2023	435.57

Current Period - September 30, 2023		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			638,914,136	304,618,395
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	690,686,339	282,494,904	62,009,785	28,249,490
3	Stable deposits	141,176,992	-	7,058,850	-
4	Less stable deposits	549,509,347	282,494,904	54,950,935	28,249,490
5	Unsecured wholesale funding, of which:	888,468,445	325,367,441	400,076,799	136,799,137
6	Operational deposits	567,352,633	215,993,053	141,219,429	53,998,263
7	Non-operational deposits	201,791,672	72,708,668	139,687,385	46,288,848
8	Unsecured debt	119,324,140	36,665,720	119,169,985	36,512,026
9	Secured wholesale funding			-	-
10	Additional requirements of which:	96,376,054	63,423,383	96,376,054	63,423,383
11	Outflows related to derivative exposures and other collateral requirements	96,362,051	63,423,383	96,362,051	63,423,383
12	Outflows related to loss of funding on debt products	14,003	-	14,003	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	175,228,903	150,251,612	8,761,445	7,512,581
15	Other contingent funding obligations	473,797,365	93,372,019	36,266,428	6,483,976
16	TOTAL CASH OUTFLOWS			603,490,511	242,468,567
CASH INFLOWS					
17	Secured lending	422,440	-	-	-
18	Inflows from fully performing exposures	187,547,965	61,219,634	141,190,829	51,281,591
19	Other cash inflows	100,925,707	98,869,799	100,925,707	98,869,799
20	TOTAL CASH INFLOWS	288,896,112	160,089,433	242,116,536	150,151,390
				Upper Limit Applied Amounts	
21	TOTAL HQLA			638,914,136	304,618,395
22	TOTAL NET CASH OUTFLOWS			361,373,975	92,317,177
23	LIQUIDITY COVERAGE RATIO (%)			176.48	337.78

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

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

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

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VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

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

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

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

Maturity analysis of assets and liabilities according to remaining maturities

Current Period – September 30, 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (1)	Total
Assets:								
Cash and balance with CBRT	333,251,753	1,812,339	-	-	-	-	-	335,064,092
Banks	43,490,666	-	7,965,954	-	231,969	-	-	51,688,589
Financial assets at fair value through profit/loss	4,046,075	-	-	24,940,134	-	-	757,289	29,743,498
Interbank money market placements	-	8,799,993	-	-	-	-	-	8,799,993
Financial assets at fair value through other comprehensive income	-	368,621	2,766,585	10,077,985	166,108,659	54,779,320	156,240	234,257,410
Loans and receivables	-	163,789,178	88,922,037	409,618,283	447,777,831	273,252,111	20,596,682	1,403,956,122
Financial assets measured at amortized cost	-	-	2,311,752	42,050,555	178,176,410	90,310,216	-	312,848,933
Other assets (3)(4)	36,761	13,478,981	7,444,073	3,220,140	8,867,187	12,995,951	26,589,684	72,632,777
Total assets	380,825,255	188,249,112	109,410,401	489,907,097	801,162,056	431,337,598	48,099,895	2,448,991,414
Liabilities:								
Bank deposits	4,421,461	51,299,851	11,403,137	931,876	-	-	-	68,056,325
Other deposits	383,169,284	941,742,790	208,873,797	97,655,454	1,144,803	1,096	-	1,632,587,224
Funds borrowed	-	4,193,449	21,237,826	36,401,227	108,222,692	29,627,437	-	199,682,631
Interbank money market takings	-	79,157,299	969,392	19,112,332	35,472,804	-	-	134,711,827
Securities issued (2)	-	789,624	1,079,956	53,556,896	74,076,856	10,163,238	-	139,666,570
Miscellaneous payables	-	37,404,049	-	-	-	-	24,858,663	62,262,712
Other liabilities	190,561	5,243,544	5,528,985	1,400,659	1,986,978	4,088,319	193,585,079	212,024,125
Total liabilities	387,781,306	1,119,830,606	249,093,093	209,058,444	220,904,133	43,880,090	218,443,742	2,448,991,414
Liquidity gap	(6,956,051)	(931,581,494)	(139,682,692)	280,848,653	580,257,923	387,457,508	(170,343,847)	-
Net Off Balance Sheet Position	-	(499,950)	(2,292,561)	2,322,148	24,142,094	320,693	-	23,992,424
Receivables from Derivative Financial Instruments	-	87,397,912	130,829,662	8,273,779	127,429,354	78,560,055	-	432,490,762
Payables from Derivative Financial Instruments	-	87,897,862	133,122,223	5,951,631	103,287,260	78,239,362	-	408,498,338
Non-cash Loans	173,224,662	16,360,622	32,852,044	108,980,519	54,133,450	6,086,388	-	391,637,685
Prior Period – December 31, 2022								
Total assets	274,342,295	131,195,781	104,110,078	319,795,913	474,209,528	339,716,223	37,690,805	1,681,060,623
Total liabilities	257,769,001	769,671,332	226,086,166	106,940,734	126,078,811	37,801,700	156,712,879	1,681,060,623
Liquidity gap	16,573,294	(638,475,551)	(121,976,088)	212,855,179	348,130,717	301,914,523	(119,022,074)	-
Net Off Balance Sheet Position	-	203,366	838,753	19,787	7,564,155	3,113,732	-	11,739,793
Receivables from Derivative Financial Instruments	-	60,867,374	11,888,824	7,175,722	69,734,388	57,859,362	-	207,525,670
Payables from Derivative Financial Instruments	-	60,664,008	11,050,071	7,155,935	62,170,233	54,745,630	-	195,785,877
Non-cash Loans	88,561,836	48,818,805	28,134,743	64,111,397	40,888,699	3,733,046	-	274,248,526

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

(2) Subordinated debt are shown under securities issued.

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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 5.96%. 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

	Current Period - September 30, 2023 ^(*)	Prior Period - December 31, 2022 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	2,352,901,537	1,553,093,715
2. Assets deducted in determining Basel III Tier 1 capital	(915,542)	(620,733)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	2,351,985,995	1,552,472,982
Derivative exposures		
4. Replacement cost	23,767,666	9,510,444
5. Add-on amount	4,993,324	1,683,481
6. Total derivative exposures	28,760,990	11,193,925
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	26,053,460	10,651,636
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	26,053,460	10,651,636
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	959,239,241	572,926,965
11. Adjustment amounts off-balance sheet exposures with credit conversion factor	(377,066,514)	(198,113,442)
12. Total off-balance sheet exposures	582,172,727	374,813,523
Capital and total exposures		
13. Tier 1 capital	177,584,568	119,914,989
14. Total exposures	2,988,973,172	1,949,132,066
Leverage ratio		
15. Leverage ratio	5.96	6.16

^(*) 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:

Current Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	25,729,447	73,123,932	82,491,569	1,269,872	182,614,820
Interest Expense	49,303,125	82,637,897	27,220,727	90,839	159,252,588
Net Interest Income/ Losses (Net)	(23,573,678)	(9,513,965)	55,270,842	1,179,033	23,362,232
Net Fees and Commissions Income	3,782,161	11,455,838	1,033,870	-	16,271,869
Dividend Income	-	-	198,566	-	198,566
Trading Income/ Losses (Net)	-	-	17,805,889	-	17,805,889
Other Income	-	-	-	34,046,963	34,046,963
Allowance for Expected Credit Losses	-	-	-	33,054,952	33,054,952
Other Expenses	-	-	-	40,088,609	40,088,609
Profit Before Taxes	(19,791,517)	1,941,873	74,309,167	(37,917,565)	18,541,958
Provision for taxes	-	-	-	-	(3,518,690)
Net Profit/ Loss					15,023,268
Segment Assets	270,263,597	906,849,363	1,157,125,197	96,530,850	2,430,769,007
Subsidiaries and Associates (Net)	-	-	18,222,407	-	18,222,407
TOTAL ASSETS	270,263,597	906,849,363	1,175,347,604	96,530,850	2,448,991,414
Segment Liabilities	664,633,586	995,988,660	521,715,859	113,419,326	2,295,757,431
Equity	-	-	-	153,233,983	153,233,983
TOTAL LIABILITIES	664,633,586	995,988,660	521,715,859	266,653,309	2,448,991,414
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	15,102,931	35,375,196	46,710,098	227,514	97,415,739
Interest Expense	13,977,502	24,361,054	19,517,606	174,019	58,030,181
Net Interest Income/ Losses (Net)	1,125,429	11,014,142	27,192,492	53,495	39,385,558
Net Fees and Commissions Income	1,607,300	5,098,718	492,158	-	7,198,176
Dividend Income	-	-	148,351	-	148,351
Trading Income/ Losses (Net)	-	-	3,100,898	-	3,100,898
Other Income	-	-	-	7,392,668	7,392,668
Allowance for Expected Credit Losses	-	-	-	23,017,410	23,017,410
Other Expenses	-	-	-	11,328,127	11,328,127
Profit Before Taxes	2,732,729	16,112,860	30,933,899	(26,899,374)	22,880,114
Provision for taxes	-	-	-	-	(7,269,998)
Net Profit/ Loss					15,610,116
Segment Assets	181,252,900	607,353,608	809,281,855	68,970,457	1,666,858,820
Subsidiaries and Associates (Net)	-	-	14,201,803	-	14,201,803
TOTAL ASSETS	181,252,900	607,353,608	823,483,658	68,970,457	1,681,060,623
Segment Liabilities	376,073,295	685,295,223	428,231,550	84,475,666	1,574,075,734
Equity	-	-	-	106,984,889	106,984,889
TOTAL LIABILITIES	376,073,295	685,295,223	428,231,550	191,460,555	1,681,060,623

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VIII. INFORMATION ON RISK MANAGEMENT

The footnotes and related explanations published in the Official Gazette No. 29511 dated October 23, 2015 and prepared in accordance with the “Explanations Communiqué on Explanations to the Public Regarding Banks Risk Management” entered into force as of March 31, 2016 are given in this section. Since the 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- September 30, 2023	Prior Period - December 31, 2022	Current Period- September 30, 2023
1 Credit Risk (excluding counterparty credit risk) ^(*)	1,236,064,121	880,096,643	98,885,130
2 Standardised approach	1,236,064,121	880,096,643	98,885,130
3 Internal rating-based approach	-	-	-
4 Counterparty Credit Risk	17,927,351	16,193,840	1,434,188
5 Standardised approach for counterparty credit risk	17,927,351	16,193,840	1,434,188
6 Internal model method	-	-	-
7 Equity position in banking book under basic risk weighting or internal rating based	-	-	-
8 Equity investments in funds – look-through approach	4,045,935	133,703	323,675
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	19,751,803	6,813,950	1,580,144
17 Standardised approach	19,751,803	6,813,950	1,580,144
18 Internal model approaches	-	-	-
19 Operational Risk	77,198,348	32,739,862	6,175,868
20 Basic Indicator Approach	77,198,348	32,739,862	6,175,868
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	1,354,987,558	935,977,998	108,399,005

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

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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 - September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Cash	5,177,973	13,738,610	4,766,482	8,759,199
Central Bank of the Republic of Türkiye (*)	117,874,040	197,572,707	43,544,012	211,076,405
Other	84,158	616,604	84,808	704,315
Total	123,136,171	211,927,921	48,395,302	220,539,919

(*) TL 102,182,370 (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 %25 (December 31, 2022: ranging from %3 to %8). For foreign currency liabilities, all banks shall provide a reserve rate ranging from %5 to %29 in US Dollar or Euro (December 31, 2022: ranging from %5 to %26).

Balances with the Central Bank of Republic of Türkiye

	Current Period - September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Unrestricted demand deposits	116,938,254	95,390,337	42,937,215	50,293,731
Restricted demand deposits	906,931	-	606,797	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	78,244,822
Reserve Deposits	28,855	102,182,370	-	82,537,852
Total	117,874,040	197,572,707	43,544,012	211,076,405

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 – September 30, 2023	Prior Period- December 31, 2022
Collateralized/blocked investment securities	-	-
Investments subject to repurchase agreements	6,172,379	-
Total	6,172,379	-

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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 - September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Forward transactions	362,570	9,283	134,695	443
Swap transactions	23,907,360	4,463,654	14,094,488	3,078,373
Futures	-	-	-	-
Options	4,537	135,370	474	52,603
Other	-	-	-	-
Total	24,274,467	4,608,307	14,229,657	3,131,419

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 September 30, 2023 the fair value of this transaction is TL 2,732,980, with a nominal amount of 120 million USD and an average maturity of 0.79 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 - September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Banks				
Domestic	35	-	53	16,845
Foreign	-	51,688,554	-	28,528,961
Foreign Head Offices and Branches	-	-	-	-
Total	35	51,688,554	53	28,545,806

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 – September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FP
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	7,511,159	22,418,645	6,024,871	13,831,275
Other	-	-	-	-
Total	7,511,159	22,418,645	6,024,871	13,831,275

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

	Current Period - September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	290,145	3,266	26,356,794	48,817,628
Treasury bills	-	-	-	-
Other debt securities	-	53,597,117	-	14,613,928
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	290,145	53,600,383	26,356,794	63,431,556

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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 – September 30, 2023	Prior Period - December 31, 2022
Debt securities	237,326,245	198,351,294
Quoted on a Stock Exchange	235,696,474	196,350,850
Unquoted	1,629,771	2,000,444
Equity securities	156,240	119,854
Quoted on a Stock Exchange	-	-
Unquoted	156,240	119,854
Provisions for impairment losses (-)	3,225,075	1,572,619
Total	234,257,410	196,898,529

5. Information on loans

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

	Current Period – September 30, 2023		Prior Period – December 31, 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	864	-	1,187
Legal entities	-	864	-	1,187
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	812,369	-	602,165	-
Total	812,369	864	602,165	1,187

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

Current Period - September 30, 2023

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	1,290,892,945	35,250,822	135,495	57,080,178
Loans given to enterprises	313,358,287	20,481,469	10	53,097,770
Export loans	171,652,923	898,840	-	-
Import loans	-	-	-	-
Loans given to financial sector	55,899,891	37,728	-	-
Consumer loans	181,072,429	1,637,604	-	587,536
Credit cards	111,707,833	1,451,223	135,272	-
Other	457,201,582	10,743,958	213	3,394,872
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	1,290,892,945	35,250,822	135,495	57,080,178

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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
Cash Loans				
Non-specialized loans	856,326,634	32,643,876	1,998,708	42,481,752
Loans given to enterprises	216,834,290	17,720,893	1,835,446	37,960,849
Export loans	73,853,772	693,501	-	-
Import loans	-	-	-	-
Loans given to financial sector	36,869,220	8,685	-	-
Consumer loans	133,448,141	1,261,311	9,224	598,439
Credit cards	55,684,826	575,878	153,735	-
Other	339,636,385	12,383,608	303	3,922,464
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	856,326,634	32,643,876	1,998,708	42,481,752

Current Period - September 30, 2023

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	13,813,866	-
Significant Increase in Credit Risk	-	21,138,479
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 - September 30, 2023	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	20,850,639	124,713,858	145,564,497
Housing loans	8,349	59,611,050	59,619,399
Automobile loans	235,356	7,889,789	8,125,145
General purpose loans	20,606,934	57,213,019	77,819,953
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	83,074,749	62,097	83,136,846
With instalment	36,870,033	58,698	36,928,731
Without instalment	46,204,716	3,399	46,208,115
Retail credit cards – FC	175,179	-	175,179
With instalment	-	-	-
Without instalment	175,179	-	175,179
Personnel loans – TL	77	95,460	95,537
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	77	95,460	95,537
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	712,155	243	712,398
With instalment	312,224	225	312,449
Without instalment	399,931	18	399,949
Personnel credit cards – FC	4,434	-	4,434
With instalment	-	-	-
Without instalment	4,434	-	4,434
Overdraft Checking Accounts – TL (Real person)	37,634,033	-	37,634,033
Overdraft Checking Accounts – FC (Real person)	3,502	-	3,502
Total	142,454,768	124,871,658	267,326,426

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Prior Period - December 31, 2022	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	7,935,009	108,752,182	116,687,191
Housing loans	4,218	54,022,879	54,027,097
Automobile loans	24,328	3,370,937	3,395,265
General purpose loans	7,906,463	51,358,366	59,264,829
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	42,288,736	101,703	42,390,439
With instalment	20,734,917	100,707	20,835,624
Without instalment	21,553,819	996	21,554,815
Retail credit cards – FC	140,198	-	140,198
With instalment	-	-	-
Without instalment	140,198	-	140,198
Personnel loans – TL	1,018	176,041	177,059
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,018	176,041	177,059
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	422,146	136	422,282
With instalment	194,148	131	194,279
Without instalment	227,998	5	228,003
Personnel credit cards – FC	2,824	-	2,824
With instalment	-	-	-
Without instalment	2,824	-	2,824
Overdraft Checking Accounts – TL (Real person)	18,450,844	-	18,450,844
Overdraft Checking Accounts – FC (Real person)	2,021	-	2,021
Total	69,242,796	109,030,062	178,272,858

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - September 30, 2023	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	50,161,156	167,661,090	217,822,246
Real estate loans	79,059	1,706,946	1,786,005
Automobile loans	2,661,725	9,757,944	12,419,669
General purpose loans	47,420,372	156,196,200	203,616,572
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	334,467	334,467
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	334,467	334,467
Other	-	-	-
Instalment-based commercial loans – FC	1,640,000	98,690,153	100,330,153
Real estate loans	-	-	-
Automobile loans	-	10,522	10,522
General purpose loans	1,640,000	98,679,631	100,319,631
Other	-	-	-
Corporate credit cards – TL	25,590,498	3,610,667	29,201,165
With instalment	9,318,214	3,364,782	12,682,996
Without instalment	16,272,284	245,885	16,518,169
Corporate credit cards – FC	64,306	-	64,306
With instalment	-	-	-
Without instalment	64,306	-	64,306
Overdraft Checking Accounts – TL (Corporate)	39,007,574	-	39,007,574
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	116,463,534	270,296,377	386,759,911
Prior Period - December 31, 2022	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	59,277,979	115,454,012	174,731,991
Real estate loans	19,295	1,267,176	1,286,471
Automobile loans	1,230,353	5,759,446	6,989,799
General purpose loans	58,028,331	108,427,390	166,455,721
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	367,517	367,517
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	367,517	367,517
Other	-	-	-
Instalment-based commercial loans – FC	62,090	68,022,514	68,084,604
Real estate loans	-	-	-
Automobile loans	-	22,549	22,549
General purpose loans	62,090	67,999,965	68,062,055
Other	-	-	-
Corporate credit cards – TL	13,219,153	212,008	13,431,161
With instalment	5,434,928	194,897	5,629,825
Without instalment	7,784,225	17,111	7,801,336
Corporate credit cards – FC	27,535	-	27,535
With instalment	-	-	-
Without instalment	27,535	-	27,535
Overdraft Checking Accounts – TL (Corporate)	20,170,978	-	20,170,978
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	92,757,735	184,056,051	276,813,786

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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- September 30, 2023	Prior Period - December 31, 2022
Domestic loans	1,381,318,422	931,970,423
Foreign loans	2,041,018	1,480,547
Total	1,383,359,440	933,450,970

(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Direct loans to associates and subsidiaries	30,815,663	3,978,742
Indirect loans to associates and subsidiaries	-	-
Total	30,815,663	3,978,742

Specific provisions accounted for loans (Stage 3)

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Loans and receivables with limited collectability	779,914	1,087,553
Loans and receivables with doubtful collectability	1,994,699	1,280,720
Uncollectible loans and receivables	14,195,312	14,115,712
Total	16,969,925	16,483,985

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
Current period - September 30, 2023			
Gross Amounts Before the Reserves	186,491	242,475	2,295,548
Loans Which Are Restructured	186,491	242,475	2,295,548
Prior Period - December 31, 2022			
Gross Amounts Before the Reserves	117,559	397,661	2,130,052
Loans Which Are Restructured	117,559	397,661	2,130,052

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period – September 30, 2023			
Balance at the beginning of the period	2,367,433	2,102,853	15,804,062
Additions (+)	4,408,730	165,530	300,286
Transfers from other categories of loans under follow-up (+)	-	4,480,414	2,189,488
Transfers to other categories of loans under follow-up (-) ^(*)	4,480,414	2,189,488	-
Collections (-)	607,967	1,238,439	2,008,891
Write-offs (-) ^(**)	-	-	696,915
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	1,687,782	3,320,870	15,588,030
Provision (-)	779,914	1,994,699	14,195,312
Net balance	907,868	1,326,171	1,392,718

^(*) 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 September 30, 2023, the Bank has TL 696,915 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. After the loans were written off, the Bank's NPL decreased from 1.52% to 1.47%.

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

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

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period - September 30, 2023			
Balance at the end of the period	429,073	1,909,773	5,630,058
Provision (-)	199,191	1,198,563	5,422,791
Net balance on balance sheet	229,882	711,210	207,267
Prior Period - December 31, 2022			
Balance at the end of the period	1,354,336	448,669	5,330,242
Provision (-)	615,527	321,134	5,060,343
Net balance on balance sheet	738,809	127,535	269,899

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
Current Period - September 30, 2023			
Current Period (Net)	907,868	1,326,171	1,392,718
Consumer and Commercial Loans (Gross)	1,687,755	3,320,731	15,568,039
Provision (-)	779,893	1,994,568	14,175,337
Consumer and Commercial Loans (Net)	907,862	1,326,163	1,392,702
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	27	139	19,991
Provision (-)	21	131	19,975
Other Loans and Receivables (Net)	6	8	16
Prior Period - December 31, 2022			
Current Period (Net)	1,279,880	822,133	1,688,350
Consumer and Commercial Loans (Gross)	2,364,851	2,102,831	15,784,036
Provision (-)	1,084,976	1,280,705	14,095,700
Consumer and Commercial Loans (Net)	1,279,875	822,126	1,688,336
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,582	22	20,026
Provision (-)	2,577	15	20,012
Other Loans and Receivables (Net)	5	7	14

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net) - September 30, 2023	53,187	127,135	222,197
Interest accruals and valuation differences	98,707	294,486	2,348,759
Provision (-)	45,520	167,351	2,126,562
Prior Period (Net) - December 31, 2022	26,275	76,700	256,464
Interest accruals and valuation differences	47,049	185,656	2,312,090
Provision (-)	20,774	108,956	2,055,626

6. Information on other financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period – September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	263,520,603	32,534,308	124,497,259	22,217,950
Treasury bills	-	-	-	-
Other securities issued by the governments	-	16,430,547	-	11,611,721
Total	263,520,603	48,964,855	124,497,259	33,829,671

Information on financial assets measured at amortized cost

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Debt Securities	312,848,933	158,592,852
Quoted at stock exchanges	312,544,398	158,385,880
Unquoted at stock exchanges	304,535	206,972
Impairment losses (-)	-	-
Total	312,848,933	158,592,852

The movement table of other financial assets measured at amortized cost

	Current Period - September 30, 2023	Prior Period- December 31, 2022
Balances at the beginning of the period	158,592,852	73,861,983
Foreign currency differences on monetary assets	13,979,529	8,334,895
Purchases during the period	126,283,530	41,636,940
Disposals through sales/redemptions	(14,650,808)	(3,320,778)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	28,643,830	38,079,812
Balances at the end of the period	312,848,933	158,592,852

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Current Period - September 30, 2023	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	104,073,546	6,568,042	108,692,588	6,689,202
Investments subject to repurchase agreements	39,386,016	16,068,352	74,378,056	16,293,505
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	40,971,681	21,794,421	80,508,899	26,286,683
Total	184,431,243	44,430,815	263,579,543	49,269,390

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

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

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

7. Information on investments in associates

Information on investments in associates

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

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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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	5,373,138	252,481	20,462	333,712	14,410	70,994	23,669	-
2	166,900,759	19,197,129	5,474,371	8,640,302	3,589,164	5,006,272	2,640,644	23,279,200
3	39,661,531	10,668,490	6,052,950	105,702	-	207,883	1,969,118	28,450,000
4	3,512,646	2,762,304	213,941	273,668	-	2,077,231	122,202	-
5	1,062,916	217,363	429,250	16,302	799	102,762	19,581	-
6	142,227	(332,895)	92,390	1	-	(85,981)	(114,120)	-
7	81,513	(983,249)	69,212	-	-	(302,401)	(146,718)	-
8	121,142,599	5,900,474	443,445	2,914,614	215,397	2,260,614	1,071,449	-
9	3,780,277	1,754,797	44,906	229,287	-	463,127	205,844	-
10	391,444	349,569	122,990	45,002	-	111,752	146,841	-
11	501,530	329,311	161,651	35,510	-	(9,743)	(22,715)	-
12	277,410	242,691	19,571	43,198	-	107,429	78,817	-
13	96,152	89,837	1,130	14,532	14,994	19,383	16,684	-
14	896,324	754,449	27,815	239,351	-	99,803	136,096	-
15	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

(^o) The financial statement information provided for these associates is taken from the financial statements dated June 30, 2023.

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

Movement table of investments in associates

	Current Period – September 30, 2023	Prior Period – December 31, 2022
Balance at the beginning of the period	4,066,701	2,047,712
Movements during the period	1,034,293	2,018,989
Transfers	-	-
Acquisitions	119,285	92,566
Bonus shares received	571	63,745
Share of current year profit	-	-
Sales/liquidations	-	(1,750)
Fair value changes	921,390	1,864,428
Impairment losses	(6,953)	-
Balance at the end of the period	5,100,994	4,066,701
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Current Period Transaction Details Referring to Bank Share

	Current Period September 30, 2023			Prior Period December 31, 2022		
	Acquisitions	Bonus shares received	Sales and liquidations	Acquisitions	Bonus shares received	Sales and liquidations
Kıbrıs Vakıflar Bankası LTD	-	-	-	-	4,500	-
Roketsan Roket Sanayii ve Ticaret AŞ	-	-	-	26,872	58,417	-
JCR Avrasya Derecelendirme AŞ	-	571	-	-	828	-
Platform Ortak Kartlı Sistemler AŞ	-	-	-	700	-	1,750
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ	-	-	-	64,994	-	-
Birleşim Varlık Yönetim AŞ	119,285	-	-	-	-	-
Total	119,285	571	-	92,566	63,745	1,750

Sectoral information Financial Subsidiaries and their recorded amounts

	Current Period September 30, 2023	Prior Period December 31, 2022
Banks	1,995,231	1,073,842
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	131,110	11,825
Total	2,126,341	1,085,667

Listed Stock Exchanges

	Current Period September 30, 2023	Prior Period December 31, 2022
Listed on Domestic Stock Exchanges	1,950,211	1,028,822
Listed on Foreign Stock Exchanges	-	-
Total	1,950,211	1,028,822

Sectoral distribution of investments in financial associates

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Banks	1,995,231	1,073,842
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	131,110	11,825
Total	2,126,341	1,085,667

Quoted associates

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	1,950,211	1,028,822
Quoted at international stock exchanges	-	-
Total	1,950,211	1,028,822

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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.

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 AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Current Period - September 30, 2023						
Paid in Capital	311,248	600,000	450,000	850,000	2,950,000	30,000
Share Premium	-	1,866	137	-	18,327	121
Equity shares premiums	-	1,366	-	-	18,327	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	500	137	-	-	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	97,053	723	22,501	(609)	(267)
Other accumulated comprehensive income that will be reclassified in profit or loss	3,805,835	-	-	-	-	-
Profit Reserves	28,297	101,188	178,734	281,799	100,321	6,187
Legal Reserves	28,297	20,737	85,672	56,341	62,270	761
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	18,012	225,458	37,504	5,426
Other Profit Reserves	-	8,505	75,050	-	547	-
Profit/Loss	65,992	1,495,460	659,168	1,027,110	321,292	7,909
<i>Prior Period's Profit/Loss</i>	43,848	415,432	12,714	(51,878)	30,790	(3)
<i>Current Period's Profit/Loss</i>	22,144	1,080,028	646,454	1,078,988	290,502	7,912
Minority Rights	-	-	-	-	-	-
Total Core Capital	4,211,372	2,295,567	1,288,762	2,181,410	3,389,331	43,950
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	4,211,372	2,295,567	1,288,762	2,181,410	3,389,331	43,950
NET AVAILABLE EQUITY	4,211,372	2,295,567	1,288,762	2,181,410	3,389,331	43,950

(*) Reviewed BRSA financial statements as of September 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)

Prior Period - December 31, 2022	Vakıfbank International AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	1,662	137	-	322,717	121
Equity 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	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	1,167
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	190,572	415,435	388,711	494,842	885,790	5,644
Prior Period's Profit/Loss	148,344	(52,549)	5,058	(31,857)	5,221	(3)
Current Period's Profit/Loss	42,228	467,984	383,653	526,699	880,569	5,647
Minority Rights	-	-	-	-	-	-
Total Core Capital	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367
NET AVAILABLE EQUITY	3,040,598	1,207,274	798,084	1,102,423	2,507,946	37,367

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

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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	53.77	53.77
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	25,602,580	2,244,090	10,481	4,546,655	-	1,089,791	330,161	1,022,000
2	23,266,663	2,438,033	110,345	2,827,064	10,760	1,104,866	281,337	5,727,000
3	8,643,846	1,288,759	65,709	-	15,687	646,454	210,615	689,000
4	27,024,400	4,810,376	16,723	696,084	15,755	188,677	4,328	2,674,750
5	46,419	43,952	251	865	12,326	7,910	3,538	741,780
6	9,359,736	6,069,591	4,132,565	255,451	-	705,820	818,303	7,375,000
7	286,163	286,086	365	8,977	-	71,055	64,879	140,984
8	1,051,631	986,645	106,024	133,766	-	229,429	81,938	816,136
9	618,168	374,076	158,579	36,545	358	16,167	8,733	380,670
10	58,885	43,080	929	12,157	-	(13,275)	5,194	61,154
11	132,849	131,968	8,832	26,475	-	22,154	8,760	100,000

Movement table of investments in subsidiaries

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Balance at the beginning of the period	10,135,102	4,650,121
Movements during the period	2,986,311	5,484,981
Transfers	-	-
Acquisitions	683,466	378,945
Bonus shares received	1,230,113	307,337
Share of current year profit	(149,622)	(99,397)
Sales and liquidations	-	-
Fair value changes	2,802,516	4,913,528
Impairment losses	(1,580,162)	(15,432)
Balance at the end of the period	13,121,413	10,135,102
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Current Period Transaction Details Referring to Bank Share

	Current Period September 30, 2023			Prior Period December 31, 2022		
	Acquisitions	Bonus shares received	Sales and liquidations	Acquisitions	Bonus shares received	Sales and liquidations
Vakıf Pazarlama Sanayi ve Ticaret AŞ	193,466	-	-	78,306	-	-
Vakıf Faktoring AŞ	-	368,393	-	140,069	78,393	-
Vakıf Yatırım Menkul Değerler AŞ	-	199,000	-	2,098	99,250	-
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	490,000	662,721	-	40,150	70,982	-
Vakıf Gayrimenkul Değerleme AŞ	-	-	-	29,143	-	-
Vakıf Finansal Kiralama AŞ	-	-	-	49,000	58,712	-
Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	-	-	-	25,990	-	-
Vakıf Enerji ve Madencilik AŞ	-	-	-	2,494	-	-
Taksim Otelcilik AŞ	-	-	-	11,695	-	-
Total	683,466	1,230,113	-	378,945	307,337	-

Methods to measure investments in subsidiaries

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Measured at cost	-	-
Measured at fair value	13,121,413	10,135,102
Equity method of accounting	-	-
Total	13,121,413	10,135,102

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

Sectoral distribution of investments in financial subsidiaries

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Banks	2,674,750	1,843,727
Factoring companies	941,244	941,244
Leasing companies	3,553,351	1,993,897
Financing companies	-	-
Other financial subsidiaries	4,901,656	4,499,288
Total	12,071,001	9,278,156

Quoted subsidiaries

	Current Period - September 30, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	7,769,452	5,658,381
Quoted at international stock exchanges	-	-
Total	7,769,452	5,658,381

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.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

As of September 30, 2023, the amount of investment properties is 877,564 TL (December 31, 2022: None).

13. Information on deferred tax assets

The deferred tax asset of the Bank as of September 30, 2023 is TL 231,692. (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 September 30, 2023 and December 31, 2022 is as follows:

	Current Period September 30, 2023	Prior Period December 31, 2022
As of January 1	2,478,300	(46,378)
Deferred tax income/(loss)	(2,427,816)	6,462,173
Deferred tax that is accounted under		
Equity	230,175	(3,911,523)
Other	(48,967)	(25,972)
Deferred tax asset/(Liability)	231,692	2,478,300

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

As of September 30, 2023, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 178,820 (December 31, 2022: TL 283,264) and the provision for impairment is TL 609 (December 31, 2022: TL 986.)

15. Information on other assets

As at September 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

	Current Period - September 30, 2023	Prior Period - September 30, 2023
Balances with the Central Bank	3,	
Banks	549	2,865
Total	15,695	9,728
Total	19,244	12,593
Financial Assets Measured at		
Amortized Cost	38,698	20,008
Total	57,942	32,601

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES

1. Information on maturity profile of deposits

Current Period September 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	37,949,541	-	23,286,883	97,131,050	204,307,283	11,475,458	27,607,615	10,849	401,768,679
Foreign currency deposits	180,285,094	-	145,364,166	173,229,085	14,667,991	6,530,254	13,331,207	2,152	533,409,949
Residents in Türkiye	166,186,892	-	143,572,453	164,639,822	12,837,338	4,427,935	6,668,134	2,152	498,334,726
Residents in abroad	14,098,202	-	1,791,713	8,589,263	1,830,653	2,102,319	6,663,073	-	35,075,223
Public sector deposits	32,147,494	-	46,711,453	37,936,723	1,357,407	147,827	114,484	-	118,415,388
Commercial deposits	43,896,855	-	143,893,483	137,143,045	47,700,706	26,315,377	24,419,190	-	423,368,656
Other	25,133,493	-	8,333,278	49,243,885	3,872,532	279,451	92,673	-	86,955,312
Precious metal deposits	63,756,807	-	-	578,428	156,668	3,810,584	366,753	-	68,669,240
Bank deposits	4,421,461	-	42,813,396	19,600,503	253,348	141,090	826,527	-	68,056,325
Central Bank	296	-	-	-	-	-	-	-	296
Domestic banks	3,280,991	-	40,249,851	3,663,346	-	-	-	-	47,194,188
Foreign banks	942,838	-	2,563,545	15,937,157	253,348	141,090	826,527	-	20,664,505
Participation banks	197,336	-	-	-	-	-	-	-	197,336
Other	-	-	-	-	-	-	-	-	-
Total	387,590,745	-	410,402,659	514,862,719	272,315,935	48,700,041	66,758,449	13,001	1,700,643,549

As of September, 2023, TL 127,979,169 (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 190,126,368 (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	-	-	-	-	-	-	-	-	-
Total	257,667,110	-	342,933,656	332,004,092	136,435,501	27,826,502	30,825,440	9,674	1,127,701,975

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

	Current Period – September 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	131,182,477	270,586,202	67,118,488	127,237,104
Foreign currency saving deposits	88,068,052	174,796,855	47,027,029	134,690,674
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	219,250,529	445,383,057	114,145,517	261,927,778

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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 - September 30, 2023	Prior Period - December 31, 2022
Deposits and other accounts at foreign branches	155,290	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	55,397	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 – September 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Forwards	334,209	8,976	5,120	79
Swaps	210,682	6,959,867	202,661	4,458,210
Futures	-	-	-	-
Options	4,537	112,252	-	53,527
Other	-	-	-	-
Total	549,428	7,081,095	207,781	4,511,816

3. Information on funds borrowed

a) *Information on banks and other financial institutions*

	Current Period – September 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	26,284,390	27,417	9,000,667	1,116,440
Domestic banks and institutions	239,848	6,554,185	371,242	7,598,260
Foreign banks, institutions and funds	148,114	166,428,677	32,946	112,626,687
Total	26,672,352	173,010,279	9,404,855	121,341,387

b) *Maturity information of funds borrowed*

	Current Period – September 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Short-term ^(*)	11,711,784	837,939	4,648,420	3,464,551
Medium and Long-term ^(*)	14,960,568	172,172,340	4,756,435	117,876,836
Total	26,672,352	173,010,279	9,404,855	121,341,387

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

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.70% (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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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Securitisation Loans Received

Beginning From	Due date	Currency	Amount ^(*) (USDMillions)	Loan Type
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
	December 15, 2027	USD	182	Based on international remittance flows / Based on treasury financing transactions
	December 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

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

As of September 30, 2023, the total securitization balance is equivalent of USD 2,380 million and EUR 256 million. (December 31, 2022: USD 1,616 million and EUR 252 million).

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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 years maturity, 5.25 % coupon rate and 5.375 % 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 6.50% 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 return rate 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 September 30, 2023, the total balance of allocated sales transactions was equivalent to USD 504.2 million.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - September 30, 2023				
Nominal	868,529	1,000,000	2,193,352	103,962,035
Cost	810,067	1,000,000	2,185,280	103,540,841
Net Book Value	858,596	1,010,984	2,197,454	104,695,230

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

4. 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.

5. Information on lease payables (net)

Obligations under financial leasing

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

Current Period - September 30, 2023	Service Buildings	Vehicles	Total
Lease payables	5,929,503	83,186	6,012,689
Deferred rental expenses	3,335,321	15,688	3,351,009
Lease payables (Net)	2,594,182	67,498	2,661,680
Right of use assets	2,689,637	63,997	2,753,634
Prior Period - December 31, 2022	Service Buildings	Vehicles	Total
	2,039,148	118,060	2,157,208
Deferred rental expenses	1,074,684	61,121	1,135,805
Lease payables (Net)	964,464	56,939	1,021,403
Right of use assets	854,229	48,260	902,489

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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, TL 111,660 of lease payments were made in the related period. (September 30, 2022: TL 86,726)

	Current Period - September 30, 2023		Prior Period - December 31, 2022	
	Gross	Net	Gross	Net
Under 1 year	5,995,806	2,650,834	836,477	369,457
1-4 Years	16,883	10,846	567,756	276,665
Over 4 years	-	-	752,975	375,281
Total	6,012,689	2,661,680	2,157,208	1,021,403

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.

6. 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 September 30, 2023, TL 2,127,733 (December 31, 2022: TL 1,958,653) provision for severance pay and TL 247,842 (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 as of September 30, 2023 and December 31, 2022.

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

As of September 30, 2023, Bank has recorded TL 50,940 (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 September 30, 2023, TL 19,000,000 of the free provision has been reversed in the current period which was provided in previous periods amounting to TL 12,250,000 in the financial statements. As of September 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 September 30, 2023, the Bank's corporate tax payable is TL 16,388 (December 31, 2022: TL 3,866,582).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation (Continued)

Information on taxes payable

	Current Period – September 30, 2023	Prior Period – December 31, 2022
Corporate taxes payable	16,388	3,866,582
Taxation on securities	927,004	464,843
Capital gains tax on property	12,013	5,540
Banking and Insurance Transaction Tax (BITT)	1,432,804	610,791
Taxes on foreign exchange transactions	18,630	22,623
Value added tax payable	38,349	30,428
Other	178,414	167,906
Total	2,623,602	5,168,713

Information on premiums payable

	Current Period September 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	7,640	4,634
Unemployment insurance- employer share	15,281	9,267
Other	178	2
Total	23,099	13,903

Information on deferred tax liabilities

As of September 30, 2023, and December 31, 2022, 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 30,904,306 as of September 30, 2023 (December 31, 2022: TL 24,043,286).

	Current Period – September 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	4,993,575	20,741,068	5,145,157	14,475,926
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,993,575	20,741,068	5,145,157	14,475,926
Debt instruments to be included in the secondary capital calculation	5,169,663	-	4,422,203	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,169,663	-	4,422,203	-
Total	10,163,238	20,741,068	9,567,360	14,475,926

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

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

11. Information on equity

Paid-in capital

	Current Period - September 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 Registered Share 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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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Valuation differences of the marketable securities

	Current Period - September 30, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	9,695,568	(279,091)	8,742,381	(194,979)
Financial assets at fair value through other comprehensive income	7,756,916	536,338	11,534,896	(349,442)
Foreign exchange differences	80,727	-	80,727	-
Total	17,533,211	257,247	20,358,004	(544,421)

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 – September 30, 2023	Prior Period – December 31, 2022
Commitments for credit card limits	215,651,865	81,979,697
Loan granting commitments	103,184,374	60,802,246
Commitments for cheque payments	9,860,157	6,916,438
Asset purchase sale commitments	169,958,284	56,192,549
Other	9,168,356	9,156,781
Total	507,823,036	215,047,711

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 675,877 (December 31, 2022: TL 583,361) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 50,940 (December 31, 2022: TL 50,421).

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

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – September 30, 2023	Prior Period – December 31, 2022
Provisional letters of guarantee	5,759,761	5,312,468
Final letters of guarantee	108,257,816	79,435,509
Letters of guarantee for advances	42,727,460	28,688,031
Letters of guarantee given to custom offices	12,668,822	5,938,641
Other letters of guarantee	153,655,716	100,115,220
Total	323,069,575	219,489,869

2. Non-cash loans

	Current Period – September 30, 2023	Prior Period – December 31, 2022
Non-cash loans given for cash loan risks	75,158,278	54,770,548
<i>With original maturity of 1 year or less</i>	<i>10,525,565</i>	<i>7,674,681</i>
<i>With original maturity of more than 1 year</i>	<i>64,632,713</i>	<i>47,095,867</i>
Other non-cash loans	316,479,407	219,477,978
Total	391,637,685	274,248,526

3. Sectoral risk concentrations of non-cash loans

	Current Period - September 30, 2023				Prior Period - December 31, 2022			
	TL	%	FC	%	TL	%	FC	%
Agricultural	372,387	0.19	278,916	0.14	244,348	0.20	472,287	0.31
Farming and Cattle	319,214	0.16	-	-	224,411	0.18	187,736	0.12
Forestry	16,465	0.01	-	-	8,032	0.01	-	-
Fishing	36,708	0.02	278,916	0.14	11,905	0.01	284,551	0.19
Manufacturing	64,827,669	33.44	104,626,942	52.91	49,401,506	39.86	69,019,266	45.92
Mining	1,358,990	0.70	1,890,290	0.96	1,038,377	0.84	1,482,590	0.99
Production	51,544,162	26.59	92,735,849	46.89	38,985,823	31.46	61,690,706	41.04
Electric, gas and water	11,924,517	6.15	10,000,803	5.06	9,377,306	7.56	5,845,970	3.89
Construction	35,952,398	18.54	34,943,098	17.67	23,530,449	18.99	25,771,591	17.14
Services	90,476,226	46.67	45,043,882	22.78	49,155,854	39.67	43,591,726	29.00
Wholesale and retail trade	37,421,968	19.30	17,917,686	9.06	22,972,726	18.54	16,005,899	10.65
Hotel, food and beverage Services	2,357,918	1.22	605,821	0.31	1,520,860	1.23	1,096,002	0.73
Transportation and telecommunication	11,989,542	6.18	20,552,194	10.39	8,373,286	6.76	21,194,630.00	14.10
Financial institutions	28,606,423	14.75	738,148	0.37	8,802,446	7.10	1,224,308	0.81
Real estate and renting Services	4,643,008	2.39	4,402,503	2.23	3,022,793	2.44	1,914,088	1.27
Self-employment services	4,104,791	2.12	717,914	0.36	3,634,382	2.93	989,576	0.66
Education services	686,007	0.35	81,582	0.04	423,681	0.34	56,232	0.04
Health and social services	666,569	0.34	28,034	0.01	405,680	0.32	1,110,991	0.74
Other	2,254,349	1.16	12,861,818	6.50	1,593,861	1.28	11,467,638	7.63
Total	193,883,029	100.00	197,754,656	100.00	123,926,018	100.00	150,322,508	100.00

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

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

Current Period - September 30, 2023	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	189,358,189	125,453,586	3,950,747	3,631,176
Confirmed Bills of Exchange and Acceptances	49,258	4,190,068	-	-
Letters of Credit	366,958	60,618,430	-	585,511
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	2,757,885	-	-
Non-Cash Loans	189,774,405	193,019,969	3,950,747	4,216,687

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	-	-
Non-Cash Loans	120,717,223	146,704,751	2,982,982	3,260,209

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 – September 30, 2023		Prior Period – September 30, 2022	
	TL	FC	TL	FC
Short-term Loans	49,094,211	3,157,476	20,033,588	1,161,891
Medium and Long-Term Loans	43,445,203	18,870,482	27,600,564	9,724,476
Non-performing Loans	636,248	-	620,800	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	93,175,662	22,027,958	48,254,952	10,886,367

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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 - September 30, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Central Bank of Republic of Türkiye	-	111,923	-	19,614
Domestic Banks	187,787	5,083	22,950	2,066
Foreign Banks	-	666,217	-	130,502
Foreign Head Office and Branches	-	-	-	-
Total	187,787	783,223	22,950	152,182

Information on interest income received from marketable securities portfolio

	Current Period - September 30, 2023		Prior Period - September 30, 2022	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	-	400,966	-	259,366
Financial assets at fair value through other comprehensive income	15,161,375	5,593,354	12,564,794	3,369,932
Financial assets measured at amortized cost	41,180,186	1,783,382	20,259,750	1,138,336
Total	56,341,561	7,777,702	32,824,544	4,767,634

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 September 30, 2023, the valuation of the Consumer Price Indexed government bonds was made according to the annual 56% inflation forecast. In case the CPI forecast increases or decreases by 1%, the profit for the period before tax as of September 30, 2023 will increase by approximately TL 344.27 million (full amount) or decrease by the same amount.

Information on interest income received from associates and subsidiaries

	Current Period - September 30, 2023	Prior Period - September 30, 2022
Interest Received from Associates and Subsidiaries	2,753,393	779,079

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

2. Interest expense

Interest expense on funds borrowed

	Current Period – September 30, 2023		Prior Period – September 30, 2022	
	TL	FC	TL	FC
Banks	1,520,890	7,225,420	209,977	2,213,811
Central Bank of Republic of Türkiye	1,483,085	3,718	149,634	4,816
Domestic Banks	37,805	270,999	47,542	100,768
Foreign Banks	-	6,950,703	12,801	2,108,227
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	413,583	-	108,110
Total	1,520,890	7,639,003	209,977	2,321,921

Interest expense paid to associates and subsidiaries

	Current Period – September 30, 2023	Prior Period – September 30, 2022
Interest Paid to Associates and Subsidiaries	1,585,612	309,124

Interest expense on securities issued

Interest paid to securities issued as at for the period ended September 30, 2023 is TL 6,541,110 (TL 1,918,955 and 4,622,155 FC). (September 30, 2022: TL 5,752,681 (TL 1,734,982 and 4,017,699 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 September 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	-	984,166	2,682,291	-	-	-	-	3,666,457
Saving deposits	73,468	3,641,313	16,891,587	24,060,243	1,082,603	1,999,914	754	47,749,882
Public sector deposits	48,949	6,988,762	2,707,062	85,874	15,483	8,879	-	9,855,009
Commercial deposits	134,535	26,718,001	22,679,521	6,265,669	2,118,982	1,422,744	-	59,339,452
Other deposits	33,513	1,450,143	6,507,999	509,572	26,624	5,339	-	8,533,190
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	290,465	39,782,385	51,468,460	30,921,358	3,243,692	3,436,876	754	129,143,990
<i>FC</i>								
Foreign currency deposits	472,972	1,029,968	2,282,463	197,541	77,892	164,596	-	4,225,432
Interbank deposits	43,667	292,336	796,745	-	-	-	-	1,132,748
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	226	847	9,204	1,392	-	11,669
Total	516,639	1,322,304	3,079,434	198,388	87,096	165,988	-	5,369,849
Grand Total	807,104	41,104,689	54,547,894	31,119,746	3,330,788	3,602,864	754	134,513,839

Prior Period – September 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	-	517,452	930,191	30,445	-	-	-	1,478,088
Saving deposits	4,265	1,104,835	3,280,875	7,083,692	477,732	394,943	749	12,347,091
Public sector deposits	34,454	3,263,179	944,063	85,910	38,016	4,564	-	4,370,186
Commercial deposits	9,392	4,884,568	4,258,888	1,125,502	3,565,489	239,621	-	14,083,460
Other deposits	1,594	574,421	2,466,934	283,125	66,586	26,084	-	3,418,744
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	49,705	10,344,455	11,880,951	8,608,674	4,147,823	665,212	749	35,697,569
<i>FC</i>								
Foreign currency deposits	62,480	621,311	2,341,883	519,968	55,138	47,419	-	3,648,199
Interbank deposits	8,943	116,957	210,247	6,881	-	-	-	343,028
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	208	571	8,071	803	-	9,653
Total	71,423	738,268	2,552,338	527,420	63,209	48,222	-	4,000,880
Grand Total	121,128	11,082,723	14,433,289	9,136,094	4,211,032	713,434	749	39,698,449

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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

	Current Period – September 30, 2023	Prior Period – September 30, 2022
Profit	262,283,362	70,371,266
Income from capital market operations	5,838,947	1,362,441
Income from derivative financial instruments	157,728,015	51,059,256
Foreign exchange gains	98,716,400	17,949,569
Losses	(244,477,473)	(67,270,368)
Loss from capital market operations	(1,377,949)	(257,382)
Loss from derivative financial instruments	(154,131,302)	(52,192,195)
Foreign exchange loss	(88,968,222)	(14,820,791)
Net trading profit/loss	17,805,889	3,100,898

For the nine-month period ending on September 30, 2023, the Bank's net profit on currency derivative financial transactions arising from currency changes is TL 1,988,659. (September 30, 2022: TL 894,094 net loss).

4. Information on other operating income

	Current Period – September 30, 2023	Prior Period - September 30, 2022
Income from reversal of the specific provisions for loans from prior periods	20,048,898	6,109,464
Communication income	22,313	19,092
Gain on sale of assets	480,105	815,850
Rent income	19,155	8,985
Other income ^(*)	13,476,492	439,277
Total	34,046,963	7,392,668

^(*) The balance includes 12,250,000 TL of free provisions 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 - September 30, 2023	Prior Period – September 30, 2022
Expected Credit Loss	32,981,735	15,096,546
12 month expected credit loss (stage 1)	14,423,341	2,741,035
Significant increase in credit risk (stage 2)	13,893,222	8,439,207
Non-performing loans (stage 3)	4,665,172	3,916,304
Marketable Securities Impairment Expense	73,217	192,864
Financial Assets at Fair Value through Profit or Loss	53,381	169,483
Financial Assets at Fair Value Through Other Comprehensive Income	19,836	23,381
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	-	7,728,000
Total	33,054,952	23,017,410

(*) Free provision balance calculated in 2023 is none. (September 30, 2022 TL: 7,728,000)

6. Information on other operating expenses

	Current Period - September 30, 2023	Prior Period - September 30, 2022
Reserve for Employee Termination Benefits	169,080	202,849
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	641,879	414,151
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	56,412	36,097
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	12,336,020	4,009,354
<i>Leasing expenses related to TFRS 16 exceptions</i>	<i>111,660</i>	<i>86,726</i>
<i>Repair and maintenance expenses</i>	<i>226,747</i>	<i>125,871</i>
<i>Advertisement expenses</i>	<i>517,303</i>	<i>301,726</i>
<i>Other expenses</i>	<i>11,480,310</i>	<i>3,495,031</i>
Loss on sale of assets	631	536
Other (*)	16,431,798	1,847,965
Total	29,635,820	6,510,952

(*) Other operating expenses amounted TL 16,431,798 (September 30, 2022: TL 1,847,965); AFAD Donation amounted TL 12,000,000, Dividend provision expenses to be paid to staff amounted TL 1,122,507 (September 30, 2022: TL 528,492), credits and receivables written off TL 1,230,792 (September 30, 2022: TL 412,609) taxes, duties, fees and funds, TL 1,423,343 (September 30, 2022: TL 600,003) SDIF expenses and TL 655,156 (September 30, 2022: TL 306,861) 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 (September 30, 2022: TL 15,825,893) from the net taxable profit calculated in accordance the laws and regulations in effect.

In the Bank's profit or loss statement as of 30 September 2023, deferred tax income of TL 1,859,695 (30 September 2022: TL 8,098,484) from the formation/(Closing) of deductible temporary differences, (TL 4,287,511) from the formation/(Closing) of taxable temporary differences (30 September There is a deferred tax expense (2022: TL 457,411).

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 182,614,820 interest income, TL 159,252,588 interest expenses, TL 16,271,869 net fees and commissions income, from ordinary banking transactions (September 30, 2022: TL 97,415,739 interest income, TL 58,030,181 interest expenses, TL 7,198,176 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)

V. 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 - September 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	30,815,663	295,421	-	864	166,715	82,961
Interest and commission income	2,753,393	3,663	-	-	16,144	479

Prior Period – December 31, 2022	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans 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	779,079	3,292	-	-	5,135	683

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	13,341,734	13,514,572	4,014,839	2,398,302	299,768	195,275
Interest on deposits	1,585,612	309,124	791,496	510,710	49,784	8,228

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	-	-	-	-	-	-
Total profit/loss	(1,334)	-	-	-	-	-
Transactions for Hedging Purposes	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

Information on Benefits Provided to Directors

In the accounting period ending on September 30, 2023, a total amount of TL 103,366 was paid to the Bank’s top management. (December 31, 2022: 46,872 TL).

SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

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

	Profit Distribution Table of Year 2022
Bank’s unconsolidated profit in its statutory financial statements	24,017,232
Deferred tax credits	-
Net profit of the year subject to distribution	24,017,232
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
Net profit of the year subject to distribution	21,615,509
Gain on sale of immovable and shares of associates and subsidiaries	141,947
Extraordinary reserves	21,473,562
Dividends to shareholders	-

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OTHER DISCLOSURES (Continued)

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

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

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

June 2022*	JCR Eurasia
Long Term International FC	BB (Negative)
Long Term International TL	BB (Negative)
Long Term NSR	AAA (tr) (Stable)
Short Term NSR	J1 + (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 issued financial bills on October 13, 2023.

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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 September 30, 2023 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the review report dated November 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,

Nowadays we are enthusiastically celebrating the centenary of our Republic, we remain grateful to and commemorate our martyrs, including Veteran Mustafa Kemal Atatürk and all other veterans, who fought in earnest and with their hearts and souls for our independence. In VakıfBank, we will continue to support our country’s sustainable growth in the second century of our Republic as usual.

Statements from the central banks of the developed countries, including the USA, European states and Japan, were closely monitored in the third quarter of 2023. The US Federal Reserve Bank (FED) kept its policy rate to 5.25% and 5.50% range in September in parallel with the expectations. In addition, it continued to emphasize the importance of its 2% inflation rate target, signalling that the monetary tightening would remain in place for a while more. The European Central Bank (ECB) hiked its interest rates by 25 basis points contrary to the expectations. Moreover, ECB stated that the inflation outlook would remain high for a while more so it will continue to keep interest rates as high as necessary to maintain monetary tightening. Bank of Japan (BoJ), on the other hand, kept its policy rate at -0.1% in September, noting that there has been a “moderate recovery” in the economy as it restricted the returns of 10-year Japanese state bonds to around zero.

The US economy achieved the fastest growth rate since 2021 as it grew by 4.9% on an annual basis in the third quarter of 2023. The economic growth in the Euro Zone turned out to be 0.1% on an annual basis during the same period. The second quarter growth in the Japanese economy was revised to 4.8% from 6% contrary to the expectations.

Turkish economy, on the other hand, grew by 3.8% on an annual basis in the second quarter of 2023. In addition, the Central Bank of Republic of Türkiye (CBRT) continued its tightening steps by increasing the policy rate by another 500 basis points in September. Moreover, the Medium-Term Programme (MTP) for 2024 through 2026 which was announced in this quarter set the growth forecasts for Turkish economy to 4.4% and 4.0% for 2023 and 2024, respectively. Likewise, in September, international credit rating agencies not only revised their growth forecasts for Turkey but also updated its credit rating and outlook.

Turkish banking sector maintained its strong structure and continued to support the national economy during this quarter as well. The sector’s total assets reached TL 21,099 billion representing a 47.09% increase compared to the year-end of 2022. The sector loans reached to TL 10.710 billion in September representing a 41.27% increase compared to the year-end of 2022. Having maintained a healthy growth, Turkish banking sector achieved a capital adequacy ratio of 18.52%, which is well above international standards.

Our Bank continued to support the national economy during this period as well. In the third quarter of the year, VakıfBank’s asset size reached TL 2,449 billion (a 45.68% increase) while its cash loans turned out to be TL 1.383 billion (a 48.20% increase). Deposits, which represent the main funding source, rose to TL1.701 billion with a 50.81% 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.

Truly yours,

Mustafa SAYDAM
Chairperson of the Board

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Assessment of the General Manager,

Dear stakeholders,

I here memorialise our martyrs, including Veteran Mustafa Kemal Atatürk who fought with their hearts and souls for our independent in the one hundredth anniversary of our Republic. I hereby celebrate the one-century existence of Turkish Republic with zeal and from my heart.

Inflation, growth and geopolitical concerns were among the top agenda items of the global economy in the third quarter of 2023. The US economy grew by 4.9% above the expectations according to the third quarter data for 2023. The US Consumer Price Index (CPI) turned out to be 3.7% in September and that figure was above expectations. Euro zone economy, on the other hand, recorded a 0,1% growth on annual basis in the third quarter. During this quarter, we kept a close eye on the monetary policy meetings held by central banks of developed and emerging markets, including the FED and the ECB. The FED maintained its policy rate within the range of 5.25% and 5.50% in September in line with expectations while the ECB hiked the interest rates by 25 basis points, pushing the policy rate to 4.50%.

Turkish economy, on the other hand, maintained its well-balanced and consistent growth performance by growing 3.8%, a figure above the market expectations, in the second quarter of 2023. According to the Medium-Term Programme announced in September, it was forecast that Turkish economy will continue to grow steadily in the upcoming years. CBRT continued its monetary tightening in line with the aim of ensuring price stability. CBRT hiked its policy rate by 500 basis points, culminating at 35%, in its Monetary Policy Committee (PPC) meeting held in October and this increase met the expectations.

In the third quarter of 2023, VakıfBank’s asset size increased by 45.68% to TL 2.449 billion. During the same quarter, our support to our national economy through cash and non-cash loans reached to TL 1.775 billion. Thanks to our support to manufacture, exports and employment, we managed to grow our commercial loans up to a level of TL 1.116 billion, which means a 47.78% growth in the third quarter in 2023, compared to the end of the previous year. Our support to households turned out to be TL 267 billion as of the end of September 2023.

Our Bank managed to increase its deposits by 50.81% to TL 1.701 billion thanks to our product and service diversity in the deposit area. We continued to lure affordable and long-term international funding to Turkey thanks to our leading position in international funding and our well-diversified funding structure. We have provided fresh funding resources to our country as we signed a new 5-year secured funding transaction with the amount of USD 500 million in August. In September, we reached an agreement with AFD for the second EUR 100 million tranche following EUR 100 million funding which we made available in the first tranche under the “Green Mortgage Project”. This way, we will continue to support a transition to a low carbon economy thanks to this funding which shall be available to finance high-energy efficiency and environment-friendly residences with A and B energy certificates.

In the third quarter of the year, our Bank was hailed as the first Turkish bank whose lower carbon emission targets were approved by the Science Based Target Initiative SBTi). In this respect, we plan to reduce our Scope 1 and 2 greenhouse gas emissions in 2021 by 51 percent by 2032, in line with the Paris Agreement’s goal of limiting the increase in global average surface temperature to 1.5°C, if possible. . In addition, within the scope of financing the transition to a low-carbon economy, we have determined our targets for reducing our greenhouse gas emissions resulting from loans in portfolios determined to be compatible with the Paris Agreement’s scenario of keeping the global temperature increase "well below 2 °C".

As VakıfBank, we will continue to contribute to the sustainable and strong growth of national economy with our strong technological infrastructure, innovative products and services, our pioneering role in the field of sustainability and more than 17 thousand employees, as we did this period. I heartily thank to our customers and shareholders thanks to their trust in us, our employees with the lion’s share in our achievements and our Board of Directors and all other stakeholders who never shied away from supporting us.

Sincerely yours,

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board of Directors Executive Member

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Key Financial Indicators

BALANCE SHEET (TL Million)	SEPTEMBER 2023	DECEMBER 2022	CHANGE (%)
TOTAL ASSETS	2,448,991	1,681,061	45.68
SECURITIES PORTFOLIO	576,850	372,588	54.82
LOANS (*)	1,383,359	933,451	48.20
- Commercial Loans	1,116,033	755,178	47.78
- Retail Loans	267,326	178,273	49.95
DEPOSITS	1,700,644	1,127,702	50.81
- Term Deposits	1,313,053	870,035	50.92
- Demand Deposits	387,591	257,667	50.42
FUNDS BORROWED	199,683	130,746	52.73
SUBORDINATED DEBT	30,904	24,043	28.54
SECURITIES ISSUED (NET)	108,762	69,854	55.70
SHAREHOLDERS' EQUITY	153,234	106,985	43.23
NON-CASH LOANS	391,638	274,249	42.80

INCOME STATEMENT (TL Million)	SEPTEMBER 2023	SEPTEMBER 2022	CHANGE (%)
Net Profit/ Loss	15,023	15,610	-3.76

INDICATIVE RATIOS (%)	SEPTEMBER 2023	DECEMBER 2022
TOTAL LOANS/ TOTAL ASSETS (*)	56.49	55.53
LOANS/DEPOSITS (*)	81.34	82.77
NON-PERFORMING LOAN RATIO	1.47	2.13
CAPITAL ADEQUACY RATIO	14.69	15.19
RETURN ON AVERAGE ASSETS (ROAA) (**)	0.97	1.79
RETURN ON AVERAGE EQUITY (ROAE) (**)	15.40	30.22

(*) Loans excluding legal proceedings.

(**) Calculations are annualized.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

Assessment of 3rd Quarter of 2023

Our Bank managed to grow in the third quarter of 2023 as well, and its total asset size reached TL 2,449 billion, which meant a 45.68% increase. During that period, our performing loans rose by 48.20% and reached TL 1,383 billion, and performing loans in our total assets captured a 56.49%. When we look at the breakdown of loans, we see that our commercial loans reached TL 1,116 billion while retail loans reached TL 267 billion.

During the third quarter of 2023, our Bank has increased its deposits by 50.81% to TL 1.701 billion.

In addition to deposits, our Bank issued financial bonds with a total nominal value of TL 3,886 million in total as of the third quarter of 2023 for marketing via public offering and qualified investors in national market. The international funding has reached USD 4,468 million during the year.

Our Bank generated a net period profit of TL 15.023 million in the third quarter of 2023 and our Bank’s capital adequacy ratio turned out to be 14.69%.

As of 30 September 2023, the number of our Bank branches was 941 with 17,433 employees.

During this quarter, we have reached an agreement with French Development Agency (AFD) on the disbursement of the second tranche of EUR 100 million within the scope of the aforementioned project with the first 3 years of grace period and a total maturity of 10 years. In addition, in September, issued USD 750 million fixed rate notes with semi-annual interest payment, having a maturity on October 12th, 2028 with a term of 5 years and 1 month. The yield and the coupon rate have been set at 9.125% and 9%, respectively.

Fitch Ratings, the international credit rating agency, revised the long-term foreign currency issuer default rating of Turkey from Negative to Stable on 8 September 2023. Thereafter, it revised VakıfBank’s long-term foreign currency and local currency issuer default rating outlook to Stable from Negative on 22 September 2023.

Other Significant Developments

- The results of the Annual General Assembly Meeting held by our Bank on 2 August 2023 were registered by Istanbul Trade Registry Office on 11 August 2023. You can view the meeting details by visiting the following link: <https://www.kap.org.tr/en/Bildirim/1184527>
- Regarding the election of the Board Members at the 69th Ordinary General Assembly Meeting of our Bank held on 02 August 2023; Mr. Abdullah Erdem CANTİMUR be elected by majority vote for 3 years.
- Pursuant to the applicable provision of our Bank’s Articles of Association, our Board of Directors unanimously adopted the following resolutions in its meeting held on 2 August 2023:
 - Mr. Mustafa SAYDAM be appointed as the Chairperson of the Board;
 - Mr. Cemil Ragıp ERTEM be appointed as the Vice-chairperson of the Board;
 - Mr. Abdi Serdar ÜSTÜNSALİH be appointed as the General Manager.
- Pursuant to the applicable provision of our Bank’s Articles of Association, our Board of Directors unanimously adopted the following resolutions in its meeting held on 2 August 2023:
 - Mr. Abdülkadir AKSU and Mr. Sadık YAKUT be appointed to the Audit Committee;
 - Mr. Abdi Serdar ÜSTÜNSALİH be appointed to the Credit Committee as the natural member, and Mr. Mustafa Saydam and Mr. Şahin UĞUR as the principal members and Mr. Adnan ERTEM and Mr. Cemil Ragıp ERTEM as the substitute members to the said Committee;
 - Mr. Abdülkadir AKSU and Mr. Sadık YAKUT be appointed to the Corporate Governance Committee, and also pursuant to Article 11 of the Corporate Governance Communiqué, Mr. Ali TAHAN, the Head of International Banking and Investor Relations, and Mr. Korhan TURGUT, the Head of the General Accounting Financial Affairs, be appointed to the same Committee as members pursuant;
 - Mr. Adnan ERTEM and Mr. Haydar Kemal KURT be appointed as members to the Remuneration Committee by unanimous vote.

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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF THE SEPTEMBER 30, 2023**
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

INFORMATION ON THE INTERIM ANNUAL REPORT (Continued)

Amendments to Articles of Association

Our Bank’s Articles of Association was registered by Istanbul Trade Registry Office on 11 August 2023. You can view the Articles of Association by visiting the following address: <https://www.kap.org.tr/en/Bildirim/1199220>