

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

**CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2023
TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

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



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**(Convenience Translation of the Auditor’s Audit Report Originally Issued in Turkish
Independent Auditors’ Report on Audit of Consolidated Financial Statements)**

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

Qualified Opinion

We have audited the consolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. (“the Bank”) and its subsidiaries (collectively referred as “Group”) at December 31, 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and consolidated financial performance and consolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards (“TFRS”) for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II.7, the accompanying consolidated financial statements as at December 31, 2023 include a free provision at an amount of thousand TL 11,000,000 of which thousand TL 19,000,000 was provided in prior years and thousand TL 12,250,000 was reversed in current year and thousand TL 4,250,000 was provided in the current year by the Group management for the possible current year effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Our audit was conducted in accordance with “Regulation on independent audit of the Banks” published in the Official Gazette no.29314 dated April 2, 2015, by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (“ISA”) which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Key Audit Matters

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

Key Audit Matter	How the Key Audit Matter is addressed in our audit
Financial impact of TFRS 9 “Financial Instruments” standard and recognition of classification, measurement and impairment on financial assets and related important disclosures	
As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since: - Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements - There are complex and comprehensive requirements of TFRS 9 - The classification of the financial assets is based on the Group’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and significant judgment is used on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments - Policies implemented by the management include compliance risk to the regulations and other practices - Processes of TFRS 9 are advanced and complex - Judgements and estimates used in expected credit loss, complex and comprehensive - Disclosure requirements of TFRS 9 are comprehensive and complex.	Our audit procedures included among others include: - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group’s past experience, local and global practices - Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists - Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments and data sources used in calculating expected loss, taking into account standard requirements, industry and global practices - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group’s Business model - Reviewing the Group’s classification and measurement models of the financial instruments and comparing with TFRS 9 requirements - Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group’s past performance, regulations, and other processes that has forward looking estimations - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of TFRS 9 disclosures.



Pension Fund Obligations	How the Key Audit Matter is addressed in our audit
Employees of the Parent Bank are members of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı, (“the Fund”), which is established in accordance with the temporary Article 20 of the Social Security Act No. 506 and related regulations. The Fund is a separate legal entity and foundation recognized by an official decree, providing all qualified employees with pension and post-retirement benefits. As disclosed in the “Section Three Note XVI to the financial statements, Banks will transfer their pension fund to the Social Security Institution and the authority of the “Council of Ministers” on the determination of the mentioned transfer date is changed as “President” in the Decree Law No. 703 published in the Official Gazette numbered 30473 and dated July 9, 2018. As of 31 December 2023, the Parent Bank's transferrable liabilities are calculated by an independent actuary using the actuarial assumptions regulated by Law, and in accordance with the Decision of the Council of Ministers announced in the Official Gazette dated 15 December 2006 and numbered 26377. Considering the subjectivity of key assumptions and estimate used in the calculations of transferrable liabilities and the effects of the potential changes in the estimates used together with the uncertainty around the transfer date and given the fact that technical interest rate is prescribed under the law, we considered this to be a key audit matter.	It has been addressed whether there have been any significant changes in regulations governing pension liabilities, employee benefits plans during the period, that could lead to adjust the valuation of employee benefits. Support from actuarial auditor of another entity who is in the same audit network within our firm, has been taken to assess the appropriateness of the actuarial assumptions and calculations performed by the external actuary. Furthermore, the accuracy and adequacy of the footnotes in the consolidated financial statements of the Group have been evaluated.



Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

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

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2023, are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Damla Harman.

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

Damla Harman, SMMM
Partner

February 16, 2024
İstanbul, Türkiye

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

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

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

February 16, 2024

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 AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 2023

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders December 31, 2023			
Türkiye Wealth Fund (Group D)	7,415,921,523	7,415,922	74.79
The Ministry of Treasury and Finance (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
The Ministry of Treasury and Finance (Group B)	387,673,328	387,673	3.91
Other appendant foundations (Group B)	2,588,471	2,588	0.03
Other real persons and legal entities (Group C)	1,519,264	1,519	0.02
Publicly traded (Group D)	630,607,631	630,609	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 Wealth Fund (Group D)	4,611,364,117	4,611,364	64.85
The Ministry of Treasury and Finance (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
The Ministry of Treasury and Finance (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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 2023

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

In the material event disclosure published by the Parent 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 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 Parent Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the May 20, 2020, the shares were sold to Türkiye Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed.

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

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

Shares of the nominal value of TL 3,205,742 issued by the Parent Bank was sold to the 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.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 2023

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

GENERAL INFORMATION (Continued)

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 2023

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

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
Board of Directors				
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
Audit Committee				
Abdülkadir AKSU	Member	March 25,2022	Bachelor’s	4 years
Sadık YAKUT	Member	March 25,2022	Bachelor’s	4 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	39 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	4 years
Assistant General Managers				
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	27 years
Mikail HİDİR	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	30 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	27 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations, Treasury Middle Office	May 31, 2019	Bachelor’s	24 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Special Loans Management, Finacial Analysis and Rating Department	July 8, 2020	Bachelor’s	28 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master’s	27 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 Parent Bank’s shares.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 2023

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

GENERAL INFORMATION (Continued)

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

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

At the Parent Bank’s Board of Directors Meeting held on August 2, 2023, in accordance with the Related Articles of our Bank’s Articles of Association:

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

by unanimous vote.

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Current Period - December 31, 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 (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 (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 (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 (Group B)	387,673	5.45	387,673	-

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 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 PARENT BANK

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

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

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

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

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

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

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

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

As at December 31, 2023, The Parent Bank has 940 domestic, 4 foreign, in total 944 branches (December 31, 2022: 945 domestic, 4 foreign, in total 949 branches). As of December 31, 2023, The Parent Bank has 17,263 employees (December 31, 2022: 16,961 employees).

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS REPORT AS AT DECEMBER 31, 2023

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

GENERAL INFORMATION (Continued)

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

As at and for the year ended December 31, 2023, the financial statements of T. Vakıflar Bankası T.A.O., VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ and Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ have been included in the full consolidated financial statements of the Group.

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

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

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

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT DECEMBER 31, 2023

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

		Current Period			Prior Period		
		December 31, 2023			December 31, 2022		
ASSETS	Notes	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		379,570,024	497,592,316	877,162,340	159,588,166	388,649,309	548,237,475
1.1 Cash and cash equivalents	V-I-1	238,275,236	281,731,970	520,007,206	60,622,683	249,196,605	309,819,288
1.1.1 Cash and balances at Central Bank	V-I-1	156,310,313	229,425,451	385,735,764	48,395,442	220,579,872	268,975,314
1.1.2 Banks	V-I-3	566,548	52,585,045	53,151,593	143,920	28,616,758	28,760,678
1.1.3 Receivables from Money Markets		81,420,621	-	81,420,621	12,096,010	-	12,096,010
1.1.4 Allowance for expected credit losses (-)	V-I-18	22,246	278,526	300,772	12,689	25	12,714
1.2 Financial assets at fair value through profit or loss	V-I-2	3,128,128	31,899,099	35,027,227	504,753	16,862,130	17,366,883
1.2.1 Public debt securities		7,126	31,141,330	31,148,456	115,680	16,478,799	16,594,479
1.2.2 Equity instruments		204,322	757,769	962,091	190,053	383,331	573,384
1.2.3 Other financial assets		2,916,680	-	2,916,680	199,020	-	199,020
1.3 Financial assets at fair value through other comprehensive income	V-I-4	114,440,625	178,428,660	292,869,285	84,231,073	119,452,406	203,683,479
1.3.1 Public debt securities		112,640,191	173,896,831	286,537,022	81,886,540	116,584,580	198,471,120
1.3.2 Equity instruments		168,362	17,818	186,180	124,461	10,128	134,589
1.3.3 Other financial assets		1,632,072	4,514,011	6,146,083	2,220,072	2,857,698	5,077,770
1.4 Derivative financial assets	V-I-2	23,726,035	5,532,587	29,258,622	14,229,657	3,138,168	17,367,825
1.4.1 Derivative financial assets at fair value through profit or loss		23,726,035	5,532,587	29,258,622	14,229,657	3,138,168	17,367,825
1.4.2 Derivative financial assets at fair value through other comprehensive income	V-I-11	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,317,406,419	525,981,240	1,843,387,659	755,139,843	334,290,143	1,089,429,986
2.1 Loans	V-I-5	1,025,330,731	479,141,155	1,504,471,886	646,001,138	296,228,477	942,229,615
2.2 Receivables from leasing transactions	V-I-10	13,489,614	6,264,053	19,753,667	4,317,489	4,106,488	8,423,977
2.3 Factoring receivables	V-I-5	34,876,011	2,678,189	37,554,200	22,125,575	538,086	22,663,661
2.4 Financial assets measured at amortised cost	V-I-6	289,285,980	55,087,022	344,373,002	124,556,209	34,036,643	158,592,852
2.4.1 Public debt securities		289,285,980	54,698,887	343,984,867	124,497,259	33,829,671	158,326,930
2.4.2 Other financial assets		-	388,135	388,135	58,950	206,972	265,922
2.5 Allowance for expected credit losses (-)		45,575,917	17,189,179	62,765,096	41,860,568	619,551	42,480,119
III. NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)	V-I-16	262,727	-	262,727	410,978	-	410,978
3.1 Held for sale purpose		262,727	-	262,727	410,978	-	410,978
3.2 Related to discontinued operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		8,027,095	3	8,027,098	5,028,623	3	5,028,626
4.1 Investments in associates (Net)	V-I-7	6,089,057	3	6,089,060	4,139,585	3	4,139,588
4.1.1 Associates accounted by using equity method		1,992,061	-	1,992,061	1,116,825	-	1,116,825
4.1.2 Unconsolidated associates		4,096,996	3	4,096,999	3,022,760	3	3,022,763
4.2 Investments in subsidiaries (Net)	V-I-8	1,938,038	-	1,938,038	889,038	-	889,038
4.2.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated non-financial subsidiaries		1,938,038	-	1,938,038	889,038	-	889,038
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
4.3.1 Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2 Unconsolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	V-I-12	26,443,986	130,818	26,574,804	11,632,986	50,261	11,683,247
VI. INTANGIBLE ASSETS AND GOODWILL (Net)	V-I-13	905,389	15,280	920,669	459,233	10,643	469,876
6.1 Goodwill		9,739	-	9,739	14,631	-	14,631
6.2 Other		895,650	15,280	910,930	444,602	10,643	455,245
VII. INVESTMENT PROPERTIES (Net)	V-I-14	8,871,051	-	8,871,051	3,444,057	-	3,444,057
VIII. CURRENT TAX ASSETS	V-I-15	6,141	-	6,141	-	-	-
IX. DEFERRED TAX ASSETS	V-I-15	10,907,444	217,282	11,124,726	2,840,206	221,208	3,061,414
X. OTHER ASSETS (Net)	V-I-17	66,611,632	16,297,386	82,909,018	39,254,646	8,148,415	47,403,061
TOTAL ASSETS		1,819,011,908	1,040,234,325	2,859,246,233	977,798,738	731,369,982	1,709,168,720

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

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS AT DECEMBER 31, 2023

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

		Current Period			Prior Period		
		December 31, 2023			December 31, 2022		
LIABILITIES AND EQUITY	Notes	TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	1,251,483,436	727,982,218	1,979,465,654	678,221,429	453,876,314	1,132,097,743
II. BORROWINGS	V-II-3	45,244,603	194,896,818	240,141,421	14,481,137	124,887,682	139,368,819
III. MONEY MARKET FUNDS		59,566,183	77,795,929	137,362,112	56,775,981	82,298,008	139,073,989
IV. MARKETABLE SECURITIES ISSUED (Net)	V-II-3	4,122,574	117,165,636	121,288,210	7,537,971	63,540,148	71,078,119
4.1 Bills		4,122,574	-	4,122,574	5,977,873	1,411,042	7,388,915
4.2 Asset backed securities		-	-	-	-	-	-
4.3. Bonds		-	117,165,636	117,165,636	1,560,098	62,129,106	63,689,204
V. FUNDS		3,005	-	3,005	3,005	-	3,005
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,005	-	3,005
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	81,679	5,684,718	5,766,397	207,781	4,511,816	4,719,597
7.1 Derivative financial liabilities at fair value through profit or loss		81,679	5,684,718	5,766,397	207,781	4,511,816	4,719,597
7.2 Derivative financial liabilities at fair value through other comprehensive income	V-II-6	-	-	-	-	-	-
VIII. FACTORING PAYABLES		90	-	90	5,468	-	5,468
IX. LEASE PAYABLES (Net)	V-II-5	2,868,611	3,947	2,872,558	1,020,639	4,080	1,024,719
X. PROVISIONS	V-II-7	20,724,690	1,740,669	22,465,359	23,225,345	150,999	23,376,344
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		7,204,372	18,899	7,223,271	3,754,831	12,879	3,767,710
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		13,520,318	1,721,770	15,242,088	19,470,514	138,120	19,608,634
XI. CURRENT TAX LIABILITIES	V-II-8	12,068,704	27,923	12,096,627	5,390,526	19,871	5,410,397
XII. DEFERRED TAX LIABILITIES	V-II-8	118,171	-	118,171	56,404	-	56,404
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	10,730,094	23,707,184	34,437,278	9,567,360	14,475,926	24,043,286
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		10,730,094	23,707,184	34,437,278	9,567,360	14,475,926	24,043,286
XV. OTHER LIABILITIES	V-II-4	90,653,894	31,699,759	122,353,653	45,171,865	15,076,574	60,248,439
XVI. SHAREHOLDERS' EQUITY	V-II-11	173,154,668	7,721,030	180,875,698	107,291,343	1,371,048	108,662,391
16.1 Paid-in capital		9,915,922	-	9,915,922	7,111,364	-	7,111,364
16.2 Capital reserves		45,162,980	-	45,162,980	16,277,467	128,856	16,406,323
16.2.1 Equity share premiums		45,589,989	-	45,589,989	16,469,500	-	16,469,500
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		(427,009)	-	(427,009)	(192,033)	128,856	(63,177)
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		15,231,608	-	15,231,608	5,504,921	-	5,504,921
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		1,764,237	5,876,465	7,640,702	11,670,632	294,149	11,964,781
16.5 Profit reserves		61,639,907	447,897	62,087,804	37,034,559	446,150	37,480,709
16.5.1 Legal reserves		6,893,519	28,297	6,921,816	3,973,387	26,550	3,999,937
16.5.2 Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3 Extraordinary reserves		53,024,454	415,985	53,440,439	31,488,616	415,985	31,904,601
16.5.4 Other profit reserves		1,715,597	3,615	1,719,212	1,566,219	3,615	1,569,834
16.6 Profit or loss		33,837,087	1,391,998	35,229,085	26,814,416	497,223	27,311,639
16.6.1 Prior years' profits or losses		3,596,715	(23,561)	3,573,154	654,527	93,771	748,298
16.6.2 Current period net profit or loss		30,240,372	1,415,559	31,655,931	26,159,889	403,452	26,563,341
16.7 Minority interests		5,602,927	4,670	5,607,597	2,877,984	4,670	2,882,654
TOTAL LIABILITIES AND EQUITY		1,670,820,402	1,188,425,831	2,859,246,233	948,956,254	760,212,466	1,709,168,720

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

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT DECEMBER 31, 2023

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

		Current Period			Prior Period		
		December 31, 2023			December 31, 2022		
	Notes	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III)	875,990,279	1,340,534,602	2,216,524,881	362,476,271	666,875,897	1,029,352,168
I.	GUARANTEES AND SURETIES	247,348,813	250,160,120	497,508,933	127,324,685	152,031,546	279,356,231
1.1.	Letters of guarantee	241,501,004	157,394,223	398,895,227	123,541,954	97,329,707	220,871,661
1.1.1.	Guarantees subject to state tender law	-	-	-	-	-	-
1.1.2.	Guarantees given for foreign trade operations	12,911,007	85,112,714	98,023,721	5,938,641	-	5,938,641
1.1.3.	Other letters of guarantee	221,758,558	72,281,509	294,040,067	112,699,385	62,238,976	174,938,361
1.2.	Bank acceptances	4,258	4,398,076	4,402,334	49,258	3,630,388	3,679,646
1.2.1.	Import letter of acceptance	-	1,091,455	1,091,455	-	873,407	873,407
1.2.2.	Other bank acceptances	4,258	3,306,621	3,310,879	49,258	2,756,981	2,806,239
1.3.	Letters of credit	2,121,916	82,572,374	84,694,290	1,714,806	47,594,116	49,308,922
1.3.1.	Documentary letters of credit	2,121,916	82,572,374	84,694,290	1,714,806	47,594,116	49,308,922
1.3.2.	Other letters of credit	-	-	-	-	-	-
1.4.	Pre-financings given as guarantee	-	23,515	23,515	-	14,896	14,896
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Türkiye	-	-	-	-	-	-
1.5.2.	Other endorsements	-	-	-	-	-	-
1.6.	Purchase guarantees for securities issued	-	-	-	-	-	-
1.7.	Factoring guarantees	1,689,731	2,662,052	4,351,783	1,127,137	1,707,246	2,834,383
1.8.	Other guarantees	353,904	526,329	883,233	161,529	316,843	478,372
1.9.	Other warranties	1,675,000	2,583,551	4,258,551	730,001	1,438,350	2,168,351
II.	COMMITMENTS	459,239,924	289,433,226	748,673,150	196,350,432	149,570,373	345,920,825
2.1.	Irrevocable commitments	423,985,790	108,832,675	532,818,465	167,179,222	52,771,984	219,951,206
2.1.1.	Asset purchase and sales commitments	35,193,004	106,591,474	141,784,478	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	-	-	-	-	-	-
2.1.4.	Loan granting commitments	119,165,714	4,256	119,169,970	60,802,246	2,754	60,805,000
2.1.5.	Securities issuance brokerage commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Commitments for cheque payments	10,121,928	-	10,121,928	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	239,679,180	-	239,679,180	81,979,697	-	81,979,697
2.1.10.	Commitments for credit cards and banking services promotions	2,274,392	-	2,274,392	5,676,476	-	5,676,476
2.1.11.	Receivables from short sale commitments on marketable securities	-	-	-	-	-	-
2.1.12.	Payables for short sale commitments on marketable securities	-	-	-	-	-	-
2.1.13.	Other irrevocable commitments	17,551,572	2,236,945	19,788,517	6,704,078	1,676,968	8,381,046
2.2.	Reveceable commitments	180,600,551	180,600,551	215,854,685	29,171,230	96,798,389	125,969,619
2.2.1.	Reveceable loan granting commitments	35,254,134	180,600,551	215,854,685	29,171,230	96,798,389	125,969,619
2.2.2.	Other reveceable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	169,401,542	800,941,256	970,342,798	38,801,134	365,273,978	404,075,112
3.1.	Derivative financial instruments held for hedging	-	-	-	-	-	-
3.1.1.	Fair value hedges	-	-	-	-	-	-
3.1.2.	Cash flow hedges	-	-	-	-	-	-
3.1.3.	Hedging for investments made in foreign countries	-	-	-	-	-	-
3.2.	Trading transactions	169,401,542	800,941,256	970,342,798	38,801,134	365,273,978	404,075,112
3.2.1.	Forward foreign currency purchase and sale transactions	13,437,023	18,270,450	31,707,473	1,031,528	1,153,908	2,185,436
3.2.1.1.	Forward foreign currency purchase transactions	6,731,972	9,136,245	15,868,217	933,919	249,366	1,183,285
3.2.1.2.	Forward foreign currency sales	6,705,051	9,134,205	15,839,256	97,609	904,542	1,002,151
3.2.2.	Currency and interest rate swaps	146,286,235	587,973,637	734,259,872	25,130,648	280,115,374	305,246,022
3.2.2.1.	Currency swap purchase transactions	3,312,843	231,294,703	234,607,546	1,203,410	80,360,744	81,564,154
3.2.2.2.	Currency swap sale transactions	141,123,392	122,833,151	263,956,543	22,417,238	55,865,357	78,282,595
3.2.2.3.	Interest rate swap purchase transactions	925,000	116,922,891	117,847,891	755,000	71,944,637	72,699,637
3.2.2.4.	Interest rate swap sale transactions	925,000	116,922,892	117,847,892	755,000	71,944,636	72,699,636
3.2.3.	Currency, interest rate and security options	8,508,530	8,647,024	17,155,554	10,648,322	11,846,306	22,494,628
3.2.3.1.	Currency purchase options	8,508,530	304,758	8,813,288	10,648,322	716,531	11,364,853
3.2.3.2.	Currency sale options	-	8,342,266	8,342,266	-	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 purchase 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	186,050,145	187,219,899	1,169,754	71,502,840	72,672,594
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	26,581,415,298	21,432,985,703	48,014,401,001	14,030,466,860	12,053,825,441	26,084,292,301
IV.	ITEMS HELD IN CUSTODY	297,240,399	169,766,420	467,006,819	162,969,413	72,430,393	235,399,806
4.1.	Customer fund and portfolio balances	13,774,891	-	13,774,891	8,967,602	-	8,967,602
4.2.	Securities held in custody	63,813,139	79,267,030	143,083,169	60,034,179	23,547,755	83,581,934
4.3.	Checks received for collection	86,170,197	3,367,156	89,537,353	44,976,704	2,032,540	47,009,244
4.4.	Commercial notes received for collection	47,371,511	7,928,256	55,299,767	21,891,692	4,640,850	26,532,542
4.5.	Other assets received for collection	2,152	1,183	3,335	2,152	749	2,901
4.6.	Securities received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	953,336	69,753,186	70,706,522	1,006,161	36,811,019	37,817,180
4.8.	Custodians	85,152,173	9,449,609	94,601,782	26,090,923	5,397,480	31,488,403
V.	PLEDGED ITEMS	4,329,713,990	1,033,151,407	5,362,865,397	2,228,692,422	619,386,476	2,848,078,898
5.1.	Marketable securities	398,290	4,906,082	5,304,372	1,137,763	1,876,845	3,014,608
5.2.	Guarantee notes	19,610,795	10,297,268	29,908,063	5,376,514	6,818,656	12,195,170
5.3.	Commodity	320,451,642	12,699,256	333,150,898	168,878,389	8,073,124	176,951,513
5.4.	Warrant	-	-	-	-	-	-
5.5.	Immovables	3,497,221,552	841,937,410	4,339,158,962	1,783,113,213	504,987,569	2,288,100,782
5.6.	Other pledged items	491,647,668	163,143,400	654,791,068	269,844,038	97,432,224	367,276,262
5.7.	Depositories receiving pledged items	384,043	167,991	552,034	342,505	198,058	540,563
VI.	ACCEPTED GUARANTEES AND WARRANTIES	21,954,460,909	20,230,067,876	42,184,528,785	11,638,805,025	11,362,008,572	23,000,813,597
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	27,457,405,577	22,773,520,305	50,230,925,882	14,392,943,131	12,720,701,338	27,113,644,469

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

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

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

			Current Period January 1, 2023- December 31, 2023	Prior Period January 1, 2022- December 31, 2022
		Notes		
I.	INTEREST INCOME	V-IV-1	321,154,393	161,386,163
1.1	Interest on loans	V-IV-1	202,589,341	86,782,377
1.2	Interest received from reserve deposits		1,151,837	273,019
1.3	Interest received from banks	V-IV-1	1,366,123	662,170
1.4	Interest received from money market transactions		1,292,458	94,928
1.5	Interest received from marketable securities portfolio	V-IV-1	109,458,412	72,142,088
1.5.1	Financial assets at fair value through profit or loss		619,658	411,122
1.5.2	Financial assets at fair value through other comprehensive income		35,301,824	26,452,946
1.5.3	Financial assets measured at amortised cost		73,536,930	45,278,020
1.6	Finance lease interest income		3,809,538	1,082,376
1.7	Other interest income		1,486,684	349,205
II.	INTEREST EXPENSES (-)	V-IV-2	263,683,851	85,637,033
2.1	Interest on deposits	V-IV-2	224,311,077	60,707,754
2.2	Interest on funds borrowed	V-IV-2	16,376,028	4,762,281
2.3	Interest on money market transactions		10,866,932	10,430,581
2.4	Interest on securities issued	V-IV-2	10,226,368	7,889,345
2.5	Leasing interest income		626,595	239,594
2.6	Other interest expenses		1,276,851	1,607,478
III.	NET INTEREST INCOME/EXPENSE (I - II)		57,470,542	75,749,130
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		24,905,624	10,189,800
4.1	Fees and commissions received		32,018,051	13,045,876
4.1.1	Non-cash loans		3,409,979	1,842,048
4.1.2	Other		28,608,072	11,203,828
4.2	Fees and commissions paid (-)		7,112,427	2,856,076
4.2.1	Non-cash loans		102,944	46,158
4.2.2	Other		7,009,483	2,809,918
V.	DIVIDEND INCOME	V-IV-3	56,384	57,391
VI.	TRADING PROFIT/LOSS (Net)	V-IV-4	15,418,574	5,762,820
6.1	Profit/losses from capital market transactions	V-IV-4	4,837,357	1,855,622
6.2	Profit/losses from derivative financial transactions	V-IV-4	(3,970,742)	(563,852)
6.3	Foreign exchange profit/losses	V-IV-4	14,551,959	4,471,050
VII.	OTHER OPERATING INCOME	V-IV-5	45,918,359	12,399,727
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		143,769,483	104,158,868
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-6	50,288,105	27,203,605
X.	OTHER PROVISION EXPENSES (-)	V-IV-6	4,354,274	17,301,139
XI.	PERSONNEL EXPENSES (-)		15,664,962	7,472,658
XII.	OTHER OPERATING EXPENSES (-)	V-IV-7	37,759,262	10,899,024
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		35,702,880	41,282,442
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		615,200	342,159
XVI.	NET MONETORY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	V-IV-8	36,318,080	41,624,601
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-9	(2,231,235)	(13,643,596)
18.1	Current tax provision	V-IV-11	(10,384,245)	(20,041,060)
18.2	Expense effect of deferred tax (+)	V-IV-11	(12,874,775)	(7,321,279)
18.3	Income effect of deferred tax (-)	V-IV-11	21,027,785	13,718,743
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-10	34,086,845	27,981,005
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	V-IV-12	34,086,845	27,981,005
25.1	Group's profit/(loss)		31,655,931	26,563,341
25.2	Profit /(Loss) from Minority shares (-)		2,430,914	1,417,664
	Profit/Loss per 100 shares (full TL)	III-XXXIV	3.5189	4.2211

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Current Period January 1, 2023- December 31, 2023	Prior Period January 1, 2022- December 31, 2022
I.	PROFIT (LOSS)	34,086,845	27,981,005
II.	OTHER COMPREHENSIVE INCOME	5,432,023	12,980,319
2.1.	Other comprehensive income that will not be reclassified to profit or loss	9,756,102	3,249,757
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	10,885,606	2,903,263
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(1,727,019)	(777,939)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	2,109,608	1,406,650
2.1.5.	Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(1,512,093)	(282,217)
2.2.	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(4,324,079)	9,730,562
2.2.1.	Exchange Differences on Translation	1,153,893	513,456
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	(6,245,278)	12,243,710
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	(636,271)	118,670
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	1,403,577	(3,145,274)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	39,518,868	40,961,324

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

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

STATEMENT OF CHANGES IN SHAREHOLDERS										Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Current Period Profit or (Loss)		Total SE Except minority share		Minority interest		Shareholders' Equity		
	Current Period	Notes	Paid in Capital	Share Premium	Share Cancellation	Share Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)										
I.	Prior Period End Balance		7,111,364	16,469,500	-	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	27,311,639	-	105,779,737	2,882,654								108,662,391
II.	Changes and Accounting Policy Changes Made		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		7,111,364	16,469,500	-	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	27,311,639	-	105,779,737	2,882,654								108,662,391
IV.	Total Comprehensive Income		-	-	-	-	-	8,585,662	(1,154,884)	2,295,909	1,153,893	(5,131,009)	(346,963)	-	-	31,655,931	37,058,539	2,460,329								39,518,868
V.	Capital Increase by Cash		2,804,558	29,120,489	-	-	-	-	-	-	-	-	-	-	-	-	31,925,047	-								31,925,047
VI.	Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-								-
X.	Increase/Decrease by Other Changes		-	-	-	-	(365,029)	-	-	-	-	-	-	-	-	-	-	-								-
XI.	Profit Distribution		-	-	-	-	1,197	-	-	-	-	-	-	-	-	-	-	-								772,114
11.1.	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	(908)	-	-	505,686	266,428							(1,814)
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	(908)	-	-	(908)	(1,814)							(2,722)
11.3.	Other		-	-	-	-	1,197	-	-	-	-	-	-	-	(24,462,338)	-	-	-	-							-
			-	-	-	-	-	-	-	-	-	-	-	-	12,171	-	-	-	-							-
			-	-	-	-	-	-	-	-	-	-	-	-	(13,368)	-	-	-	-							-
Ending Balance			9,915,922	45,589,989	-	-	(427,009)	11,966,716	(1,955,463)	5,320,355	2,644,546	5,671,208	(675,052)	62,087,804	3,573,154	31,655,931	175,268,101	5,607,597								180,875,698

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS																		
	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss												
	Notes	Paid in Capital	Share Premium	Share Cancellation	Share Profits	Other Capital Reserves	6			Total SE								
							Profit or Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)									
Prior Period																		
December 31, 2022																		
I.	Prior Period End Balance	3,905,622	6,303,367	-	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	5,197,169	-	52,984,960	1,215,068	54,200,028
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	304,721	-	304,721	317,752	622,473
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	304,721	-	304,721	317,752	622,473
III.	Adjusted Beginning Balance (I+II)	3,905,622	6,303,367	-	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	5,501,890	-	53,289,681	1,532,820	54,822,501
IV.	Total Comprehensive Income	-	-	-	-	-	2,488,385	(567,429)	1,296,926	513,456	9,098,436	118,670	-	-	26,563,341	39,511,785	1,449,539	40,961,324
V.	Capital Increase by Cash	3,205,742	10,164,767	-	-	-	-	-	-	-	-	-	-	-	-	13,370,509	-	13,370,509
VI.	Capital Increase by Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/Decrease by Other Changes	-	1,366	-	-	47,567	-	-	-	-	-	-	173,625	(614,830)	-	(392,272)	(98,742)	(491,014)
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	4,138,796	(4,138,762)	-	34	(963)	(929)
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	50	50	-	50	(963)	(913)
11.2.	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	4,135,183	(4,135,199)	-	(16)	-	(16)
11.3.	Other	-	-	-	-	-	-	-	-	-	-	-	3,613	(3,613)	-	-	-	-
	Ending Balance	7,111,364	16,469,500	-	-	(63,177)	3,381,054	(800,579)	2,924,446	1,490,653	10,802,217	(328,089)	37,480,709	748,298	26,563,341	105,797,737	2,882,654	108,662,391

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

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

Convenience Translation of Publicly Announced Consolidated Financial Originally Issued in Turkish
TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2023

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

		Notes	Current Period December 31, 2023	Prior Period December 31, 2022
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		83,451,393	46,367,497
1.1.1	Interest received		294,265,749	130,865,417
1.1.2	Interest paid		(260,015,871)	(83,691,607)
1.1.3	Dividends received		56,384	57,391
1.1.4	Fee and commissions received		23,965,739	9,031,763
1.1.5	Other income		11,762,999	1,332,942
1.1.6	Collections from previously written off loans and other receivables		5,816,557	4,418,735
1.1.7	Cash payments to personnel and service suppliers		(17,383,463)	(8,146,612)
1.1.8	Taxes paid		(2,304,297)	(16,631,501)
1.1.9	Other	V-VI-1	27,287,596	9,130,969
1.2	Changes in operating assets and liabilities subject to banking operations		283,208,493	28,726,472
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(17,235,798)	(746,505)
1.2.2	Net increase (decrease) in due from banks		(2,925,592)	(106,484,046)
1.2.3	Net increase (decrease) in loans		(439,805,423)	(296,901,994)
1.2.4	Net increase (decrease) in other assets		(23,341,070)	(30,997,596)
1.2.5	Net increase (decrease) in bank deposits		(18,040,526)	44,738,936
1.2.6	Net increase (decrease) in other deposits		710,578,109	388,248,109
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase (decrease) in funds borrowed		30,064,308	15,273,553
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	V-VI-1	43,914,485	15,596,015
I.	Net cash flow provided from banking operations		366,659,886	75,093,969
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(218,406,200)	(44,847,511)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		(351,608)	(188,213)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	V-VI-3	-	1,750
2.3	Cash paid for the purchase of tangible and intangible asset		(30,598,017)	(7,246,138)
2.4	Cash obtained from the sale of tangible and intangible asset		9,651,296	2,463,862
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(99,479,143)	(26,719,699)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		14,135,013	25,386,443
2.7	Cash paid for the purchase of financial assets at amortized cost	V-I-6	(126,283,530)	(41,636,940)
2.8	Cash obtained from sale of financial assets at amortized cost	V-I-6	15,067,844	3,320,778
2.9	Other	V-VI-1	(548,055)	(229,354)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flows from financing activities		57,781,778	79,219
3.1	Cash obtained from funds borrowed and securities issued		66,532,156	20,653,431
3.2	Cash outflow from funds borrowed and securities issued		(10,927,591)	(20,048,449)
3.3	Equity instruments issued		3,010,866	-
3.4	Dividends paid		-	-
3.5	Payments for finance lease liabilities		(833,653)	(525,763)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	V-VI-1	968,372	366,155
V.	Net increase/decrease in cash and cash equivalents		207,003,836	30,691,832
VI.	Cash and cash equivalents at beginning of the period	V-VI-4	129,679,153	98,987,321
VII.	Cash and cash equivalents at end of the period	V-VI-4	336,682,989	129,679,153

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

Convenience Translation of Publicly Announced Consolidated Financial Statements Originally Issued in Turkish

Convenience Translation of Publicly Announced Consolidated Financial Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2023

CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

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

	Notes	Current Period December 31, 2023	Prior Period December 31, 2022
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1 CURRENT YEAR'S PROFIT		25,411,678	37,243,595
1.2 TAXES AND LEGAL DUTIES PAYABLE		(365,768)	(13,226,363)
1.2.1 Corporate tax (income tax)	V-IV-11	(8,781,428)	(19,688,536)
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties (*)	V-IV-11	8,415,660	6,462,173
A. NET PROFIT FOR THE YEAR		25,045,910	24,017,232
1.3 DEFERED TAX INCOME TRANSFERRED TO OTHER RESERVES	V-IV-11	-	-
B. NET PROFIT FOR THE YEAR AFTER DEFERRED TAX INCOME		-	-
1.4 ACCUMULATED LOSSES		-	-
1.5 FIRST LEGAL RESERVES	V-V-5	-	1,200,862
1.6 OTHER STATUTORY RESERVES	V-V-5	-	1,200,861
C. NET PROFIT AVAILABLE FOR DISTRIBUTION (**)		-	21,615,509
1.7 FIRST DIVIDEND TO SHAREHOLDERS		-	-
1.7.1 To owners of ordinary shares		-	-
1.7.2 To owners of privileged shares		-	-
1.7.3 To owners of redeemed shares		-	-
1.7.4 To profit sharing bonds		-	-
1.7.5 To holders of profit and loss sharing certificates		-	-
1.8 DIVIDENDS TO PERSONNEL		-	-
1.9 DIVIDENDS TO BOARD OF DIRECTORS		-	-
1.10 SECOND DIVIDEND TO SHAREHOLDERS		-	-
1.10.1 To owners of ordinary shares		-	-
1.10.2 To owners of privileged shares		-	-
1.10.3 To owners of redeemed shares		-	-
1.10.4 To profit sharing bonds		-	-
1.10.5 To holders of profit and loss sharing certificates		-	-
1.11 SECOND LEGAL RESERVES		-	-
1.12 STATUS RESERVES		-	-
1.13 EXTRAORDINARY RESERVES	V-V-5	-	21,473,562
1.14 OTHER RESERVES		-	141,947
1.15 SPECIAL FUNDS	V-V-5	-	-
II. DISTRIBUTION FROM RESERVES			
2.1 DISTRIBUTION OF RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENTS TO SHAREHOLDERS		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of privileged shares		-	-
2.3.3 To owners of redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF ORDINARY SHARES (Earning per 100 shares)		2.5839	3.6377
3.2 TO OWNERS OF ORDINARY SHARES (%)		258.39	363.77
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.
(**) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2023 profit distribution is not taken.

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

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 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 have the authorization to change the legal financial statements after they are published. The Parent Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

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

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from January 1, 2021. Loans given from items indexed to benchmark interest rates in the Parent Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Parent Bank's financial position or performance As of December 31, 2023, the Parent 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 Parent Bank's financial statements as of December 31, 2023.

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to “TAS 29 Financial Reporting in Hyperinflation Economies”. Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after December 31, 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of December 31, 2023 would not be subject to the inflation adjustment in accordance with BRSA Board decision on December 12, 2023. Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" is not applied in the financial statements of the Group as of December 31, 2023.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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

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

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

Strategy for the use of financial instruments

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

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

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

ACCOUNTING POLICIES (Continued)

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

Information on foreign currency transactions

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

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

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

On March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of VakıfBank International AG, are purchased by the Parent 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, net investment hedging strategy has been applied. In this context, 76 million EUR portion of the securities issued by the Parent Bank on April 24, 2019 with a nominal amount of 700 million EUR and the redemption date of April 24, 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the profit or loss statement as long as the hedging transaction is effective. In this context, as of December 31, 2023, the foreign exchange income presented in the profit or loss statement is TL 964,359. The effectiveness of the transaction is the degree to balance the changes in the fair value of the hedged item that can be associated with the hedged currency risk by the hedging instrument.

As of December 31, 2023, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

ACCOUNTING POLICIES (Continued)

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

Consolidated subsidiaries

As at and for the year ended December 31, 2023, the financial statements of T. Vakıflar Bankası T.A.O, VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ and Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ have been included in the consolidated financial statements of the Group.

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

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

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

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

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

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

Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ was established in 2021 to operate in the field of electronic money and payment services, and received an operating permit from the Central Bank of the Republic of Türkiye (CBRT) in November 2023. The company head office is in Istanbul.

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

ACCOUNTING POLICIES (Continued)

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

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

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

Investments in associates consolidated per equity method

As at and for the year ended December 31, 2023, the financial statements of Kıbrıs Vakıflar Bankası Ltd, Türkiye Sinai Kalkınma Bankası AŞ and Birleşim Varlık Yönetim AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

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

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

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

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

Finance leasing activities

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

Factoring operations

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

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

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

Classification and Measurement of Financial Instruments

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

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

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

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

Derivative Financial Assets

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Loans

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

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS

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

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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

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

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

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

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

Separate macroeconomic models have been created for the retail portfolio and the commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations under two different scenarios, base and adverse. Currently, base and adverse scenario weights are taken into consideration as 50% - 50%. The future macroeconomic forecasts considered within the scope of TFRS 9 are in line with the economic forecasts subject to the Parent Bank's current Budget and ICAAP processes.

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Staging

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

Stage 1:

Financial assets that are included in the portfolio with no significant increase in credit risk at or after initial recognition or with a low default rate at the reporting date provision is accounted for 12 months expected credit losses. The Parent Bank applies the expected 12-month default probabilities to the estimated default amount and multiplies with the loss given default and downgrades to the present day with the original effective interest rate of the loan. For these assets, credit risk impairment provision is accounted for 12 months expected credit losses. The Parent Bank applies the expected 12-month default probabilities to the estimated default amount and multiplies with the loss given default and downgrades to the present day with the original effective interest rate of the loan. For these assets, an expected 12-month credit loss is recognized, and interest income is calculated over the gross carrying amount. 12-month expected credit loss is the loss arising from possible risks in the first 12 months following the reporting date.

Stage 2:

A financial asset is transferred to stage 2 if there is a significant increase in credit risk since initial recognition, but the financial asset is not yet considered to be impaired. The Parent Bank determines the credit risk impairment provision of the financial asset according to lifetime expected credit loss. Lifetime expected credit losses are credit losses arising from all events that may occur during the expected life of the financial asset. The probability of default, and loss given default are estimated over the life of the loan including the use of multiple scenarios. Expected cash flows are discounted using the original effective interest rate.

Stage 3:

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

Significant Increase in Credit Risk

The 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 the stage 2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

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

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period, a write-off transaction has been made for non-performing loans in the amount of TL 1,599,845 for which 100% provision has been made (December 31, 2022: 3,186,885).

Asset Sales Policy

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

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are reported in the balance sheet as net amount in the cases of the Group’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 Group’s portfolio, and they are valued based on the revaluation principles of the related portfolios. Funds received through repurchase agreements are classified in balance sheet under “Money Market Funds” and the related interest expenses are accounted on an accrual basis of balance sheet date.

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

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ACCOUNTING POLICIES (Continued)

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Parent Bank. The difference between the values of net assets in the financial statements prepared as of the date of the change of shares in the real estate project in which Vakıfbank Gayrimenkul Yatırım Ortaklığı AŞ, which is a subsidiary of the Parent Bank, participates and fair value of the project partnership are classified under Intangible Assets - Goodwill Arising from Purchasing Accounting. As of December 31, 2023, the goodwill amount is TL 9,739 (December 31, 2022: TL 14,631).

The Parent 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 Group, 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 Group’s intangible assets are 3-15 years, and amortization rates are between 6.67% and 33.33%.

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

Tangible assets	Estimated useful life (years)	Depreciation rate (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-50	2-20
Assets obtained through finance leases	3-25	4-33.33

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

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

Investment Properties

Real estate held for the purpose of obtaining rental income or appreciation gain, or both, rather than for the purpose of producing and supplying goods and services, being used for administrative purposes or being sold within the framework of normal business course, is classified as investment properties. As of December 31, 2023, the Group has decided to monitor its investment properties with the fair value method within the scope of "TAS 40 Investment Properties" standard. Investment properties are valued by independent appraisal firms and arising changes in their fair value are recognised in the statement of profit or loss in the period.

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES (Continued)

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

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

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

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

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 Group 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 Group discloses the contingent asset.

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of December 31, 2023 is TL 23,490 (full TL) (December 31, 2022: TL 15,371 (full TL)).

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

As of December 31, 2023, and December 31, 2022, actuarial estimates used are:

	Current Period - 31 December 2023	Prior Period - 31 December 2022
Discount Rate	28.24%	18.45%
Estimated Inflation Rate	24.50%	15.00%
Net real Discount Rate	3.00%	3.00%

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ACCOUNTING POLICIES (Continued)

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

Other benefits to employees

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

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

Pension fund

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

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

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

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

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

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

Law requires the transfer to be completed in three years beginning from January 1, 2008. The three-year period has expired on May 8, 2011; however, it has been extended to May 8, 2013 with the decision of Council of Ministers published in Official Gazette dated April 9, 2011. Before the expiration date, with the decision of Council of Ministers published in Official Gazette dated May 3, 2013, the period for transferring banks, insurance and reassurance 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.

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ACCOUNTING POLICIES (Continued)

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

Pension fund (Continued)

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

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

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 October 1,2023 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% has been 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 non-resident 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 profits arising from the sale of subsidiary shares held for at least 2 years are exempt from corporate tax, provided that they are added to the capital as stipulated by the Corporate Tax Law or kept in a special fund account as a liability for 5 years. The bank monitors these profits in the "Other Profit Reserves" item under equity in its balance sheet.

The Parent 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.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporate tax (Continued)

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

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

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the Law No. 7352 dated January 29, 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this; Tax Procedure Law financial statements for the 2021 and 2022 accounting periods have not been subjected to inflation adjustment, and the Tax Procedure Law financial statements dated December 31, 2023, have been subjected to inflation adjustment in a way that will not affect corporate tax base. Additionally, with the law number 7491 published in the Official Gazette numbered 32413 dated December 28, 2023, banks, payment and electronic money institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be subject to inflation adjustments in the 2024 and 2025 accounting periods. It is regulated that the resulting profits or losses will not be taken into account in determining the corporate tax base.

According to Article 17 of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated December 28, 2023, it has become law that profit/loss differences arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including the provisional tax periods, do not be taken into account in determining the income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated November 21, 2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The President of the Republic is authorised to extend the periods determined within the scope of this paragraph by one accounting period, including the temporary tax periods.

Since the financial statements are subject to inflation adjustment as of December 31, 2023, real estates and depreciation units are not subject to revaluation as of December 31, 2023. Corporate tax is calculated by taking into account of real estates and depreciation units’ amortized values until September 30, 2023.

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%.

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporate tax (Continued)

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

Corporation tax legislation for the foreign branches

Bahrain

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

Erbil

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

New York

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

Qatar

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

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, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from January 1, 2018. Deferred rate calculation for free provisions is not calculated.

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	ACCOUNTING POLICIES (Continued)
XVII.	INFORMATION ON TAXATION (Continued)
	Deferred taxes (Continued)
	Deferred taxes’ book value is revised in every balance sheet date. If there is a condition met, where no possible taxable profit could be generated in case of a full or partial deferred tax asset benefit could be enabled by the Parent Bank, the book value of the deferred tax asset will be decreased.
	Calculated deferred tax assets and deferred tax liabilities are shown net in the financial statements only if the Parent 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 profit or loss, then the related current and or deferred tax effects are also recognized in the statement of profit or loss. 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.
	According to the Provisional Article 33 of the Tax Procedure Law, in the financial statements dated 31 December 2023, the tax effects arising from the subject of inflation correction of the corporate tax are included in the deferred tax calculation as of 31 December 2023.
	Transfer Pricing
	In Türkiye, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 2007 sets details about implementation.
	Pursuant to the relevant Communiqué, if a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.
XVIII.	INFORMATION ON CASH AND CASH 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 the Republic of Türkiye (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.
XIX.	ADDITIONAL INFORMATION ON BORROWINGS
	The Parent Bank provides funding resources such as syndication and securitization transactions in case of need. In the current period, the 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 Parent Bank is not hedging about debt instruments.
XX.	INFORMATION ON ISSUANCE OF EQUITY SECURITIES
	The shares of the Parent Bank having nominal value of TL 322,000, representing the 25.18% of the Parent Bank’s outstanding shares, was publicly offered at a price between TL 5.13-5.40 for each share having a nominal value of TL 1 on November 2005, and TL 1,172,347 was recorded as “Share Premiums” in shareholders’ equity. TL 448,429 of this amount has been utilized in capital increase on December 19, 2006.

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	ACCOUNTING POLICIES (Continued)
XX.	INFORMATION ON ISSUANCE OF EQUITY SECURITIES (Continued)
	With the decision of the Parent Bank's Board of Directors dated May 11, 2020, it has been decided to increase the paid in capital of TL 2,500,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board, the Banking Regulation and Supervision Agency and the Procedure for Borsa İstanbul's Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Türkiye Wealth Fund, without public offering and by private placement.
	In the special circumstances disclosure published by the Parent Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as 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 Parent Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the 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 Parent Bank's Board of Directors dated February 9, 2022, provided that the Parent Bank's registered capital ceiling is limited, the Parent Bank's paid-in capital of TL 3,905,622 will be increased by way of cash capital increase, which will result in a total sales revenue of 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 Türkiye Wealth Fund by private sale method without public offering. It has been decided to sell to Türkiye Wealth Fund.
	In the material event statement published by the Parent Bank on February 25, 2022, it was announced that the selling price of the shares to be issued was determined as TL 4.18 for the share with a nominal value of TL 1, and the paid-in capital would be increased from TL 3,905,622 to TL 7,111,364 as a result of the capital increase.
	The shares with a nominal value of TL 3,205,742 issued by the Parent Bank were sold to the Türkiye 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 Parent Bank's Board of Directors decided to increase the Parent Bank's paid-in capital of TL 7,111,364 by allotted and cash capital increase with a total sales proceeds of TL 32,000,000 by fully restricting the pre-emptive rights of the existing shareholders, provided that it remains within the Parent Bank's registered capital ceiling, and all of the shares to be issued due to this capital increase, within the framework of the relevant legislation of the Capital Markets Board ("CMB"), the Banking Regulation and Supervision Agency ("BRSA"), and the Procedure for Wholesale Transactions of Borsa İstanbul, it has been decided to sell the shares to the Türkiye Wealth Fund through private placement without a public offering.
	On March 28, 2023, the Parent Bank announced that the sale price of the shares to be issued was determined as TL 11.41 per share with a nominal value of TL 1 and that the paid-in capital would be increased from TL 7,111,364 to TL 9,915,922 as a result of the capital increase.
	The shares with a nominal value of TL 2,804,557 issued by the Parent Bank were sold to the Türkiye Wealth Fund through a wholesale transaction in the equity market on March 28, 2023, through the allocated sales method with a total sales revenue of TL 32,000,000 at a price of TL 11.41 per share with a nominal value of TL 1 and the capital increase transactions were completed.

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	ACCOUNTING POLICIES (Continued)
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 December 31, 2023 and December 31, 2022, the Group 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 Group’s risk and return structure and key sources which is disclosed in Section 4 Note X.
XXIV.	OTHER MATTERS Earnings per shares Earnings per share has been calculated by dividing the net profit for the period to weighted average of outstanding shares. In 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 year ended December 31, 2023, earnings per 100 shares are full TL 3.5189 (December 31, 2022: full TL 4.2212). Related parties Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 - Related Party Disclosures Standard. Transactions made with related parties are disclosed in Section 5 Note VII. Classifications Adjustments were made in the previous period of the cash flow statement to be compatible with the current period.

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Implementation and Implications of TAS 40 Investment Property Standard

As of December 31, 2023, the Group has decided to monitor its investment properties with the fair value method within the scope of "TAS 40 Investment Properties" standard.

In previous periods, investment properties of the Parent Bank's subsidiary which is operating in the real estate investment sector, were presented with their cost value, but with the change in accounting policies, they were revalued with the fair value method and restated accordingly in the comparative financial statements.

The reconciliation of prior year balances to the statement of financial position and statement of profit or loss is given below.

December 31, 2022	Before the Adjustment	Adjustment Effect	Adjusted
Investment Properties	1,307,194	2,136,863	3,444,057
Total Assets	1,707,031,857	2,136,863	1,709,168,720
Shareholders' Equity	106,525,528	2,136,863	108,662,391
Profit or Loss	26,250,691	1,060,948	27,311,639
Prior Years' Profits or Losses	439,242	309,056	748,298
Current Period Net Profit or Loss	25,811,449	751,892	26,563,341
Minority Interests	1,806,739	1,075,915	2,882,654
Total Liabilities	1,707,031,857	2,136,863	1,709,168,720
Other Operating Income	10,885,337	1,514,390	12,399,727
Gross Profit from Operating Activities	102,644,478	1,514,390	104,158,868
Net Operating Profit/Loss	39,768,052	1,514,390	41,282,442
Profit/Loss Before Taxes from Continuing Operations	40,110,211	1,514,390	41,624,601
Net Profit/Loss from Continuing Operations	26,466,615	1,514,390	27,981,005
Net Profit/Loss	26,466,615	1,514,390	27,981,005
Group's Profit/(Loss) (-)	25,811,449	751,892	26,563,341
Profit /(Loss) from Minority Shares (-)	655,166	762,498	1,417,664

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ACCOUNTING POLICIES (Continued)

XXIV. OTHER MATTERS (Continued)

Implementation and Implications of TAS 40 Investment Property Standard (Continued)

December 31, 2021	Before the Adjustment	Adjustment Effect	Adjusted
Investment Properties	972,154	622,473	1,594,627
Total Assets	1,028,901,098	622,473	1,029,523,571
Shareholders’ Equity	54,200,028	622,473	54,822,501
Profit or Loss	5,197,169	304,721	5,501,890
Prior Years' Profits or Losses	31,313	178,992	210,305
Current Period Net Profit or Loss	5,165,856	125,729	5,291,585
Minority Interests	1,215,068	317,752	1,532,820
Total Liabilities	1,028,901,098	622,473	1,029,523,571
Other Operating Income	8,575,813	256,834	8,832,647
Gross Profit From Operating Activities	28,926,335	256,834	29,183,169
Net Operating Profit/Loss	6,529,169	256,834	6,786,003
Profit/Loss Before Taxes from Continuing Operations	6,622,846	256,834	6,879,680
Net Profit/Loss from Continuing Operations	5,335,696	256,834	5,592,530
Net Profit/Loss	5,335,696	256,834	5,592,530
Group’s Profit/(Loss) (-)	5,165,856	125,729	5,291,585
Profit /(Loss) from Minority Shares (-)	169,840	131,105	300,945

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SECTION FOUR

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

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

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

As of December 31, 2023 Group’s equity amount TL 230,812,197 (December 31, 2022: TL 144,419,428; December 31,2021: TL 82,580,613) and capital adequacy ratio is 15.07 % (December 31, 2022: 14.53 %; December 31, 2021: 14.81%).

Information about the consolidated shareholder equity items

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL:		
Paid-in capital to be entitled for compensation after all creditors	9,915,922	7,111,364
Share Premium	45,589,989	16,469,500
Reserves	62,087,804	37,480,709
Income recognized under equity in accordance with TAS	25,865,546	20,250,745
Profit	35,229,085	27,311,639
Current Period's Profit	31,655,931	26,563,341
Prior Period's Profit	3,573,154	748,298
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	106,749	(63,177)
Minority shares	5,601,565	2,879,414
Common Equity Tier 1 Capital Before Deductions	184,396,660	111,440,194
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (1) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	2,546,200	1,311,258
Leasehold Improvements on Operational Leases	334,734	207,555
Goodwill netted with deferred tax liability	9,739	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	462,301	449,004
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	149,762	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	3,502,736	1,982,448
Common Equity Tier 1 capital (CET1)	180,893,924	109,457,746
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	27,898,065	18,979,365
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier 1 capital	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	27,898,065	18,979,365
Deductions from Additional Tier 1 Capital		
Bank's a direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

	Current Period	Prior Period
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 capital	-	-
Total Additional Tier 1 capital	27,898,065	18,979,365
Total Tier 1 Capital (Tier 1 Capital+Common Equity+Additional Tier 1 Capital)	208,791,989	128,437,111
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)	-	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	6,032	3,240
Provisions (Article 8 of the Regulation on the Equity of Banks)	18,006,427	11,856,679
Tier 2 Capital Before Deductions	22,052,459	16,004,919
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	22,052,459	16,004,919
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	230,844,448	144,442,030
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)		
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other items to be defined by the BRSA (-)	32,251	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	230,812,197	144,419,428
Total Risk Weighted Amounts	1,531,387,570	994,132,125
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%) (**)	11.81	11.01
Consolidated Tier 1 Capital Adequacy Ratio (%) (***)	13.63	12.92
Consolidated Capital Adequacy Ratio (%) (**)	15.07	14.53
BUFFERS		
Total buffer requirement (a+b+c)	4.041	4.024
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.041	0.024
c) Systemically important banks buffer requirement (%) ^(*)	1.500	1.500
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.310	6.500
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)	48,636,671	25,944,071
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	18,006,427	11,856,679
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

^(**) As of December 31, 2021 Group's consolidated core capital adequacy ratio is 10.08 %, consolidated tier 1 capital adequacy ratio is 12.89 % and consolidated capital adequacy ratio is 14.81 %.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period – December 31, 2023									
Issuer	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.	T. Vakıflar Bankası T. A. O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719	TRSVKFB92719
Governing law(s) of the instrument	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communicated numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
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.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group&solo	Available	Available	Available	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)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	315	4,994	4,994	22,904	725	725	1,750	1,250	1,250
Par value of instrument (in million)	315	4,994	4,994	22,904	725	725	1,750	1,250	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	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	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	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 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.	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	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available	Only one call option is available	Only one call option is available

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period - December 31, 2023					
Fixed or floating dividend/coupon	Coupons / dividends				
	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	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 (60 basis points)
Evidence of a dividend support	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil
Evidence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil
	If convertible, fully or partially	Nil	Nil	Nil	Nil
	If convertible, conversion rate	Nil	Nil	Nil	Nil
	If convertible, mandatory or optional	Nil	Nil	Nil	Nil
	If convertible, specify instrument type or conditions	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument if converts into	Nil	Nil	Nil	Nil	Nil
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 initiated by the 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 initiated by the 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 initiated by the insurance Fund are the triggering events.
	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, full or partial	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 write down feature.
If corporate 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 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 secondary capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
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
According to article 7 and 8 of Banks' shareholder equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Not Possess Article 7

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

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.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKF992719	TRSVK/FBA0043	TRSVK/FBA0043	XS198464812	TRSVK/FB92925	TRSVK/FB3217	TRSVK/FB3225	TRSVK/FB3225	TRSVK/FB3225
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	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.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/combined	Available	Available	Available	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier I Capital)	Additional Capital Bond Issuance (Tier I 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)	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	4,994	13,985	725	1,750	1,250	1,250	1,250
Par value of instrument (in million)	420	420	420	13,985	725	1,750	1,250	1,250	1,250
Accounting classification	346011- Subordinated Liabilities	346001- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities
Original date of issuance	September 18, 2017	September 27, 2018	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022	October 27, 2022	October 27, 2022
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027	Undated	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	Dated (10 years) Maturity Date: October 14, 2032	Dated (10 years) Maturity Date: October 14, 2032
Issue date	September 18, 2017	September 27, 2018	September 27, 2018	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022	October 27, 2022	October 27, 2022
Issuer call subject to prior supervisory approval	Available	Available	Available	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 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.	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	September 27, 2023	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available	Only one call option is available	Only one call option is available

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

INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period – December 31, 2022					
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	Coupons / dividends	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity *Indicator Government Debt Security* +350 basis points	12.62 % fixed interest rate		5.076 % (fixed interest rate	CPI (Annual Real Interest Rate 160 basis points)
Existence of a dividend stopper	Nil	Nil		Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil		Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil		Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative		Noncumulative	Noncumulative
		Convertible or non-convertible			
If convertible, conversion trigger (s)	Nil	Nil		Nil	Nil
If convertible, fully or partially	Nil	Nil		Nil	Nil
If convertible, conversion rate	Nil	Nil		Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil		Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil		Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil		Nil	Nil
			Write-down feature		
	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: 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.
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 permanent write down feature	Has permanent or temporary write down feature	Has permanent or temporary write down feature	Has permanent or temporary write down feature	Has permanent or temporary 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 or temporary write down feature	Has permanent or temporary 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 write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type)	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, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in secondary capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 17 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period December 31, 2023	Prior Period December 31, 2022
Shareholders' equity	180,875,698	108,662,391
Valuation differences of the marketable securities ^(*)	447,036	1,469,785
Stocks Acquired by Buyback from the Market ^(**)	383,996	-
Leasehold improvements on operational leases	(334,734)	(207,555)
Goodwill and intangible assets	(472,040)	(463,635)
General provision (1.25% of the amount that subject to credit risk) ^(**)	18,006,427	11,856,679
Subordinated debt	31,938,065	23,124,365
Deductions from shareholders' equity	(32,251)	(22,602)
Capital	230,812,197	144,419,428

(*) 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 February 6, 2023 will not be considered as a discount item from the core capital until January 1, 2024.

II. CONSOLIDATED CREDIT RISK

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

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

For credit risk management purposes, Risk Management Department operates in

- The determination of credit risk policies in coordination with the Bank’s other units,
- The determination and monitoring of the distribution of concentration limits with respect to sector, geography and credit type,
- The contribution to the formation of rating and scoring systems,
- The submit to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio’s distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses,
- The studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank’s credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of The Parent Bank’s risk management concept, long term commitments are accepted more risky than short term commitments. Besides, risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

In addition, in the calculation of the amount subject to credit risk, calculations were made based on the BRSA's regulation dated January 31, 2023, and numbered 10496, taking into account the CBRTS foreign exchange buying rates for December 30, 2022.

Indemnified non-cash loans are regarded as the same risk weight with the loans that are past due and unpaid.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries’ financial conditions, customers and their operations.

The Group’s largest 100 cash loan customers compose 33.95% of the total cash loan portfolio (December 31, 2022: 36.35%).

The Group’s largest 100 non-cash loan customers compose 49.78% of the total non-cash loan portfolio (December 31, 2022: 49.04%).

The Group’s largest 100 cash loan customers compose 17.62% of total assets of the Group and the Group’s largest 100 non-cash loan customers compose 11.17% of total off-balance sheet items (December 31, 2022: 19.62% and 13.31%).

The Group’s largest 200 cash loan customers compose 42.38% of the total cash loan portfolio (December 31, 2022: 44.27%).

The Group’s largest 200 non-cash loan customers compose 60.32% of the total non-cash loan portfolio (December 31, 2022: 60.79%).

The Group’s largest 200 cash loan customers compose 21.99% of total assets of the Group and the Bank’s largest 200 non-cash loan customers compose 13.54% of total off-balance sheet items (December 31, 2022: 23.90% and 16.50%).

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

II. CONSOLIDATED CREDIT RISK (Continued)

Information on loan types and expected loss provisions:

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Current Period-December 31, 2023	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	1,237,265,452	54,101,198	184,612,563	3,383,901	139,901,738	5,237,921	1,561,779,753	62,723,020
Stage 1	1,054,656,146	12,994,285	178,266,801	1,229,564	134,693,840	3,444,199	1,367,616,787	17,668,048
Stage 2	166,785,984	27,272,104	3,449,877	341,291	3,161,327	503,786	173,397,188	28,117,181
Stage 3	15,823,322	13,834,809	2,895,885	1,813,046	2,046,571	1,289,936	20,765,778	16,937,791
Financial Assets	1,242,107,024	179,807	-	-	-	-	1,242,107,024	179,807
Non- Cash Loans and Commitments	868,394,963	3,856,296	-	-	-	-	868,394,963	3,856,296
Stage 1	846,828,076	2,304,455	-	-	-	-	846,828,076	2,304,455
Stage 2	20,521,379	1,465,412	-	-	-	-	20,521,379	1,465,412
Stage 3	1,045,508	86,429	-	-	-	-	1,045,508	86,429
Total	3,347,767,439	58,137,301	184,612,563	3,383,901	139,901,738	5,237,921	3,672,281,740	66,759,123

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Prior Period-December 31,2022	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	777,644,487	38,115,030	138,199,750	2,573,991	57,473,016	1,771,090	973,317,253	42,460,111
Stage 1	655,101,747	4,707,985	133,450,476	662,911	55,684,826	911,998	844,237,049	6,282,894
Stage 2	105,645,838	18,947,079	1,869,217	167,270	729,613	105,875	108,244,668	19,220,224
Stage 3	16,896,902	14,459,966	2,880,057	1,743,810	1,058,577	753,217	20,835,536	16,956,993
Financial Assets	705,897,872	89,859	-	-	-	-	705,897,872	89,859
Non- Cash Loans and Commitments	427,427,212	416,221	-	-	-	-	427,427,212	416,221
Stage 1	419,823,124	321,042	-	-	-	-	419,823,124	321,042
Stage 2	6,890,344	30,052	-	-	-	-	6,890,344	30,052
Stage 3	713,744	65,127	-	-	-	-	713,744	65,127
Total	1,910,969,571	38,621,110	138,199,750	2,573,991	57,473,016	1,771,090	2,106,642,337	42,966,191

Information on expected loss provisions for loans:

Current Period- December 31, 2023	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	6,282,894	19,220,224	16,956,993
Additional provisions during the period	11,854,348	18,971,186	3,002,898
Disposals during the period (-)	1,151,881	9,094,758	1,912,114
Deleted from assets (-)	-	-	1,599,845
Transfers to stage 1	1,185,161	(1,184,306)	(854)
Transfers to stage 2	(444,459)	450,713	(6,254)
Transfers to stage 3	(74,549)	(245,924)	320,472
Exchange rate change	16,534	46	176,495
Provision Balance at the end of the Period	17,668,048	28,117,181	16,937,791

Prior Period - December 31, 2022	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	2,841,377	9,134,975	14,618,408
Additional provisions during the period	4,144,523	13,656,806	4,465,304
Disposals during the period (-)	429,663	2,919,714	(104,464)
Deleted from assets (-)	-	-	3,186,885
Transfers to stage 1	158,603	(158,114)	(488)
Transfers to stage 2	(403,811)	426,270	(22,459)
Transfers to stage 3	(31,719)	(920,414)	952,132
Exchange rate change	3,584	415	26,517
Provision Balance at the end of the Period	6,282,894	19,220,224	16,956,993

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

II. CONSOLIDATED CREDIT RISK (Continued)

The general provision for credit risk amounts to TL 48,636,671 (December 31, 2022: TL 25,944,071).

Risk Classifications:	Current Period Risk Amount (**)	Average Risk Amount (*)(**)
Claims on sovereigns and Central Banks	1,012,976,236	773,926,607
Claims on regional governments or local authorities	9,062,593	8,600,809
Claims on administrative bodies and other non-commercial undertakings	7,438,151	5,149,189
Claims on multilateral development banks	83,803	22,315
Claims on international organizations	-	-
Claims on banks and intermediary institutions	198,623,458	143,252,997
Claims on corporate	864,422,053	734,727,088
Claims included in the regulatory retail portfolios	319,295,553	302,306,372
Claims secured by residential property	238,798,620	206,929,499
Past due loans	3,764,685	3,674,668
Higher risk categories decided by the Agency	151,737,373	108,161,485
Secured securities	-	8,432
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	2,852,116	3,312,823
Stock Investments	8,685,963	6,301,847
Other claims	83,958,697	72,317,446

(*) Before reducing the credit risk, the rate of the post credit conversion is given.

(**) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2023 period.

Risk Classifications:	Prior Period Risk Amount (**)	Average Risk Amount (*)(**)
Claims on sovereigns and Central Banks	618,519,559	487,523,516
Claims on regional governments or local authorities	7,003,783	7,486,818
Claims on administrative bodies and other non-commercial undertakings	927,590	1,091,079
Claims on multilateral development banks	-	52,468
Claims on international organizations	-	-
Claims on banks and intermediary institutions	89,516,423	81,402,208
Claims on corporate	539,704,261	436,599,191
Claims included in the regulatory retail portfolios	204,583,462	145,639,237
Claims secured by residential property	161,611,911	136,122,505
Past due loans	4,196,453	4,204,724
Higher risk categories decided by the Agency	113,752,300	52,985,531
Secured securities	74,700	33,121
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	133,703	30,782
Stock Investments	5,433,089	3,617,847
Other claims	67,702,985	37,605,972

(*) Before reducing the credit risk, the rate of the post credit conversion is given.

(**) Average risk amount is calculated based on the arithmetic average of the monthly risk amounts after conversion for January-December 2022 period.

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

Current Period- December 31, 2023	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Securities Secured	Securitization positions	Stock Investments	Other receivables	Total
Domestic	1,001,729,004	9,062,593	7,437,194	83,803	-	80,129,381	319,280,350	238,798,620	3,764,685	151,167,161	-	-	644,130	83,831,302	2,721,558,649
EU countries	4,091,971	-	957	-	-	72,555,664	2,827	-	-	4,924	-	-	-	127,395	89,161,948
OECD countries (*)	280,042	-	-	-	-	1,259,310	44	-	-	-	-	-	-	-	1,578,465
Off-shore banking regions	2,791,807	-	-	-	-	1,805,250	10,647	-	-	-	-	-	-	-	29,437,126
USA, Canada	3,767,867	-	-	-	-	16,255,741	1,685	-	-	-	-	-	-	-	23,755,809
Other countries	315,545	-	-	-	-	26,203,007	-	-	-	565,288	-	-	-	-	27,750,366
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	8,041,833	-	8,456,938
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	415,105	-	-	-	-	-	-	-	-	-
Total	1,012,976,236	9,062,593	7,438,151	83,803	-	198,623,458	319,295,553	238,798,620	3,764,685	151,737,373	-	-	2,852,116	83,958,697	2,901,699,301

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

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

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

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II. CONSOLIDATED CREDIT RISK (Continued)

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

Prior Period - December 31, 2022	Claims on sovereigns and Central Banks	Claims on regional gov. or local authorities	Claims on administrative bodies and other commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on regulated corporates portfolios	Claims included in the regulatory retail portfolios	Claims secured by residential property	Part due loans	Higher risk categories decided by the Board	Securities Secured	Securitization positions	Short-term claims and claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	609,204,828	7,003,783	925,801	-	-	27,415,223	509,365,320	204,574,419	161,609,786	4,196,453	113,432,282	74,700	-	-	133,703	389,729	67,520,165	1,706,146,192
EU countries	5,590,373	-	1,789	-	-	39,157,076	8,256,399	9,043	-	-	-	-	-	-	-	-	82,820	53,097,500
OECD countries (*)	204,395	-	-	-	-	1,607,397	27,688	-	-	-	-	-	-	-	-	-	-	1,839,480
Off-shore banking regions	2,059,501	-	-	-	-	2,074,512	18,978,794	-	2,125	-	-	-	-	-	-	-	-	23,114,932
USA, Canada	1,438,154	-	-	-	-	13,055,763	2,420,663	-	-	-	-	-	-	-	-	-	-	16,914,580
Other countries	22,308	-	-	-	-	5,705,572	655,397	-	-	-	320,018	-	-	-	-	-	-	6,703,695
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,043,360	-	5,344,440
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	618,519,559	7,003,783	927,590	-	-	89,516,423	539,704,261	204,583,462	161,611,911	4,196,453	113,752,300	74,700	-	-	133,703	5,433,089	67,702,985	1,813,160,219

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

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

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

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II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period - December 31, 2023	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	153,950	2,200	6	-	-	-	7,886,658	4,958,437	5,380,013	13,392	238,667	-	-	-	-	-	-	17,255,782	1,414,541	18,670,323
Farming and raising livestock	141,307	2,200	-	-	-	-	7,562,162	4,861,592	5,308,083	13,049	220,032	-	-	-	-	-	-	16,886,271	1,022,160	17,908,431
Forestry	1,826	-	-	-	-	-	31,189	80,475	32,457	103	1,451	-	-	-	-	-	-	147,501	-	147,501
Fishing	10,817	-	-	-	-	-	493,307	53,370	39,473	240	17,184	-	-	-	-	-	-	222,010	392,381	614,391
Manufacturing	13,935,750	785,448	2,089	-	-	-	419,153,364	45,664,891	56,288,551	627,088	35,129,936	-	-	-	-	-	-	377,612,614	193,974,503	571,587,117
Mining	241,199	-	-	-	-	-	21,197,837	1,141,074	901,251	45,202	309,524	-	-	-	-	-	-	6,747,492	17,088,595	23,836,087
Production	13,516,523	-	-	-	-	-	335,312,363	43,376,320	54,318,100	297,245	26,333,679	-	-	-	-	-	-	330,425,537	142,630,894	473,056,431
Electric, Gas, Water	176,028	785,448	2,088	-	-	-	62,643,164	1,147,297	1,069,200	284,641	8,586,733	-	-	-	-	-	-	40,439,585	34,255,014	74,694,599
Construction	14,750,346	7,718,048	-	-	-	-	85,936,897	16,910,038	26,477,412	451,510	5,174,575	-	-	-	-	-	-	107,948,678	41,752,100	149,700,778
Services	21,104,574	-	-	-	-	-	297,023,516	98,611,209	93,756,865	904,052	43,688,619	-	-	-	-	-	-	500,945,843	267,468,423	768,414,266
Wholesale and retail trade	629,120	4,886	11,260	-	-	-	132,704,315	69,117,586	51,766,851	307,549	13,560,541	-	-	-	-	-	-	243,763,375	29,942,611	273,705,986
Hotel, Food and Beverage Services	629,120	-	15	-	-	-	12,018,929	5,107,746	22,913,758	36,496	1,004,760	-	-	-	-	-	-	22,645,649	19,065,175	41,710,824
Transportation and Telecommunication	826,873	5	25,732	-	-	-	90,474,592	13,504,726	10,318,800	473,606	3,145,817	-	-	-	-	-	-	43,239,648	75,330,183	118,570,171
Financial Institutions	12,821,956	-	2,301	-	-	-	44,556,944	2,080,320	576,596	49,036	1,393,057	-	-	-	-	-	-	125,378,886	136,872,929	262,251,815
Real Estate and renting services	88,200	-	3,114,012	-	-	-	6,422,170	6,035,789	5,091,386	21,128	5,140,382	-	-	-	-	-	-	24,000,710	1,912,537	25,913,267
Self-employment services	-	-	-	-	-	-	693,189	20,454	956	-	655,110	-	-	-	-	-	-	1,292,077	77,632	1,369,709
Education services	253,591	-	339	-	-	-	920,593	948,531	1,106,668	3,541	1,075,227	-	-	-	-	-	-	4,145,313	163,197	4,308,510
Health and social services	251,836	7,713,157	1,682,099	-	-	-	1,796,037	1,961,650	12,696	12,696	17,713,725	-	-	-	-	-	-	36,479,845	3,904,139	40,383,984
Other	963,031,616	556,897	2,640,278	83,803	-	1,348,098	54,421,618	153,113,978	56,895,779	1,768,643	67,505,576	-	-	-	-	-	-	1,055,484,507	337,842,310	1,393,326,817
Total	1,012,976,236	9,062,593	7,438,151	83,803	-	198,623,458	864,422,053	319,295,553	238,798,620	3,764,685	151,737,373	-	-	-	-	-	-	8,041,834	83,958,697	8,125,792,931

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Marketable securities secured
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II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

	Prior Period- December 31, 2022	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	144,618	2,785	44	-	-	-	4,610,716	3,287,374	2,455,082	21,212	81,147	-	-	-	-	-	-	-	9,754,829	848,149	10,602,978
Farming and raising livestock	136,625	2,785	44	-	-	-	4,240,640	3,172,135	2,405,739	20,009	80,066	-	-	-	-	-	-	-	9,560,496	497,547	10,058,043
Forestry	1,779	-	-	-	-	-	23,736	76,714	21,681	604	729	-	-	-	-	-	-	-	116,338	8,905	125,243
Fishing	6,214	-	-	-	-	-	346,340	38,525	27,662	599	352	-	-	-	-	-	-	-	77,995	341,697	419,692
Manufacturing	6,674,902	560,629	1,749	-	-	-	253,422,478	25,995,158	31,900,202	397,735	38,306,371	-	-	-	-	-	-	-	232,049,266	125,209,958	357,259,224
Mining	118,968	-	-	-	-	-	15,441,615	714,901	547,297	22,962	354,296	-	-	-	-	-	-	-	3,974,443	13,225,596	17,200,039
Production	6,403,283	-	543	-	-	-	182,450,433	24,593,322	30,620,421	245,213	34,959,148	-	-	-	-	-	-	-	197,737,091	81,535,272	279,272,363
Electric, Gas, Water	152,651	560,629	1,206	-	-	-	55,530,430	686,935	732,484	129,560	2,992,927	-	-	-	-	-	-	-	30,337,732	30,449,090	60,786,822
Construction	20,178,803	-	-	-	-	-	57,075,959	10,585,032	16,557,423	430,450	5,513,565	-	-	-	-	-	-	-	65,440,178	44,701,054	110,141,232
Services	54,505,073	6,426,700	501,564	-	-	-	189,705,880	65,472,602	58,413,403	1,588,311	36,706,888	74,700	-	-	-	133,703	389,727	-	289,327,514	213,948,770	503,276,284
Wholesale and retail trade	4,188,349	1,015	102,395	-	-	-	65,034,158	42,730,010	31,765,064	454,354	19,151,006	-	-	-	-	-	-	-	144,900,336	18,525,815	163,426,351
Hotel, Food and Beverage Services	725,336	-	164	-	-	-	12,048,627	3,076,733	14,028,908	56,095	806,877	-	-	-	-	-	-	-	14,207,026	16,535,714	30,742,740
Transportation and Telecommunication	7,709,204	5	17,853	-	-	-	88,408,145	8,115,902	6,261,880	951,432	3,471,751	-	-	-	-	-	-	-	28,159,077	86,777,095	114,936,172
Financial Institutions	40,240,921	-	2,064	-	-	-	10,573,156	2,029,784	590,669	86,948	3,439,228	74,700	-	-	-	133,703	389,727	-	68,227,213	78,681,421	146,918,634
Real Estate and renting services	113,077	-	299,067	-	-	-	3,837,375	7,083,316	3,686,282	17,038	5,805,254	-	-	-	-	-	-	-	14,199,442	5,242,167	19,442,009
Self-employment services	-	-	-	-	-	-	-	255,774	26,936	-	45,294	-	-	-	-	-	-	-	309,353	20,698	330,451
Education services	213,680	-	1,063	-	-	-	972,081	556,122	933,064	4,956	74,134	-	-	-	-	-	-	-	2,500,858	254,242	2,755,100
Health and social services	1,314,506	6,425,680	78,958	-	-	-	8,376,564	1,253,799	1,145,089	16,888	5,913,344	-	-	-	-	-	-	-	16,813,209	7,911,618	24,724,827
Other	537,916,163	13,669	424,233	-	-	-	34,889,228	99,243,296	52,285,891	1,758,745	33,344,329	-	-	-	-	-	-	-	5,043,362	67,702,985	831,889,591
Total	618,519,559	7,003,783	927,599	-	-	-	89,516,423	539,704,261	204,583,462	1,61,611,911	4,196,453	113,752,390	74,700	-	-	133,703	543,089	67,702,985	1,116,786,552	896,373,667	1,813,160,219

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
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II. CONSOLIDATED CREDIT RISK (Continued)

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

	According to their outstanding maturities					
Risk Classifications-Current Period - December 31, 2023	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Undistributed
Claims on sovereigns and Central Banks	8,886,109	6,051,417	25,774,303	18,131,696	954,132,711	-
Claims on regional governments or local authorities	4,693	28,109	142,543	681,567	8,205,681	-
Claims on administrative bodies and other non-commercial undertakings	972,453	32,184	264,286	831,247	5,337,981	-
Claims on multilateral development banks	83,803	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	71,753,093	17,233,133	8,813,096	25,539,589	75,284,547	-
Claims on corporate	77,753,760	93,176,284	75,321,713	167,990,350	450,179,946	-
Claims included in the regulatory retail portfolios	3,860,056	7,017,599	17,198,543	59,908,962	231,310,393	-
Claims secured by residential property	3,495,886	6,692,240	12,628,139	54,056,713	161,925,642	-
Past due loans	-	-	-	-	-	3,764,685
Higher risk categories decided by the Agency	3,478,486	5,916,733	7,560,849	30,424,291	104,357,014	-
Marketable securities secured by mortgages	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	2,852,116	-
Stock Investments	-	-	-	-	8,685,963	-
Other claims	127,395	-	-	-	83,831,302	-
TOTAL	170,415,734	136,147,699	147,703,472	357,564,415	2,086,103,296	3,764,685

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

	According to their outstanding maturities					
Risk Classifications-Prior Period- December 31, 2022	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Undistributed
Claims on sovereigns and Central Banks	35,306,814	28,560,241	11,627,240	51,135,917	491,889,347	-
Claims on regional governments or local authorities	6,652	6,263,882	27,177	78,154	627,918	-
Claims on administrative bodies and other non-commercial undertakings	1,459	567,061	104,699	69,660	184,711	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	23,283,194	9,926,024	5,488,471	11,540,990	39,277,744	-
Claims on corporate	25,813,540	305,282,832	69,750,409	69,774,987	69,082,493	-
Claims included in the regulatory retail portfolios	12,401,937	130,738,053	8,009,406	12,306,966	41,127,100	-
Claims secured by residential property	3,334,323	110,351,612	9,105,786	12,466,856	26,353,334	-
Past due loans	-	-	-	-	-	4,196,453
Higher risk categories decided by the Agency	7,361,355	59,186,563	11,278,312	10,400,262	25,525,808	-
Marketable securities secured by mortgages	24,850	35,190	14,660	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	133,703	-
Stock Investments	3	-	-	-	5,433,086	-
Other claims	82,820	-	-	-	67,620,165	-
TOTAL	107,616,947	650,911,458	115,406,160	167,773,792	767,255,409	4,196,453

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk balances according to risk weights

Risk Weights Current Period- December 31, 2023	0%	2%	10%	20%	35%	50%	75%	100%	150%	Other Risk Weights	Deductions from the shareholders' equity
Pre-Amount of Credit Risk											
Mitigation	1,005,445,423	72,839,391	-	174,123,501	90,276,321	273,557,106	305,182,577	828,461,956	87,184,984	64,628,042	839,025
Amount after Credit Risk											
Mitigation	1,156,244,032	15,867,148	9,602,076	174,341,446	90,276,321	245,142,652	292,938,784	765,500,760	87,158,039	64,628,041	839,025

Risk Weights Prior Period- December 31, 2022	0%	2%	10%	20%	35%	50%	75%	100%	150%	Other Risk Weights	Deductions from the shareholders' equity
Pre-Amount of Credit Risk											
Mitigation	610,572,197	24,516,903	74,700	110,711,314	72,018,646	144,400,340	184,895,626	552,123,319	45,581,202	68,265,971	693,792
Amount after Credit Risk											
Mitigation	674,494,703	15,324,777	26,818,275	113,760,135	72,018,646	133,238,550	162,841,686	500,872,937	45,524,536	68,265,971	693,792

Information According to Sectors and Counterparties

Current Period- December 31, 2023	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agricultural	1,280,215	164,088	162,101
<i>Farming and raising livestock</i>	<i>1,234,307</i>	<i>157,657</i>	<i>155,773</i>
<i>Forestry</i>	<i>43,108</i>	<i>963</i>	<i>1,025</i>
<i>Fishing</i>	<i>2,800</i>	<i>5,468</i>	<i>5,303</i>
Manufacturing	85,924,888	4,890,110	15,071,224
<i>Mining</i>	<i>7,124,810</i>	<i>383,694</i>	<i>417,482</i>
<i>Production</i>	<i>55,143,682</i>	<i>2,632,522</i>	<i>9,498,674</i>
<i>Electric, Gas, Water</i>	<i>23,656,396</i>	<i>1,873,894</i>	<i>5,155,068</i>
Construction	23,984,458	4,412,444	10,363,139
Services	52,840,228	7,477,508	13,597,250
<i>Wholesale and retail trade</i>	<i>13,804,849</i>	<i>2,859,487</i>	<i>3,477,539</i>
<i>Hotel, Food and Beverage Services</i>	<i>3,338,596</i>	<i>161,056</i>	<i>1,238,932</i>
<i>Transportation and telecommunication</i>	<i>14,912,645</i>	<i>1,888,003</i>	<i>2,576,144</i>
<i>Financial Institutions</i>	<i>2,611,291</i>	<i>197,037</i>	<i>176,553</i>
<i>Real estate and renting services</i>	<i>9,591,568</i>	<i>173,355</i>	<i>1,642,121</i>
<i>Self-employment services</i>	<i>5,801,983</i>	<i>2,021,640</i>	<i>4,177,401</i>
<i>Education services</i>	<i>591,233</i>	<i>50,246</i>	<i>166,093</i>
<i>Health and social services</i>	<i>2,188,063</i>	<i>126,684</i>	<i>142,467</i>
Other	9,367,399	3,821,628	5,861,258
Total	173,397,188	20,765,778	45,054,972

Prior Period- December 31, 2022	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agricultural	2,374,815	153,685	154,982
<i>Farming and raising livestock</i>	<i>2,049,945</i>	<i>142,932</i>	<i>142,246</i>
<i>Forestry</i>	<i>312,652</i>	<i>2,279</i>	<i>4,559</i>
<i>Fishing</i>	<i>12,218</i>	<i>8,474</i>	<i>8,177</i>
Manufacturing	48,836,330	4,526,056	12,074,237
<i>Mining</i>	<i>3,951,279</i>	<i>336,744</i>	<i>407,951</i>
<i>Production</i>	<i>36,075,611</i>	<i>2,813,324</i>	<i>8,855,562</i>
<i>Electric, Gas, Water</i>	<i>8,809,440</i>	<i>1,375,988</i>	<i>2,810,724</i>
Construction	14,958,820	4,647,798	5,996,104
Services	35,592,752	8,350,347	12,829,545
<i>Wholesale and retail trade</i>	<i>4,242,713</i>	<i>3,568,778</i>	<i>3,573,622</i>
<i>Hotel, Food and Beverage Services</i>	<i>8,565,547</i>	<i>233,798</i>	<i>2,876,762</i>
<i>Transportation and telecommunication</i>	<i>5,453,701</i>	<i>2,126,584</i>	<i>1,780,958</i>
<i>Financial Institutions</i>	<i>2,064,439</i>	<i>192,747</i>	<i>124,817</i>
<i>Real estate and renting services</i>	<i>11,314,211</i>	<i>177,713</i>	<i>2,674,406</i>
<i>Self-employment services</i>	<i>2,036,213</i>	<i>1,860,523</i>	<i>1,481,716</i>
<i>Education services</i>	<i>643,315</i>	<i>84,077</i>	<i>191,293</i>
<i>Health and social services</i>	<i>1,272,613</i>	<i>106,127</i>	<i>125,971</i>
Other	6,481,951	3,157,650	5,122,349
Total	108,244,668	20,835,536	36,177,217

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(Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2023	Opening Balance 1 January 2023	Provisions reserved during the period	Cancelations	Other Adjustments ^(*)	Closing Balance
Specific provisions	17,022,120	5,790,222	(5,854,609)	66,487	17,024,220
General provisions	25,944,071	44,497,883	(20,335,704)	(1,469,579)	48,636,671

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

Prior Period – December 31, 2022	Opening Balance 1 January 2022	Provisions reserved during the period	Cancelations	Other Adjustments ^(*)	Closing Balance
Specific provisions	14,677,714	6,176,059	(3,793,274)	(38,379)	17,022,120
General provisions	12,249,919	21,027,546	(7,299,268)	(34,126)	25,944,071

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

Fair value of collateral held against impaired loans

	Current Period December 31, 2023	Prior Period – December 31, 2022
Cash collateral ^(*)	-	-
Mortgage	7,803,256	8,307,714
Promissory note ^(*)	-	-
Others ^(**)	12,962,522	12,527,822
Total	20,765,778	20,835,536

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

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

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

Cash loans	Current Period- December 31, 2023	Prior Period - December 31, 2022
Secured Loans:	1,015,186,368	644,305,626
Secured by mortgages	215,284,686	149,310,129
Secured by cash collateral	50,872,523	15,559,342
Guarantees issued by financial institutions	13,669,431	3,887,138
Secured by government institutions or government securities	45,410,327	32,968,702
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	689,949,402	442,580,315
Unsecured Loans	525,827,607	308,176,091
Total performing loans	1,541,013,975	952,481,717

Non-cash loans	Current Period- December 31, 2023	Prior Period - December 31, 2022
Secured Loans:	280,063,374	158,761,047
Secured by mortgages	39,045,374	19,463,047
Secured by cash collateral	7,581,190	4,195,436
Guarantees issued by financial institutions	-	-
Secured by government institutions or government securities	78,246	128,509
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	233,358,564	134,974,055
Unsecured Loans	217,445,559	120,595,184
Total non-cash loans	497,508,933	279,356,231

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II. CONSOLIDATED CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period – December 31, 2023

	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Country			
Türkiye	1,384,133,328	-	1,384,133,328
England	13,764,184	-	13,764,184
USA	9,463,122	-	9,463,122
Germany	8,391,937	-	8,391,937
UAE	4,035,764	-	4,035,764
Austria	3,544,638	-	3,544,638
France	2,536,193	-	2,536,193
Bahrain	1,533,835	-	1,533,835
Iraq	1,381,617	-	1,381,617
Italy	1,119,217	-	1,119,217
Other	3,535,873	-	3,535,873
Total	1,433,439,708	-	1,433,439,708

Prior Period - December 31, 2022

	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Country			
Türkiye	919,249,807	-	919,249,807
England	7,338,528	-	7,338,528
USA	4,914,690	-	4,914,690
Germany	4,862,383	-	4,862,383
Austria	2,006,025	-	2,006,025
France	2,216,905	-	2,216,905
Bahrain	1,131,111	-	1,131,111
UAE	865,020	-	865,020
Iraq	840,873	-	840,873
Italy	543,811	-	543,811
Other	3,091,750	-	3,091,750
Total	947,060,903	-	947,060,903

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

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

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

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

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

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	29.5660	32.7207
Foreign currency purchase rates for the days before balance sheet date;		
Day 1	29.4602	32.6743
Day 2	29.4038	32.5720
Day 3	29.3390	32.3374
Day 4	29.1940	32.1572
Day 5	29.2141	32.2261
	US Dollar	Euro
Last 30-days arithmetical average rate	29.0328	31.7010

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- December 31, 2023	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Türkiye	98,398,568	119,236,987	11,789,896	229,425,451
Banks	5,682,671	43,635,503	3,266,871	52,585,045
Financial assets at fair value through profit or loss ⁽⁷⁾	626,179	773,073	30,499,847	31,899,099
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	37,105,501	141,323,159	-	178,428,660
Loans ^{(1) (2)}	254,640,482	233,938,536	494,599	489,073,617
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	31,601,629	23,485,393	-	55,087,022
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	4,935	121,719	4,164	130,818
Intangible assets	13,646	1,634	-	15,280
Other assets ⁽³⁾	1,574,790	(524,147)	325,521	1,376,164
Total assets	429,648,404	561,991,857	46,380,898	1,038,021,159
<i>Liabilities:</i>				
Bank deposits	13,441,143	21,415,736	1,697,969	36,554,848
Foreign currency deposits	244,418,562	355,857,632	91,151,176	691,427,370
Interbank money market takings	6,069,505	71,726,424	-	77,795,929
Other funding	74,100,693	107,726,657	13,069,468	194,896,818
Securities issued ⁽⁴⁾	36,857,303	104,015,517	-	140,872,820
Miscellaneous payables	11,662,205	6,202,695	26,092	17,890,992
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities ⁽³⁾	5,569,866	11,069,208	2,232,621	18,871,695
Total liabilities	392,119,277	678,013,869	108,177,326	1,178,310,472
Net ‘on balance sheet’ position	37,529,127	(116,022,012)	(61,796,428)	(140,289,313)
Net ‘off-balance sheet’ position	(33,360,058)	114,769,569	62,141,930	143,551,441
Derivative assets ⁽⁵⁾	49,052,011	213,065,014	74,610,279	336,727,304
Derivative liabilities ⁽⁵⁾	82,412,069	98,295,445	12,468,349	193,175,863
Non-cash loans ⁽⁶⁾	102,701,933	137,995,321	9,462,866	250,160,120
Prior Period - December 31, 2022	Euro	USD Dollar	Other FC	Total
Total assets	327,639,655	368,269,393	35,760,830	731,669,878
Total liabilities	282,942,927	417,469,968	57,943,732	758,356,627
Net ‘on balance sheet’ position	44,696,728	(49,200,575)	(22,182,902)	(26,686,749)
Net ‘off-balance sheet’ position	(42,046,627)	46,410,073	22,094,690	26,458,136
Derivative assets ⁽⁵⁾	15,793,714	73,133,107	26,028,604	114,955,425
Derivative liabilities ⁽⁵⁾	57,840,341	26,723,034	3,933,914	88,497,289
Non-cash loans ⁽⁶⁾	65,249,257	81,687,766	5,094,523	152,031,546

⁽¹⁾ Foreign currency indexed loans amounting to TL 455,000 (December 31, 2022: TL 462,190) which are presented in TL column in the balance sheet are included in the table above.

⁽²⁾ Foreign currency indexed factoring receivables amounted to TL 535,220 (December 31, 2022: TL 397,931) presented in TL column in the accompanying consolidated balance sheet is included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 1,977,589 (December 31, 2022: TL 72,291), Prepaid Expenses TL 1,008,515 (December 31, 2022: TL 512,039), deferred tax assets TL 217,282 (December 31, 2022: 221,208). Derivative financial instruments currency expense accruals of TL 1,684,694 (December 31, 2022: TL 135,989), unearned income TL 709,635 (December 31, 2022: TL 348,802) and shareholders' equity TL 7,721,030 (December 31, 2022: TL 1,371,048) are not taken into consideration in the currency risk calculation. Other assets also include expected loss provisions calculated in accordance with TFRS9.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 50,999,793 (December 31, 2022: TL 25,503,640) and asset sales commitments amounting to TL 55,591,681 (December 31, 2022: TL 25,588,622) are included.

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

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

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III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

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

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

	Current Period- December 31, 2023		Prior Period- December 31, 2022	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(137,580)	(137,580)	(283,523)	(283,523)
Euro	415,049	978,581	282,569	616,674
Other currencies	34,134	34,134	(9,242)	(9,242)
Total, net ^(**)	311,603	875,135	(10,196)	323,909

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

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

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

	Current Period- December 31, 2023		Prior Period- December 31, 2022	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	137,580	137,580	283,523	283,523
Euro	(415,049)	(978,581)	(282,569)	(616,674)
Other currencies	(34,134)	(34,134)	9,242	9,242
Total, net ^(**)	(311,603)	(875,135)	10,196	(323,909)

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

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

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IV. CONSOLIDATED INTEREST RATE RISK

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

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

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

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

Current Period- December 31, 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	-	-	-	-	-	385,735,764	385,735,764
Banks	7,109,982	7,208,526	-	125	-	38,832,960	53,151,593
Financial assets at fair value through profit/loss	6,262	20,506,611	10,638,341	25,632	-	3,850,381	35,027,227
Interbank money market placements	81,420,621	-	-	-	-	-	81,420,621
Financial assets at fair value through other comprehensive income	126,925,444	27,502,569	18,965,791	70,599,440	48,689,861	186,180	292,869,285
Loans ⁽¹⁾	539,702,539	274,720,909	520,361,607	98,136,974	108,091,946	20,765,778	1,561,779,753
Financial assets measured at amortized cost	161,710,304	1,322,197	29,734,286	118,929,024	32,677,191	-	344,373,002
Other assets ⁽²⁾	8,033,287	22,597,271	4,757,051	635,649	849,260	68,016,470	104,888,988
Total assets	924,908,439	353,858,083	584,457,076	288,326,844	190,308,258	517,387,533	2,859,246,233
<i>Liabilities:</i>							
Bank deposits	40,147,590	16,965,226	409,195	-	-	5,113,704	62,635,715
Other deposits	1,106,656,594	226,257,409	151,817,775	7,678,120	63,514	424,356,527	1,916,829,939
Interbank money market takings	67,640,334	48,908,515	6,200,746	14,612,517	-	-	137,362,112
Miscellaneous payables	-	-	-	-	-	78,386,914	78,386,914
Securities issued ⁽³⁾	2,381,076	33,688,862	34,827,377	78,558,780	6,269,393	-	155,725,488
Funds borrowed	8,852,646	149,059,600	33,903,775	16,127,501	16,320,493	15,877,406	240,141,421
Other liabilities ⁽⁴⁾	5,611,119	16,261,775	4,205,761	1,143,623	1,282,164	239,660,202	268,164,644
Total liabilities	1,231,289,359	491,141,387	231,364,629	118,120,541	23,935,564	763,394,753	2,859,246,233
On balance sheet long position	-	-	353,092,447	170,206,303	166,372,694	-	689,671,444
On balance sheet short position	(306,380,920)	(137,283,304)	-	-	-	(246,007,220)	(689,671,444)
Off-balance sheet long position	6,284,810	39,368,970	-	7,164,367	-	-	52,818,147
Off-balance sheet short position	-	-	(6,119,192)	-	(1,185,305)	-	(7,304,497)
Net position	(300,096,110)	(97,914,334)	346,973,255	177,370,670	165,187,389	(246,007,220)	45,513,650

- ⁽¹⁾ Non-performing loans are shown in the “Non-Interest Bearing” column.
- ⁽²⁾ Subsidiaries, associates and tangible and intangible assets, deferred tax asset, investment properties and expected credit losses are included in “non-interest bearing” column.
- ⁽³⁾ Subordinated debts are shown under securities issued.
- ⁽⁴⁾ Equity is included in “Non-Interest Bearing” column in other liabilities line.

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IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	-	-	-	-	-	268,975,314	268,975,314
Banks	3,978,931	3,296,034	-	109	-	21,485,604	28,760,678
Financial assets at fair value through profit/loss	6,739	122,569	9,632	16,478,799	-	749,144	17,366,883
Interbank money market placements	12,096,010	-	-	-	-	-	12,096,010
Available-for-sale financial assets	52,734,047	18,911,363	63,970,056	50,460,070	17,473,354	134,589	203,683,479
Loans ⁽¹⁾	289,424,005	237,624,228	257,313,114	91,959,665	76,160,705	20,835,536	973,317,253
Held-to-maturity investments	92,202,765	3,392,410	1,985,174	44,033,660	16,978,843	-	158,592,852
Other assets ⁽²⁾	2,073,949	12,328,132	3,146,075	2,735,311	977,365	25,115,419	46,376,251
Total assets	452,516,446	275,674,736	326,424,051	205,667,614	111,590,267	337,295,606	1,709,168,720
<i>Liabilities:</i>							
Bank deposits	68,496,222	6,513,088	49,181	-	-	3,038,984	78,097,475
Other deposits	601,075,975	149,262,786	45,698,685	3,431,712	73,015	254,458,095	1,054,000,268
Interbank money market takings	61,719,001	63,912,568	10,343,985	3,098,435	-	-	139,073,989
Miscellaneous payables	-	-	-	-	-	42,666,111	42,666,111
Securities issued ⁽³⁾	14,995,718	5,304,856	5,822,331	63,528,037	5,470,463	-	95,121,405
Funds borrowed	11,080,507	73,954,780	18,510,170	24,694,117	5,658,719	5,470,526	139,368,819
Other liabilities ⁽⁴⁾	1,640,632	9,209,757	2,718,815	754,400	1,768,109	144,748,940	160,840,653
Total liabilities	759,008,055	308,157,835	83,143,167	95,506,701	12,970,306	450,382,656	1,709,168,720
On balance sheet long position	-	-	243,280,884	110,160,913	98,619,961	-	452,061,758
On balance sheet short position	(306,491,609)	(32,483,099)	-	-	-	(113,087,050)	(452,061,758)
Off-balance sheet long position	1,226,200	18,470,911	694,287	3,664,326	-	-	24,055,724
Off-balance sheet short position	-	-	-	-	(1,962,997)	-	(1,962,997)
Net position	(305,265,409)	(14,012,188)	243,975,171	113,825,239	96,656,964	(113,087,050)	22,092,727

- ⁽¹⁾ Non-performing loans are shown in the “Non-Interest Bearing” column.
- ⁽²⁾ Subsidiaries, associates and tangible and intangible assets, deferred tax asset, investment properties and expected credit losses are included in “non-interest bearing” column.
- ⁽³⁾ Subordinated debts are shown under securities issued.
- ⁽⁴⁾ Equity is included in “Non-Interest Bearing” column in other liabilities line.

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IV. CONSOLIDATED INTEREST RATE RISK (Continued)

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

Current Period- December 31, 2023	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	3.60	5.00	-	40.95
Financial assets at fair value through profit/loss	2.80	-	-	34.98
Interbank money market placements	-	-	-	43.62
Financial assets at fair value through other comprehensive income	4.39	7.42	-	38.77
Loans	7.55	9.39	-	31.18
Financial assets measured at amortized cost	4.97	5.21	-	32.41
<i>Liabilities:</i>				
Bank deposits	4.62	6.38	-	42.90
Other deposits	2.11	3.09	-	38.11
Interbank money market takings	3.91	6.70	-	43.13
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.18	7.15	-	21.66
Funds borrowed	6.77	7.30	-	22.44

Prior Period - December 31, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	-
Banks	2.68	4.45	-	10.80
Financial assets at fair value through profit/loss	-	-	-	19.83
Interbank money market placements	-	-	-	13.49
Financial assets at fair value through other comprehensive income	3.71	4.95	-	21.55
Loans	6.28	8.84	-	15.82
Financial assets measured at amortized cost	4.59	6.40	-	25.84
<i>Liabilities:</i>				
Bank deposits	3.01	4.99	-	15.35
Other deposits	1.81	2.33	-	17.67
Interbank money market takings	2.80	5.05	-	9.40
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.24	-	15.44
Funds borrowed	3.46	6.08	-	11.89

^(*) The rates above are calculated over financial instruments with interest rates.
^(**) Subordinated debts are shown under securities issued.

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V. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

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

The accounting applications regarding to share investment that qualifications in associate and 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- December 31, 2023		Comparison	
Stock Investments	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange ^(*)	2,790,481	2,790,481	2,790,481
1.Stocks Investments Group A	2,742,625	2,742,625	2,742,625
2.Stock Investments Group B	47,856	47,856	47,856
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange ^(**)	6,384,888	5,857,722	-

^(*) 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, 2023 valuation reports prepared by independent valuation companies.

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

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

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

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

V. CONSOLIDATED STOCK POSITION RISK (Continued)

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

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

Portfolio-Current Period – December 31, 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	-	-	-	-	-
3. Other Stocks	-	6,439,368	6,439,368	-	-
4. Total	-	6,439,368	6,439,368	-	-

(*) 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	-	-	-	-	-
3. Other Stocks	-	3,687,319	3,687,319	-	-
4. Total	-	3,687,319	3,687,319	-	-

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

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - December 31, 2023	Carrying Value	Total RWA (*)	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	2,790,481	2,505,395	200,432
3.Other Stocks	6,384,888	6,180,568	494,445
4. Total	9,175,369	8,685,963	694,877

(*) In accordance with the BRSA regulation dated January 31, 2023 and numbered 10496, the foreign exchange buying rates announced by the CBRT as of December 31, 2022 are used in the calculation of the amount subject to credit risk.

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

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

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VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 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.

Current Period- December 31, 2023

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	November 2023	188.53	October 2023	289.65
The highest value	December 2023	207.86	November 2023	439.02

Liquidity Coverage Ratio

Current Period- December 31, 2023		Total unweighted value ^(*)		Total weighted value ^(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			783,919,229	339,770,562
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	811,249,387	328,713,621	73,608,209	32,871,362
3	Stable deposits	150,334,590	-	7,516,729	-
4	Less stable deposits	660,914,797	328,713,621	66,091,480	32,871,362
5	Unsecured wholesale funding, of which:	987,190,362	395,328,515	429,788,300	173,795,824
6	Operational deposits	648,309,749	258,732,860	161,406,800	64,683,215
7	Non-operational deposits	199,587,000	76,221,584	129,201,797	48,851,901
8	Other Unsecured debts	139,293,613	60,374,071	139,179,703	60,260,708
9	Secured wholesale funding			-	-
10	Other cash outflows, of which;	117,425,214	63,140,955	117,425,214	63,140,955
11	Outflows related to derivative exposures and other collateral requirements	117,085,276	63,140,955	117,085,276	63,140,955
12	Outflows related to loss of funding on debt products	339,938	-	339,938	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	192,252,604	164,805,219	9,612,630	8,240,261
15	Other contingent funding obligations	578,025,659	104,601,587	45,610,039	7,571,385
16	TOTAL CASH OUTFLOWS			676,044,392	285,619,787
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	208,873,941	88,165,662	163,010,062	76,877,317
19	Other cash inflows	116,862,541	113,478,721	116,862,541	113,478,721
20	TOTAL CASH INFLOWS	325,736,482	201,644,383	279,872,603	190,356,038
Upper Limit Applied Values					
21	TOTAL HQLA STOCK			783,919,229	339,770,562
22	TOTAL NET CASH OUTFLOWS			396,171,789	95,263,749
23	LIQUIDITY COVERAGE RATIO (%)			195.99	365.98

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

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

Prior Period- December 31, 2022

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

Liquidity Coverage Ratio

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

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

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

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

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

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

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

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period – December 31, 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Assets:								
Cash and balance with CBRT	384,435,425	1,300,339	-	-	-	-	-	385,735,764
Banks	44,790,543	1,152,399	7,208,526	-	125	-	-	53,151,593
Financial assets at fair value through profit/loss	2,948,062	6,262	20,505,114	10,639,838	25,632	-	902,319	35,027,227
Interbank money market placements	-	81,420,621	-	-	-	-	-	81,420,621
Financial assets at fair value through other comprehensive	-	112,876	8,465,971	17,201,112	202,235,943	64,667,203	186,180	292,869,285
Loans	-	196,783,416	154,728,324	406,432,976	483,574,821	299,494,438	20,765,778	1,561,779,753
Financial assets measured at amortized cost	-	8,162,318	988,926	39,985,425	194,600,330	100,636,003	-	344,373,002
Other assets ^(3&4)	3,141,615	18,364,044	9,126,210	7,566,512	13,195,932	9,936,421	43,558,254	104,888,988
Total assets	435,315,645	307,302,275	201,023,071	481,825,863	893,632,783	474,734,065	65,412,531	2,859,246,233
Liabilities:								
Bank deposits	5,113,704	40,147,590	16,965,226	409,195	-	-	-	62,635,715
Other deposits	426,224,685	1,104,810,222	226,235,621	151,817,777	7,678,120	63,514	-	1,916,829,939
Funds Provided	-	10,279,021	8,579,358	94,398,856	91,004,713	35,879,473	-	240,141,421
Interbank money market takings	-	67,640,334	9,619,485	22,835,963	37,266,330	-	-	137,362,112
Securities issued ⁽²⁾	-	1,715,890	34,901,928	31,005,753	77,371,824	10,730,093	-	155,725,488
Miscellaneous payables	164,975	49,776,438	86,029	2,463,012	185,039	-	25,711,421	78,386,914
Other liabilities	1,919,622	4,545,159	16,756,337	1,901,014	2,610,771	2,224,986	238,206,755	268,164,644
Total liabilities	433,422,986	1,278,914,654	313,143,984	304,831,570	216,116,797	48,898,066	263,918,176	2,859,246,233
Liquidity gap	1,892,659	(971,612,379)	(112,120,913)	176,994,293	677,515,986	425,835,999	(198,505,645)	-
Net Off Balance Sheet Position	-	1,220,686	(4,943,684)	1,228,817	25,795,384	717,129	-	24,018,332
Receivables from Derivative Financial Instruments	-	103,564,485	130,928,660	32,197,771	174,430,640	56,059,009	-	497,180,565
Payables from Derivative Financial Instruments	-	102,343,799	135,872,344	30,968,954	148,635,256	55,341,880	-	473,162,233
Non-cash Loans	208,601,176	24,591,715	56,521,925	122,040,970	73,667,058	10,407,663	1,678,426	497,508,933

Prior Period – December 31, 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Total assets	276,828,197	136,506,505	107,442,092	323,897,961	490,073,256	341,600,530	32,820,179	1,709,168,720
Total liabilities	260,483,000	776,349,041	229,312,874	112,944,899	132,538,094	38,302,693	159,238,119	1,709,168,720
Liquidity gap	16,345,197	(639,842,536)	(121,870,782)	210,953,062	357,535,162	303,297,837	(126,417,940)	-
Net Off Balance Sheet Position	-	199,435	825,043	19,787	7,564,155	3,113,732	-	11,722,152
Receivables from Derivative Financial Instruments	-	60,929,376	12,199,784	7,175,722	69,734,388	57,859,362	-	207,898,632
Payables from Derivative Financial Instruments	-	60,729,941	11,374,741	7,155,935	62,170,233	54,745,630	-	196,176,480
Non-cash Loans	89,941,836	48,818,805	28,134,743	65,818,642	42,177,366	3,733,046	731,793	279,356,231

- (1) Subsidiaries, associates, tangible and intangible assets, investment properties, non-performing loans, expected credit losses 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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VII. LEVERAGE RATIO

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

The Group’s consolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as 5.54 %. Increase in balance sheet assets and Tier I Capital transactions resulted in change on leverage rate compared to previous period (December 31, 2022: 6.13 %). The Regulation adjudicated minimum leverage rate as 3%.

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

	Current Period	Prior Period
Total asset amount in the consolidated financial statements prepared as per TAS ⁽¹⁾	2,231,589,034	1,306,594,035
The difference between the total asset amount in the consolidated financial statements prepared as per TAS and the asset amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks ⁽¹⁾	4,763,630	755,452
The difference between the derivative financial instruments and the loan derivatives amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	(27,612,245)	(17,324,295)
The difference between the financial transactions with securities or goods warranty amounts in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	132,058,745	129,658,286
The difference between the off-balance sheet transactions amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	298,871,100	143,493,359
Other differences between the amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts ⁽²⁾	(969,025,207)	(626,818,901)
Total risk amount	2,593,286,512	1,610,122,744

- (1) The balances at the end of June 30, 2023 and December 31, 2022 prepared in accordance with Article 5, paragraph 6, of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks are included.
- (2) The balances in the table represent the average of three months.

Leverage ratio common disclosure template

	Current Period - December 31,2023 ^(*)	Prior Period- December 31,2022 ^(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	2,709,205,878	1,579,480,664
2. Assets deducted in determining Basel III Tier 1 capital	(1,027,976)	(658,766)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	2,708,177,902	1,578,821,898
Derivative exposures		
4. Replacement cost	23,427,550	13,314,756
5. Add-on amount	6,657,387	2,363,583
6. Total derivative exposures	30,084,937	15,678,339
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	37,639,700	12,426,388
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	37,639,700	12,426,388
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	1,186,817,650	582,274,540
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(444,617,721)	(198,113,388)
12. Total off-balance sheet exposures	742,199,929	384,161,152
Capital and total exposures		
13. Tier 1 capital	194,770,703	121,920,371
14. Total exposures	3,518,102,468	1,991,087,777
Leverage ratio		
15. Leverage ratio	5.54	6.13

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

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(Continued)

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 2023	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	81,420,621	81,697,798
Banks	53,151,593	53,151,593
Financial Assets at Fair Value through Profit or Loss	35,027,227	35,027,227
Financial Assets at Fair Value through Other Comprehensive Income	292,869,285	292,869,285
Assets Measured at Amortised Cost	344,373,002	361,118,755
Loans	1,561,779,753	1,548,963,482
Financial Liabilities:		
Bank Deposits	62,635,715	62,143,784
Other Deposits	1,916,829,939	1,914,878,221
Funds Borrowed	240,141,421	219,334,732
Marketable Securities	121,288,210	120,890,357
Subordinated Loans	34,437,278	33,166,498
Prior Period- December 31, 2022	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	12,096,010	12,096,010
Banks	28,760,678	28,760,678
Financial Assets at Fair Value through Profit or Loss	17,366,883	17,366,883
Financial Assets at Fair Value through Other Comprehensive Income	203,683,479	203,683,479
Assets Measured at Amortised Cost	158,592,852	180,340,363
Loans	973,317,253	967,228,788
Financial Liabilities:		
Bank Deposits	78,097,475	78,097,475
Other Deposits	1,054,000,268	1,049,923,580
Funds Borrowed	139,368,819	131,539,280
Marketable Securities	71,078,119	70,932,182
Subordinated Loans	24,043,286	23,921,171

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of loans is calculated by discounting future cash flows with the use of current market interest rates.

Fair value of funds borrowed with fixed interest rate are calculated by discounting cash flows with current market interest rates. Fair value of funds borrowed with floating interest rate is calculated according to repricing period by discounting cash flows with current market rates.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

Classification of Fair Value Measurement

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

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

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

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

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

Classification requires using observable market data if possible.

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

Current Period-December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	3,878,771	31,148,456	-	35,027,227
Debt securities	-	31,148,456	-	31,148,456
Equity securities	962,091	-	-	962,091
Other financial assets	2,916,680	-	-	2,916,680
Financial assets at fair value through other comprehensive income	291,036,143	1,646,962	186,180	292,869,285
Government debt securities	284,904,951	1,632,071	-	286,537,022
Equity securities	-	-	186,180	186,180
Other financial assets	6,131,192	14,891	-	6,146,083
Derivative financial assets at fair value through profit or loss	-	29,258,622	-	29,258,622
Investments in affiliates and subsidiaries	1,828,390	-	5,844,088	7,672,478
Total Financial Assets	296,743,304	62,054,040	6,030,268	364,827,612
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities at fair value through profit or loss	-	(5,766,397)	-	(5,766,397)
Total Financial Liabilities	-	(5,766,397)	-	(5,766,397)

(*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

Prior Period- December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	638,701	16,594,479	133,703	17,366,883
Debt securities	-	16,594,479	-	16,594,479
Equity securities	573,384	-	-	573,384
Other financial assets	65,317	-	133,703	199,020
Financial assets at fair value through other comprehensive income	201,552,204	1,996,686	134,589	203,683,479
Government debt securities	196,847,870	1,623,250	-	198,471,120
Equity securities	-	-	134,589	134,589
Other financial assets	4,704,334	373,436	-	5,077,770
Derivative financial assets at fair value through profit or loss	-	17,367,825	-	17,367,825
Investments in affiliates and subsidiaries	1,088,441	-	3,621,423	4,709,864
Total Financial Assets	203,279,346	35,958,990	3,889,715	243,128,051
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities at fair value through profit or loss	-	(4,719,597)	-	(4,719,597)
Total Financial Liabilities	-	(4,719,597)	-	(4,719,597)

(*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended December 31, 2023 is as follows:

Level 3	Current Period - December 31, 2023	Prior Period- December 31, 2022
Balance at the beginning of the year	3,889,715	2,176,830
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	2,140,553	1,712,885
Balance at the end of the year	6,030,268	3,889,715

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

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

X. CONSOLIDATED SEGMENT REPORTING

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

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

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

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

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X. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Current Period					
OPERATING INCOME/ EXPENSES					
Interest Income	41,058,492	139,680,600	138,928,617	1,486,684	321,154,393
Interest Expense	85,883,281	137,475,356	40,075,202	250,012	263,683,851
Net Interest Income/Losses (Net)	(44,824,789)	2,205,244	98,853,415	1,236,672	57,470,542
Net Fees and Commissions Income	6,045,286	17,393,859	1,466,479	-	24,905,624
Dividend Income	-	-	56,384	-	56,384
Trading Income/ Losses (Net)	-	-	15,418,574	-	15,418,574
Other Income	-	-	1,148,924	44,769,435	45,918,359
Allowance for Expected Credit Losses	-	-	-	54,642,379	54,642,379
Other Expenses	-	-	-	53,424,224	53,424,224
Based on Equity Method	-	-	615,200	-	615,200
Profit Before Taxes	(38,779,503)	19,599,103	117,558,976	(62,060,496)	36,318,080
Provision for taxes					(2,231,235)
Net Profit/ Loss					34,086,845
Segment Assets	284,727,261	1,029,786,058	1,384,549,514	152,156,302	2,851,219,135
Subsidiaries and Associates (Net)	-	-	8,027,098	-	8,027,098
TOTAL ASSETS	284,727,261	1,029,786,058	1,392,576,612	152,156,302	2,859,246,233
Segment Liabilities	787,943,782	1,167,720,892	565,672,051	157,033,810	2,678,370,535
Equity	-	-	-	180,875,698	180,875,698
TOTAL LIABILITIES	787,943,782	1,167,720,892	565,672,051	337,909,508	2,859,246,233

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	21,085,392	54,074,610	85,876,956	349,205	161,386,163
Interest Expense	20,782,975	38,887,739	25,688,907	277,412	85,637,033
Net Interest Income/Losses (Net)	302,417	15,186,871	60,188,049	71,793	75,749,130
Net Fees and Commissions Income	2,263,542	7,201,075	725,183	-	10,189,800
Dividend Income	-	-	57,391	-	57,391
Trading Income/ Losses (Net)	-	-	5,762,820	-	5,762,820
Other Income	-	-	1,514,390	10,885,337	12,399,727
Allowance for Expected Credit Losses	-	-	-	44,504,744	44,504,744
Other Expenses	-	-	-	18,371,682	18,371,682
Based on Equity Method	-	-	342,159	-	342,159
Profit Before Taxes	2,565,959	22,387,946	68,589,992	(51,919,296)	41,624,601
Provision for taxes	-	-	-	-	(13,643,596)
Net Profit/ Loss					27,981,005
Segment Assets	181,290,929	625,766,110	816,722,533	80,360,522	1,704,140,094
Subsidiaries and Associates (Net)	-	-	5,028,626	-	5,028,626
TOTAL ASSETS	181,290,929	625,766,110	821,751,159	80,360,522	1,709,168,720
Segment Liabilities	384,202,958	682,591,466	444,620,321	89,091,584	1,600,506,329
Equity	-	-	-	108,662,391	108,662,391
TOTAL LIABILITIES	384,202,958	682,591,466	444,620,321	197,753,975	1,709,168,720

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XI. INFORMATION ON RISK MANAGEMENT

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

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

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

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

Risk Management Strategy

The Group manages assets and values which are entrusted to it effectively and efficiently in order to increase the constant contribution to customers, shareholders and the society. The Group adopted the forward-looking risk-based approach in all activities undertaken by creating assets in a high quality and managing obligations well. Generating the systems and processes of risk management and observation of its effectiveness are structured in the responsibility of Board of Directors. Current risk profile of the bank defines the all the internal and external important risks arises from the operating environment, the regulatory or economic environment. These risks defined on the console and non-console level are managed with policies and implementation procedures approved by the Bank's Board of Directors. To achieve this, Risk Management Department working under the Audit Committee, Inspection Board Department and Internal Control Department are working in coordination with all the departments at the same time.

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

Within the scope of the general principles and principles observed by The Group in the context of risk management, the internal capital adequacy assessment process (İSEDES) is established in parallel with the budgeting process to determine the internal capital targets consistent with the risk profile and the activity environment and the effects of scenario outcomes on the Group projections is evaluated. In addition, within the scope of the “Regulation on Measures Plans to be Prepared by Systemically Important Banks”, the Bank contributes to the preparation of the Measures Plan.

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Information on Risk Management and Overview of Risk Weighted Amounts (Continued)

Risk Management Strategy (Continued)

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

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

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

The development of risk culture in parallel with the changes in the economic conjuncture and risk perception is an important element of the Bank and aims to ensure risk awareness and sensitivity in the actions to be taken. In this respect, training programs, risk measurements and reports provided to the Board of Directors, Senior Management and risk reporting to the committees, the Bank's risk appetite framework and internal capital adequacy assessment process make a significant contribution to the dissemination of risk culture.

Risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period-December 31, 2023	Prior Period – December 31, 2022	Current Period-December 31, 2023
1	Credit Risk (excluding counterparty credit risk) (*)	1,412,922,843	931,545,365	113,033,827
2	Standardised approach	1,412,922,843	931,545,365	113,033,827
3	Internal ssrating-based approach	-	-	-
4	Counterparty Credit Risk	24,739,162	16,855,252	1,979,133
5	Standardised approach for counterparty credit risk	24,739,162	16,855,252	1,979,133
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	2,852,116	133,703	228,169
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	12,069,176	9,909,960	965,534
17	Standardised approach	12,069,176	9,909,960	965,534
18	Internal model approaches	-	-	-
19	Operational Risk	78,804,273	35,687,845	6,304,342
20	Basic Indicator Approach	78,804,273	35,687,845	6,304,342
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	1,531,387,570	994,132,125	122,511,005

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

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

	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Current Period- December 31, 2023						
Assets						
Cash and balances at central bank	385,735,764	385,735,764	-	-	-	-
Banks	53,151,593	53,151,593	-	-	255,357	-
Receivables from Money Markets	81,420,621	81,420,621	-	-	-	-
Financial assets at fair value through profit or loss	35,027,227	3,609,886	-	-	917,495	-
Financial assets at fair value through other comprehensive income	292,869,285	292,869,285	71,946,769	-	-	-
Financial assets measured at amortised cost	344,373,002	344,373,002	89,103,421	-	-	-
Derivative financial assets	29,258,622	-	29,258,622	-	661,609	-
Non-performing financial assets	20,765,778	20,765,778	-	-	-	-
Allowance for expected credit losses (-)	(63,065,868)	(16,677,929)	-	-	-	(46,387,939)
Loans (Net)	1,541,013,975	1,541,046,226	-	-	-	(32,251)
Non-Currents Assets or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	262,727	262,727	-	-	-	-
Investments in associates (Net)	6,089,060	6,089,060	-	-	-	-
Leasing receivables	1,938,038	1,938,038	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Tangible Assets (Net)	26,574,804	26,909,538	-	-	-	(334,734)
Intangible Assets and Goodwill (Net)	920,669	-	-	-	-	(920,669)
Investment properties (net)	8,871,051	-	-	-	-	-
Currents Tax Assets (Net)	6,141	-	-	-	-	-
Deferred Tax Assets	11,124,726	11,124,726	-	-	-	-
Other assets	82,909,018	83,027,148	-	-	-	(118,130)
Total assets	2,859,246,233	2,835,645,463	190,308,812	-	1,834,461	(47,793,723)
Liabilities						
Deposits	1,979,465,654	-	-	-	4,903,825	1,974,561,829
Loans Received	240,141,421	-	-	-	-	240,141,421
Money Market Funds	137,362,112	-	136,654,630	-	-	707,482
Marketable Securities (Net)	121,288,210	-	-	-	-	121,288,210
Funds	3,005	-	-	-	-	3,005
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	5,766,397	-	5,766,397	-	663,535	-
Factoring Payables	90	-	-	-	-	90
Lease Payables	2,872,558	-	-	-	-	2,872,558
Provisions	22,465,359	-	-	-	-	22,465,359
Current Tax Liabilities	12,096,627	-	-	-	-	12,096,627
Deferred Tax Assets	118,171	-	-	-	-	118,171
Liabilities Related to Non-Current Assets "Held for Sale" and "Discontinued Operations" (Net)	-	-	-	-	-	-
Subordinated debts	34,437,278	-	-	-	-	34,437,278
Other Liabilities	122,353,653	-	-	-	-	122,353,653
Shareholders' Equity	180,875,698	-	-	-	-	180,875,698
Total liabilities	2,859,246,233	-	142,421,027	-	5,567,360	2,711,921,381

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

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

	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
Prior Period - December 31, 2022						
Assets						
Cash and balances at central bank	268,975,314	268,975,314	-	-	-	-
Financial assets held for trading	28,760,678	28,760,678	-	-	2,171,648	-
Financial assets designated at fair value through profit or loss	12,096,010	12,096,010	-	-	-	-
Banks	17,366,883	517,033	-	-	371,050	-
Receivables from money markets	203,683,479	203,683,479	89,788,350	-	-	-
Available for sale financial assets (net)	158,592,852	158,592,852	37,480,964	-	-	-
Loans and receivables	17,367,825	-	17,367,825	-	484,946	-
Factoring receivables	20,835,536	20,835,536	-	-	-	-
Held to maturity investments (net)	(42,492,833)	(16,853,166)	-	-	-	(25,639,667)
Investments in associates (net)	952,481,717	952,504,319	-	-	-	(22,602)
Investments in subsidiaries (net)	410,978	410,978	-	-	-	-
Investments in joint ventures (net)	4,139,588	4,139,588	-	-	-	-
Leasing receivables	889,038	889,038	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	11,683,247	11,890,802	-	-	-	(207,555)
Intangible assets (net)	469,876	-	-	-	-	(469,876)
Investment properties (net)	3,444,057	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	3,061,414	3,061,414	-	-	-	-
Other assets	47,403,061	47,460,198	-	-	-	(57,137)
Total assets	1,709,168,720	1,696,964,073	144,637,139	-	3,027,644	(26,396,837)
Liabilities						
Deposits	1,132,097,743	-	-	-	2,209,673	1,129,888,070
Derivative financial liabilities held for trading	139,368,819	-	-	-	-	139,368,819
Loans	139,073,989	-	137,754,703	-	-	1,319,286
Debt to money markets	71,078,119	-	-	-	-	71,078,119
Debt securities in issue	3,005	-	-	-	-	3,005
Funds	-	-	-	-	-	-
Various debts	4,719,597	-	4,719,597	-	487,226	-
Other liabilities	5,468	-	-	-	-	5,468
Factoring debts	1,024,719	-	-	-	-	1,024,719
Debts from leasing transactions	23,376,344	-	-	-	-	23,376,344
Derivative financial liabilities held for hedges	5,410,397	-	-	-	-	5,410,397
Provisions	56,404	-	-	-	-	56,404
Tax liability	-	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	24,043,286	-	-	-	-	24,043,286
Subordinated debts	60,248,439	-	-	-	-	60,248,439
Equity	108,662,391	-	-	-	-	108,662,391
Total liabilities	1,709,168,720	-	142,474,300	-	2,696,899	1,564,484,747

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

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

				Items subject to counterparty credit risk	Items subject to market risk	
Current Period- December 31, 2023		Total	Items subject to credit risk	Items subject to securitisation		
1	Asset carrying value amount under scope of regulatory consolidation	2,811,452,510	2,835,645,463	-	190,308,812	1,834,461
2	Liabilities carrying value amount under regulatory scope of consolidation	147,324,852	-	-	142,421,027	5,567,360
3	Total net amount under regulatory scope of consolidation	2,664,127,658	2,835,645,463	-	47,887,785	(3,732,899)
4	Off-balance sheet amounts	-	-	-	12,937,584	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	118,899,063	-
10	Exposure amounts considered for regulatory	2,664,127,658	2,835,645,463	-	131,836,647	(3,732,899)

			Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
Prior Period- December 31, 2022		Total				
1	Asset carrying value amount under scope of regulatory consolidation	1,680,635,017	1,696,964,070	-	144,637,139	3,027,644
2	Liabilities carrying value amount under regulatory scope of consolidation	144,683,973	-	-	142,474,300	2,696,899
3	Total net amount under regulatory scope of consolidation	1,535,951,044	1,696,964,070	-	2,162,839	330,745
4	Off-balance sheet amounts	-	-	-	8,713,513	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	104,611,416	-
10	Exposure amounts considered for regulatory	1,535,951,044	1,696,964,070	-	113,324,929	330,745

c) Explanations of differences between accounting and regulatory exposure amounts

There is no significant difference between the amounts assessed pursuant to TAS and the risk amounts used within the scope of capital adequacy reported on the financial statements.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations

a) General Information on Credit Risk

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

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

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

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

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

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

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

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

In order to identify the risks which are created by loan concentrations and to create a balanced loan portfolio, sectoral, large credit and country risk limits have been determined, and these limits are regularly reviewed and updated taking into account the Parent Bank’s credit policy, risk appetite and economic changes.

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

a) General Information on Credit Risk (Continued)

Credit Quality of Assets

		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
Current Period- December 31, 2023					
1	Loans	20,765,778	1,541,013,975	62,723,020	1,499,056,733
2	Debt Securities	-	643,660,778	2,678,418	640,982,360
3	Off-balance sheet exposure	851,721	1,029,475,677	68,887	1,030,258,511
4	Total	21,617,499	3,214,150,430	65,470,325	3,170,297,604

		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
Prior Period -December 31, 2022					
1	Loans	20,835,536	952,481,717	42,460,111	930,857,142
2	Debt Securities	-	363,788,437	909,433	362,879,004
3	Off-balance sheet exposure	583,361	624,693,695	50,421	625,226,635
4	Total	21,418,897	1,940,963,849	43,419,965	1,918,962,781

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

		Current Period- December 31, 2023	Prior Period- December 31, 2022
1	Defaulted Loans and debt securities at end of the previous reporting period	20,835,536	19,139,928
2	Loans and debt securities that have defaulted since the last reporting period	7,200,549	11,069,005
3	Returned to non-defaulted status	1,875	47,396
4	Amounts written-off	1,599,845	3,186,885
5	Other Changes	(5,668,587)	(6,139,116)
6	Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)	20,765,778	20,835,536

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

a) General Information on Credit Risk (Continued)

Additional disclosure related to the credit quality of assets

As per the provisions of “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside” published by BRSA, capital and interest payments, and loans unpaid within their maturity or on their due date are accepted to be overdue. Loans the collection of whose capital and interest payments are overdue more than 90 days and the loans whose debtors are decided by the Bank to have lost their credit ratings are deemed to be depreciated or loans for which provision is allocated.

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

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

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

Breakdown of receivables in terms of geographic regions

Credit receivables/risks	Current Period – December 31, 2023	Prior Period - December 31, 2022
Domestic	1,419,658,077	875,242,568
European Union Countries	20,332,135	9,967,191
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	12,156,583	6,465,241
Other	88,867,180	60,806,717
Total	1,541,013,975	952,481,717

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

a) General Information on Credit Risk (Continued)

Breakdown of loan receivables by sector

Current Period- December 31, 2023			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	18,123,868	164,088	135,256
Farming and raising livestock	17,521,436	157,657	129,135
Forestry	114,670	963	864
Fishing	487,762	5,468	5,257
Manufacturing	532,373,690	4,890,110	4,212,558
Mining and Quarrying	37,309,200	383,694	337,008
Production	416,977,232	2,632,522	2,286,243
Electricity, Gas, Water	78,087,258	1,873,894	1,589,307
Construction	111,931,107	4,412,444	3,950,183
Services	545,592,189	7,477,508	5,895,504
Wholesale and Retail Trade	208,302,060	2,859,487	2,564,013
Accommodation and Dining	48,962,167	161,056	141,890
Transportation and Telecommunication	169,996,859	1,888,003	1,424,829
Financial Institutions	31,972,815	197,037	149,399
Real Estate and Rental Services	54,499,276	173,355	164,758
Professional Services	20,865,647	2,021,640	1,296,068
Educational Services	3,829,924	50,246	46,956
Health and Social Services	7,163,441	126,684	107,591
Other	332,993,121	3,821,628	2,744,290
Total	1,541,013,975	20,765,778	16,937,791

Prior Period- December 31, 2022			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	11,783,064	153,685	135,555
Farming and raising livestock	11,176,423	142,932	125,776
Forestry	367,979	2,279	1,901
Fishing	238,662	8,474	7,878
Manufacturing	315,703,641	4,526,056	4,075,513
Mining and Quarrying	24,515,874	336,744	312,619
Production	229,342,129	2,813,324	2,516,391
Electricity, Gas, Water	61,845,638	1,375,988	1,246,503
Construction	93,442,512	4,647,798	4,201,562
Services	342,148,863	8,350,347	6,146,023
Wholesale and Retail Trade	128,410,141	3,568,778	3,160,023
Accommodation and Dining	32,977,159	233,798	194,980
Transportation and Telecommunication	102,955,898	2,126,584	1,185,885
Financial Institutions	24,102,614	192,747	106,900
Real Estate and Rental Services	36,197,159	177,713	174,485
Professional Services	10,855,772	1,860,523	1,152,887
Educational Services	2,324,831	84,077	79,317
Health and Social Services	4,325,289	106,127	91,546
Other	189,403,637	3,157,650	2,398,340
Total	952,481,717	20,835,536	16,956,993

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3. Credit Risk Explanations (Continued)

Breakdown by outstanding maturity

Current Period - December 31, 2023					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
196,783,416	154,728,324	406,432,976	483,574,821	299,494,438	1,541,013,975

Prior Period - December 31, 2022					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
90,903,381	92,325,312	250,227,818	304,092,813	214,932,393	952,481,717

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

Breakdown by of provision allocated receivables by geographical area

Current Period - December 31, 2023		
Geographical Area	Loans Receivables (Risks)	Provisions
Domestic	19,932,050	16,138,825
European Union Countries	623,700	588,938
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	209,723	209,723
Other	305	305
Total	20,765,778	16,937,791

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

Prior Period- December 31, 2022		
Geographical Area	Loans Receivables (Risks)	Provisions
Domestic	20,413,609	16,582,731
European Union Countries	288,131	287,680
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	132,934	85,720
Other	862	862
Total	20,835,536	16,956,993

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

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3. Credit Risk Explanations (Continued)

Aging analysis for overdue receivables

	Current Period- December 31, 2023	Prior Period- December 31, 2022
31-60 days overdue	3,492,948	2,246,668
61-90 days overdue	2,263,968	1,693,750

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

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

Payment Plan Extensions	Current Period- December 31, 2023	Prior Period- December 31, 2022
Standard Loans	66,810	80,452
Loans Under Close Monitoring	56,233,720	44,480,460
Non-performing Loans	2,677,138	2,665,886

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

Credit risk mitigation techniques at the Parent Bank are evaluated within the scope of the "Credit Risk Management Policy Document". In calculations regarding credit risk reduction, the Parent Bank uses the simple financial guaranteed method for financial guarantees within the scope of the "Communiqué on Credit Risk Mitigation Techniques", which came into force after being published in the Official Gazette No. 29111 dated September 6, 2014. Cash or similar cash assets, Treasury-backed Credit Guarantee Fund guarantees and guarantees are used to reduce credit risk.

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

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

Credit Risk Mitigation Techniques

Current Period - December 31, 2023		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	1,127,976,607	371,080,126	274,335,589	71,313,855	57,985,906	-	-
2	Debt Securities	640,982,360	-	-	-	-	-	-
3	Total	1,768,958,967	371,080,126	274,335,589	71,313,855	57,985,906	-	-
4	Of which Defaulted	20,765,778	-	-	-	-	-	-

Prior Period - December 31, 2022		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	696,327,730	234,529,412	167,428,336	49,255,181	40,352,926	-	-
2	Debt Securities	362,879,004	-	-	-	-	-	-
3	Total	1,059,206,734	234,529,412	167,428,336	49,255,181	40,352,926	-	-
4	Of which Defaulted	20,835,536	-	-	-	-	-	-

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3. Credit Risk Explanations (Continued)

c) Credit risk under Standardized approach

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

The rating grades determined by the Islamic International Rating Agency, Fitch Ratings, and JCR Eurasia Rating are used in deciding the risk weights of the risk classes specified in article 6 of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy.

The Islamic International Rating Agency (IIRA) ratings are taken into account for country ratings in the capital adequacy calculations for the risk class of receivables from central governments or central banks. For central government and central banks that are not rated by the IIRA rating agency, the country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as the basis.

In addition, with the BRSA's decision numbered 8875 dated 21.02.2020, the regulation regarding which asset category can be used and which credit quality level corresponds to the rating grades given by JCR Eurasia Rating has been implemented. In capital adequacy calculations, JCR Eurasia Ratings are used as a credit rating agency. The credit scores of the Islamic International Rating Agency and Fitch Ratings continue to be used in the aforementioned calculations.

The table below shows which of the credit quality levels specified in the annex of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks corresponds to the rating of the credit rating agency.

Ratings Matched	Credit Quality	Fitch	IIRA	JCR Eurasia Rating	
	Rank			Banks TL	Institutional TL
Long Term Credit Ratings	1	AAA and AA-	AAA/AA-	AAA/AA-	AAA/AA-
	2	A+ and A-	A+/A-	A+/A-	A+/A-
	3	BBB+ and BBB-	BBB+/BBB-	BBB+/BBB-	BBB+/BB-
	4	BB+ and BB-	BB+/BB-	BB+/BB-	
	5	B+ and B-	B+/B-	B+/B-	B- below
	6	CCC+ and below	B- below	B- below	

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period-December 31, 2023									
Asset classes		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		On-balance sheet amount		Off-balance sheet amount	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
1	Exposures to central governments or central banks	990,107,795	564,710	990,107,795	564,710	325,852	1,373,656	325,852	1,373,656
2	Exposures to regional governments or local authorities	8,393,291	1,352,938	8,393,291	1,352,938	664,732	4,495,821	664,732	4,495,821
3	Exposures to public sector entities	6,906,111	1,937,351	6,906,111	1,937,351	532,040	7,225,196	532,040	7,225,196
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	83,803	-	83,803	83,803	-	83,803	-
6	Exposures to institutions	-	-	-	-	-	-	-	-
7	Exposures to corporates	62,140,038	21,442,807	62,140,040	21,442,807	12,078,564	29,703,524	12,078,564	29,703,524
8	Retail exposures	635,413,294	531,010,748	635,413,294	531,010,748	229,407,272	673,670,605	229,407,272	673,670,605
9	Exposures secured by residential property	287,107,976	343,883,853	287,107,976	343,883,853	31,087,284	233,051,637	31,087,284	233,051,637
10	Exposures secured by commercial real estate	86,189,249	8,004,191	86,189,249	8,004,191	4,087,072	31,596,712	4,087,072	31,596,712
11	Past-due loans	129,102,282	31,041,183	129,102,282	31,041,183	19,420,017	94,222,124	19,420,017	94,222,124
12	Higher-risk categories by the Agency Board	3,764,685	-	3,764,685	-	-	2,480,391	-	2,480,391
13	Exposures in the form of covered bonds	131,386,428	659,580	131,386,428	659,580	350,945	261,515,548	350,945	261,515,548
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
15	Exposures to institutions and corporates in collective investment undertakings (CIUs)	2,852,116	-	2,852,116	-	-	2,852,116	-	2,852,116
16	Other assets	83,958,697	-	83,958,697	-	-	64,901,686	-	64,901,686
17	Investment in equities	8,685,963	-	8,685,963	-	-	8,685,963	-	8,685,963
18	Total	2,456,007,925	939,981,164	2,456,007,926	939,981,164	297,987,581	1,415,774,959	297,987,581	1,415,774,959

Prior Period-December 31, 2022									
Asset classes		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		On-balance sheet amount		Off-balance sheet amount	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
1	Exposures to central governments or central banks	565,121,687	768,779	565,121,687	768,779	550,492	723,735	550,492	723,735
2	Exposures to regional governments or local authorities	6,232,224	1,556,289	6,232,224	1,556,289	771,130	3,474,083	771,130	3,474,083
3	Exposures to public sector entities	756,339	407,335	756,339	407,335	170,394	884,041	170,394	884,041
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	-	-	-	-	-	-
7	Exposures to corporates	31,193,767	9,302,696	31,193,768	9,302,696	5,502,659	12,701,264	5,502,659	12,701,264
8	Retail exposures	394,804,299	331,879,970	377,163,618	331,879,970	139,805,761	431,310,052	139,805,761	431,310,052
9	Exposures secured by residential property	169,715,268	137,919,165	169,715,268	137,919,165	16,881,534	141,369,249	16,881,534	141,369,249
10	Exposures secured by commercial real estate	70,062,629	3,955,445	70,062,629	3,955,445	1,956,017	23,206,526	1,956,017	23,206,526
11	Past-due loans	79,268,087	15,507,602	79,268,087	15,507,602	10,325,178	58,295,720	10,325,178	58,295,720
12	Higher-risk categories by the Agency Board	4,196,453	-	4,196,453	-	-	3,121,794	-	3,121,794
13	Exposures in the form of covered bonds	113,602,521	301,641	113,602,521	301,641	149,779	204,873,495	149,779	204,873,495
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-
15	Exposures to institutions and corporates in collective investment undertakings (CIUs)	133,703	-	133,703	-	-	133,703	-	133,703
16	Other assets	67,702,985	-	67,702,985	-	-	44,144,847	-	44,144,847
17	Investment in equities	5,433,089	-	5,433,089	-	-	5,433,089	-	5,433,089
18	Total	1,508,297,751	501,688,922	1,508,297,752	501,688,922	176,212,764	931,679,068	176,212,764	931,679,068

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

Exposures by asset classes and risk weights

Current Period-December 31, 2023	Asset Classes/ Risk Weight	%35 (Secured by real estate)					Total credit risk exposure (After CCF and CRM)	
		0%	10%	20%	50%	75%	Other Risk Weights	100%
1	Exposures to central governments or central banks	1,008,865,904	-	-	1,732,749	-	-	507,261
2	Exposures to regional governments or local authorities	44,226	-	36,927	8,976,870	-	-	-
3	Exposures to public sector entities	204,331	-	10,780	-	-	-	7,223,040
4	Exposures to multilateral development banks	83,803	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-
6	Exposures to institutions	265,691	-	34,084,482	33,963,619	-	15	5,904,797
7	Retail exposures	39,027,122	-	120,565,457	70,320,414	-	-	614,437,305
8	Exposures secured by residential property	10,331,058	-	1,949,838	292,810,776	-	-	13,053,588
9	Exposures secured by commercial real estate	-	-	-	90,276,321	-	-	39,921,949
10	Past-due loans	-	-	-	108,600,350	-	-	1,044,823
11	Higher Risk categories by the Agency Board	-	-	3,352	2,644,225	-	75,637	151,710,428
12	Exposures in the form of covered bonds	23,593	-	-	-	-	-	-
13	Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	-
14	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-
15	Other assets	-	-	-	-	-	-	2,852,116
16	Investments in equities	-	-	-	-	-	-	8,685,963
17	Total	16,303,168	-	3,442,304	226,238,227	292,810,776	757,844,067	64,213,225
18	Total	1,075,146,896	-	159,893,140	90,276,321	292,810,776	151,786,080	2,753,995,507

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

Exposures by asset classes and risk weights

Prior Period- December 31, 2022	Asset Classes/ Risk Weight	0%	10%	20%	%35 (Secured by real estate)	50%	75%	100%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	582,026,705	-	-	-	1,124,840	-	161,315	-	583,312,860
2	Exposures to regional governments or local authorities	54,606	-	970	-	6,947,778	-	-	-	7,003,354
3	Exposures to public sector entities	10,807	-	39,856	-	-	-	876,070	-	926,733
4	Exposures to public sector entities	-	-	-	-	-	-	-	-	-
5	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
6	Exposures to international organizations	658,893	-	20,550,607	-	13,791,568	-	1,695,359	-	36,696,427
7	Exposures to institutions	10,522,301	-	71,198,458	-	36,556,517	-	398,792,103	-	517,069,379
8	Exposures to corporates	3,548,505	-	1,263,951	-	644	162,669,542	19,113,980	-	186,596,622
9	Retail exposures	-	-	-	72,018,646	-	-	-	-	72,018,646
10	Exposures secured by residential property	-	-	-	-	62,595,091	-	26,998,174	94,873	89,593,265
11	Exposures secured by commercial real estate	-	-	-	-	2,244,192	-	1,857,388	113,695,634	4,196,453
12	Past-due loans	35,294	-	21,372	-	-	-	-	-	113,752,300
13	Higher Risk categories by the Agency Board	-	74,700	-	-	-	-	-	-	74,700
14	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-
15	Exposures to institutions and corporates with a short-term credit assessments	-	-	-	-	-	-	133,703	-	133,703
16	Other assets	-	-	-	-	-	-	5,433,089	-	5,433,089
17	Investments in equities	11,339,150	-	-	-	-	-	43,815,183	12,111,478	67,702,985
18	Total	608,196,261	74,700	93,512,388	72,018,646	123,260,630	162,669,542	493,876,364	125,901,985	1,684,510,516

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations

Qualitative disclosure on counterparty credit risk

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

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

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

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

The Parent Bank has fulfilled its statutory obligations under EMIR (European Markets Infrastructure Regulation). The clearing member of the bank has been transmitted to the "counterparty" via a bank and transactions that provide conditions within the existing transactions in the portfolio have started to be cleared under the conditions of EMIR. In this context, the IRS transactions made by the Treasury offices are controlled and cleared over the system, and the transaction becomes official by the central counterparty LCH. Besides the derivative transactions it carries out through LCH (central counterparty), the Bank continues to receive central counterparty service through Takasbank for overnight index swap (OIS) transactions between domestic banks.

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(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

Current Period- December 31, 2023		Renewal cost	Potentially he amount of credit risk	EBPRT	Legal risk alpha used for the calculation of he amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	-	-	-	-	-	-
2	Standard approach - KKR (for derivatives)	1,838,639	7,402,493	-	1.4	12,937,584	8,588,557
3	Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4	Simple methods that can be used to mitigate credit risk - (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	118,899,063	12,466,224
5	A comprehensive method for credit risk reduction - (for derivative financial truments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6	Repurchase transactions, securities or commodities lending or borrowing nsactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
7	Total	-	-	-	-	-	21,054,781

Prior Period- December 31, 2022		Renewal cost	Potentially he amount of credit risk	EBPRT	Legal risk alpha used for the calculation of he amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	-	-	-	-	-	-
2	Standard approach - KKR (for derivatives)	904,832	5,319,107	-	1.4	8,713,513	4,236,405
3	Internal Model Method (for derivative financial instruments, repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
4	Simple methods that can be used to mitigate credit risk - (for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	104,611,416	9,359,917
5	A comprehensive method for credit risk reduction - (for derivative financial truments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)	-	-	-	-	-	-
6	Repurchase transactions, securities or commodities lending or borrowing nsactions, trade credit transactions in securities value at risk for processes with long time	-	-	-	-	-	-
7	Total	-	-	-	-	-	13,596,322

Capital requirement for credit valuation adjustment (CVA)

Current Period - December 31, 2023		EAD post CRM	RWA
1	Total portfolios subject to the Advanced CVA capital obligation	-	-
2	(i) VaR component (including the 3×multiplier)	-	-
3	(ii) Stressed VaR component (including the 3×multiplier)	-	-
4	All portfolios subject to the Standardised CVA capital obligation	12,937,584	3,365,071
4	Total subject to the CVA capital obligation	12,937,584	3,365,071

Prior Period- December 31, 2022		EAD post CRM	RWA
1	Total portfolios subject to the Advanced CVA capital obligation	-	-
2	(i) VaR component (including the 3×multiplier)	-	-
3	(ii) Stressed VaR component (including the 3×multiplier)	-	-
4	All portfolios subject to the Standardised CVA capital obligation	8,713,513	2,952,324
4	Total subject to the CVA capital obligation	8,713,513	2,952,324

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

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

Current Period- December 31, 2023		0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures ^(*)
Risk Classes / Risk Weights	Claims from central governments and central banks	1,872,322	-	-	-	-	-	-	-	-	457
	Claims from regional and local governments	-	4,570	-	-	-	-	-	-	-	-
	Claims from administration and non-commercial entity	-	-	-	-	-	-	-	-	-	-
	Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
	Claims from international organizations	77,569,470	-	14,448,306	-	18,904,426	-	1,822,413	-	11,660,240	14,397,492
	Claims from institutions	1,617,418	8,713,331	-	-	5,834,279	-	4,106,725	-	4,106,725	6,787,747
	Corporates	37,926	884,175	-	-	-	128,009	-	-	100,183	186,428
	Retail portfolios	-	-	-	-	-	-	-	-	-	-
	Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
	Past-due loans	-	-	-	-	-	-	-	-	-	-
	Claims which are determined as high risk by the board of	-	-	-	-	-	-	-	-	-	-
	BRSA	-	-	-	-	-	-	-	-	-	-
	Mortgage securities	-	-	-	-	-	-	-	-	-	-
	Securitization positions	-	-	-	-	-	-	-	-	-	-
	Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	Stock investment	-	-	-	-	-	-	-	-	-	-
	Other Receivables	-	-	-	-	-	-	-	-	-	-
	Other Assets ^(**)	-	-	-	-	-	-	-	-	-	-
	Total	81,097,136	9,602,076	14,448,306	-	18,904,426	128,009	7,656,692	-	15,867,148	21,372,124

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

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

Prior Period- December 31, 2022

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures (*)
Claims from central governments and central banks	35,206,699	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	427	2	-	-	-	-	-	-	43
Claims from administration and non-commercial entity	-	530	-	-	-	-	327	-	-	380
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	30,071,901	-	8,665,140	-	9,977,920	-	914,691	-	-	7,700,486
Corporates	871,011	11,108,010	9,551,382	-	-	-	1,081,557	-	3,190,344	4,103,093
Retail portfolios	148,831	15,634,608	2,031,224	-	-	172,145	-	-	22,923	2,098,815
Claims on landed real estate	-	-	-	-	-	-	-	-	32	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	66,298,442	26,743,575	20,247,748	-	9,977,920	172,145	1,996,575	-	3,213,299	13,902,817

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

Current Period – December 31, 2023	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	58,858,701	-
Cash-foreign currency	-	-	-	-	49,059,449	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	107,918,150	-

Prior Period - December 31, 2022	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	55,456,694	-
Cash-foreign currency	-	-	-	-	60,155,920	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	115,612,614	-

Loan Derivatives

Current Period - December 31, 2023	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	11,968,822
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	11,968,822
Fair Values	35,749	1,800,646
Positive fair values (asset)	35,749	-
Negative fair values (liability)	-	1,800,646

Prior Period - December 31, 2022	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	8,531,919
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	8,531,919
Fair Values	82,104	2,386,474
Positive fair values (asset)	82,104	-
Negative fair values (liability)	-	2,386,474

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

Current Period - December 31, 2023		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		319,311
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	15,867,148	317,343
3	(i) OTC Derivatives	3,858,914	77,178
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	12,008,234	240,165
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	98,392	1,968
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Prior Period- December 31, 2022		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		306,606
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	15,324,776	306,495
3	(i) OTC Derivatives	3,115,170	62,303
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	12,209,607	244,192
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	5,390	111
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

5. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

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

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

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

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

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

Market Risk- Standardised approach

		Current Period - December 31, 2023	Prior Period – December 31, 2022
		RWA	RWA
Outright products			
1	Interest rate risk (general and specific)	4,467,075	2,110,088
2	Stock risk (general and specific)	480,990	464,219
3	Foreign exchange risk	5,075,140	6,432,658
4	Commodity risk	1,927,841	834,371
Options			
5	Simplified approach	-	-
6	Delta-plus method	118,130	68,626
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	12,069,176	9,909,960

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

6. Explanations on Operational Risk

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

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

All staff of the Bank is responsible within the scope of their own roles and work processes of controlling and decreasing operational risks. All units of the Bank are responsible of taking risk-reducing measures through insurance or other risk transfer mechanisms to reduce operational risks that may arise in their own business activities.

Current Period – December 31, 2023	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	21,378,716	20,283,152	84,424,968	42,028,946	15	6,304,342
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	78,804,273

Prior Period- December 31, 2022	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	15,438,683	21,378,716	20,283,152	19,033,517	15	2,855,028
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	35,687,845

7. Interest Rate Risk Related to Banking Book

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

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

Current Period - December 31, 2023	Currency	Applied Shock (+/- x basis points) *	Gains/Losses	Gains / Shareholders’ Equity Losses/ Shareholders’ Equity
1	TRY	500/ (400)	(16,557,232)/15,886,801	(7.52%) / 7.22%
2	EURO	200/ (200)	(2,816,447)/3,588,270	(1.28%) / 1.63%
3	USD	200/ (200)	(4,778,087)/5,837,680	(2.17%) / 2.65%
Total (for negative shocks)		-	25,312,751	11.50%
Total (for positive shocks)		-	(24,151,766)	(10.97) %

Prior Period - December 31, 2022	Currency	Applied Shock (+/- x basis points) *	Gains/Losses	Gains / Shareholders’ Equity Losses/ Shareholders’ Equity
1	TRY	500/ (400)	(5,232,312)/4,816,205	(3.72%) / 3.42%
2	EURO	200/ (200)	(3,009,531)/3,705,360	(2.14%) / 2.63%
3	USD	200/ (200)	(2,606,590)/3,198,781	(1.85%) / 2.27%
Total (for negative shocks)		-	11,720,345	8.33%
Total (for positive shocks)		-	(10,848,434)	(7.71) %

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1. Information on cash and balances with the Central Bank

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Cash	5,400,610	16,082,207	4,766,490	8,799,152
Central Bank of the Republic of Türkiye ^(*)	150,796,555	213,066,137	43,544,012	211,076,405
Other	113,148	277,107	84,940	704,315
Total	156,310,313	229,425,451	48,395,442	220,579,872

^(*) TL 122,170,962 (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 30% (December 31, 2022: ranging from 3% to 8%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5% to 30% in US Dollar or Euro (December 31, 2022: ranging from 5% to 26%).

Effective October 27, 2023, the CBRT decided to apply an additional reserve requirement of 4 percent for foreign currency deposits (excluding deposits with banks abroad and precious metal deposit accounts) to be held in Turkish lira at all maturities.

Balances with the Central Bank of the Republic of Türkiye

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Unrestricted demand deposits	129,262,330	90,895,175	42,937,215	50,293,731
Restricted demand deposits	1,048,988	-	606,797	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	78,244,822
Reserve Deposits	20,485,237	122,170,962	-	82,537,852
Total	150,796,555	213,066,137	43,544,012	211,076,405

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

In the current period, there are no financial assets subject to repo transactions and given as collateral/blocked financial assets at fair value through profit or loss. (December 31, 2022: None)

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Forward transactions	79,421	19,521	134,695	443
Swap transactions	23,646,614	5,423,038	14,094,488	3,085,122
Futures	-	-	-	-
Options	-	90,028	474	52,603
Other	-	-	-	-
Total	23,726,035	5,532,587	14,229,657	3,138,168

The Parent Bank has performed cross currency and interest rate swap transactions that can be cancelled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Parent Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of December 31, 2023, the fair value of this transaction is TL 2,951,873, with a nominal amount of 120 million USD and an average maturity of 0.54 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 - December 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Banks				
Domestic	566,548	915,272	143,920	19,799
Foreign	-	51,669,773	-	28,596,959
Foreign Head Offices and Branches	-	-	-	-
Total	566,548	52,585,045	143,920	28,616,758

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

3. Information on banks (Continued)

Due from foreign banks

	Current Period - December 31, 2023		Prior Period - December 31, 2022	
	Unrestricted Balance	Restricted Balances (**)	Unrestricted Balance	Restricted Balances (**)
EU Countries	1,581,878	3,278,209	4,077,788	719,061
USA, Canada	14,719,572	3,551,649	4,962,554	2,504,957
OECD Countries (*)	912,518	23,160,893	2,587,473	12,741,608
Off-shore Banking Regions	1,279	-	69,185	-
Others	2,574,508	1,889,267	934,333	-
Total	19,789,755	31,880,018	12,631,333	15,965,626

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

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

4. Information on financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income given as collateral or blocked

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	12,935,255	26,064,046	6,024,871	13,831,275
Other	-	-	-	-
Total	12,935,255	26,064,046	6,024,871	13,831,275

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

	Current Period - December 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	369,850	-	26,356,794	48,817,628
Treasury bills	-	-	-	-
Other debt securities	-	71,576,920	-	14,613,928
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	369,850	71,576,920	26,356,794	63,431,556

Information on financial assets at fair value through other comprehensive income

	Current Period- December 31, 2023	Prior Period- December 31, 2022
Debt securities	295,612,857	205,770,179
Quoted on a Stock Exchange	293,965,888	203,769,735
Unquoted	1,646,969	2,000,444
Equity securities	186,180	134,589
Quoted on a Stock Exchange	-	-
Unquoted	186,180	134,589
Provisions for impairment losses (-)	2,929,752	2,221,289
Total	292,869,285	203,683,479

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

5. Information on loans

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

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	929	-	1,187
Legal entities	-	929	-	1,187
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	949,392	-	602,165	-
Total	949,392	929	602,165	1,187

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

Current Period- December 31, 2023				
	Loans and other receivables under close monitoring			
	Agreement conditions modified			Refinance
	Standard loans	Loans not Subject to Restructuring	Loans with Revised Contract Terms	
Cash Loans				
Non-specialized loans	1,367,616,787	60,174,394	1,331,024	54,902,696
Loans given to enterprises	343,510,631	29,489,081	956,355	52,873,234
Export loans	182,492,612	1,057,135	-	-
Import loans	-	-	-	-
Loans given to financial sector	28,155,891	41,791	-	-
Consumer loans	178,266,801	2,656,898	3,175	789,804
Credit cards	134,693,840	2,790,051	371,276	-
Other	500,497,012	24,139,438	218	1,239,658
Specialized lending	-	-	-	-
Other receivables	-	56,989,074	-	-
Total	1,367,616,787	117,163,468	1,331,024	54,902,696

Agreement has been reached between all lenders, including the Parent 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 Parent 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 Parent 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 Türkiye Wealth Fund, equivalent to 55% of Türk Telekom capital owned by LYY. Accordingly, on March 31, 2022, the relevant company was transferred to the Türkiye Wealth Fund. A 100% provision has been made for the portion remaining after the collection from the sales and followed as a loan in the financial statements and for the shares followed under the “Financial Assets at Fair Value Through Profit and Loss” item, and the portion followed up as a loan has been classified as non-performing loans as of June 30, 2022. Since there is no reasonable expectation regarding its recovery, it has been deducted from the records together with the specific provision amount within the scope of TFRS 9.

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

Prior Period - December 31, 2022				
	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	844,237,049	32,644,066	1,998,708	42,787,312
Loans given to enterprises	226,182,323	17,720,897	1,835,446	38,266,353
Export loans	73,853,772	693,501	-	-
Import loans	-	-	-	-
Loans given to financial sector	15,429,267	8,685	-	-
Consumer loans	133,450,476	1,261,497	9,224	598,495
Credit cards	55,684,826	575,878	153,735	-
Other	339,636,385	12,383,608	303	3,922,464
Specialized lending	-	-	-	-
Other receivables	-	30,814,582	-	-
Total	844,237,049	63,458,648	1,998,708	42,787,312

Current Period - December 31, 2023	Standard Loans	Loans under close monitoring
12-Month expected credit losses	17,668,048	-
Significant Increase in Credit Risk	-	28,117,181

Prior Period - December 31, 2022	Standard Loans	Loans under close monitoring
12-Month expected credit losses	6,282,894	-
Significant Increase in Credit Risk	-	19,220,224

Maturity analysis of cash loans

	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
Current Period - December 31, 2023			
Short-term Loans	576,246,975	56,480,636	3,228,886
Medium, Long-term Loans	791,369,812	60,682,832	53,004,834
	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
Prior Period - December 31, 2022			
Short-term Loans	346,986,023	40,934,342	12,153,333
Medium, Long-term Loans	497,251,026	22,524,306	32,632,687

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

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

Current Period - December 31, 2023	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	29,925,047	115,624,141	145,549,188
Housing loans	9,365	57,467,601	57,476,966
Automobile loans	184,185	7,689,591	7,873,776
General purpose loans	29,731,497	50,466,949	80,198,446
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	3,918	3,918
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	3,918	3,918
Other	-	-	-
Retail credit cards – TL	99,095,851	47,282	99,143,133
With instalment	43,295,743	43,764	43,339,507
Without instalment	55,800,108	3,518	55,803,626
Retail credit cards – FC	192,094	-	192,094
With instalment	-	-	-
Without instalment	192,094	-	192,094
Personnel loans – TL	33	78,889	78,922
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	33	78,889	78,922
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	865,265	186	865,451
With instalment	368,559	168	368,727
Without instalment	496,706	18	496,724
Personnel credit cards – FC	5,019	-	5,019
With instalment	-	-	-
Without instalment	5,019	-	5,019
Overdraft Checking Accounts – TL (Real person)	36,080,776	-	36,080,776
Overdraft Checking Accounts – FC (Real person)	3,874	-	3,874
Total	166,167,959	115,754,416	281,922,375

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

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

Prior Period - December 31, 2022	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	7,935,009	108,752,182	116,687,191
Housing loans	4,218	54,022,879	54,027,097
Automobile loans	24,328	3,370,937	3,395,265
General purpose loans	7,906,463	51,358,366	59,264,829
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	2,577	2,577
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,577	2,577
Other	-	-	-
Retail credit cards – TL	42,288,736	101,703	42,390,439
With instalment	20,734,917	100,707	20,835,624
Without instalment	21,553,819	996	21,554,815
Retail credit cards – FC	140,198	-	140,198
With instalment	-	-	-
Without instalment	140,198	-	140,198
Personnel loans – TL	1,018	176,041	177,059
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	1,018	176,041	177,059
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	422,146	136	422,282
With instalment	194,148	131	194,279
Without instalment	227,998	5	228,003
Personnel credit cards – FC	2,824	-	2,824
With instalment	-	-	-
Without instalment	2,824	-	2,824
Overdraft Checking Accounts – TL (Real person)	18,450,844	-	18,450,844
Overdraft Checking Accounts – FC (Real person)	2,021	-	2,021
Total	69,242,796	109,032,639	178,275,435

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Installment based commercial loans and corporate credit cards

Current Period - December 31, 2023	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	23,202,727	180,793,245	203,995,972
Real estate loans	69,577	1,601,429	1,671,006
Automobile loans	2,696,782	12,551,627	15,248,409
General purpose loans	18,572,861	166,640,189	185,213,050
Other	1,863,507	-	1,863,507
Instalment-based commercial loans – FC indexed	-	336,079	336,079
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	336,079	336,079
Other	-	-	-
Instalment-based commercial loans – FC	165,825	122,382,253	122,548,078
Real estate loans	-	-	-
Automobile loans	-	4,895	4,895
General purpose loans	165,825	104,713,964	104,879,789
Other	-	17,663,394	17,663,394
Corporate credit cards – TL	34,241,978	3,347,838	37,589,816
With instalment	11,980,717	3,054,323	15,035,040
Without instalment	22,261,261	293,515	22,554,776
Corporate credit cards – FC	59,654	-	59,654
With instalment	-	-	-
Without instalment	59,654	-	59,654
Overdraft Checking Accounts – TL (Corporate)	29,920,735	-	29,920,735
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	87,590,919	306,859,415	394,450,334

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Allocation of loan customers ^(*)

	Current Period – December 31, 2023	Prior Period- December 31, 2022
Public Sector	27,823,228	27,239,912
Private Sector	1,513,190,747	925,241,805
Total	1,541,013,975	952,481,717

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

Allocation of domestic and overseas loans ^(*)

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Domestic loans	1,518,186,512	941,033,981
Foreign loans	22,827,463	11,447,736
Total	1,541,013,975	952,481,717

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

Loans to associates and subsidiaries

	Current Period – December 31, 2023	Prior Period- December 31, 2022
Direct loans to associates and subsidiaries	413,377	126,530
Indirect loans to associates and subsidiaries	-	-
Total	413,377	126,530

Specific provisions accounted for loans (Stage 3)

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Loans and receivables with limited collectability	1,178,026	1,091,792
Loans and receivables with doubtful collectability	1,372,757	1,301,592
Uncollectible loans and receivables	14,387,008	14,563,609
Total	16,937,791	16,956,993

Information on non-performing loans (Net)

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current period - December 31, 2023			
Gross Amounts Before the Reserves	234,719	321,989	2,122,588
Loans Which Are Restructured	234,719	321,989	2,122,588
Prior period - December 31, 2022			
Gross Amounts Before the Reserves	129,331	401,229	2,138,138
Loans Which Are Restructured	129,331	401,229	2,138,138

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans With	Loans With	
	Limited	Doubtful	Uncollectible
	Collectability	Collectability	Loans
Current Period - December 31, 2023			
Balance at the beginning of the period	2,380,890	2,174,392	16,280,254
Additions (+)	6,763,678	146,172	290,699
Transfers from other categories of loans under follow-up (+)	-	5,896,920	4,040,013
Transfers to other categories of loans under follow-up (-) ^(*)	5,908,129	4,028,804	-
Collections (-)	935,828	1,737,329	3,143,400
Write-offs (-) ^(**)	-	-	1,599,845
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	-	-	146,095
Balance at the end of the period	2,300,611	2,451,351	16,013,816
Provision (-)	1,178,026	1,372,757	14,387,008
Net balance	1,122,585	1,078,594	1,626,808

^(*) 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, 2023, the Parent Bank has TL 1,599,845 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 Parent Bank's NPL ratio decreased from 1.43% to 1.33%.

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

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

^(**) As of December 31, 2022, the Parent 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 Parent Bank's NPL ratio decreased from 2.45% to 2.13%.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III	Group IV	Group V
	Loans With	Loans With	
	Limited	Doubtful	Uncollectible
	Collectability	Collectability	Loans
Current Period - December 31, 2023			
Balance at the end of the period	549,984	805,856	6,832,784
Provision (-)	358,606	471,226	6,284,257
Net balance on balance sheet	191,378	334,630	548,527
Prior Period -December 31, 2022			
Balance at the end of the period	1,363,356	470,985	5,735,580
Specific provision (-)	618,801	328,422	5,440,474
Net balance on balance sheet	744,555	142,563	295,106

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

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

	Group III	Group IV	Group V
	Loans With	Loans With	
	Limited	Doubtful	Uncollectible
	Collectability	Collectability	Loans
Current Period - December 31, 2023			
Net	1,122,585	1,078,594	1,626,808
Consumer and Commercial Loans (Gross)	2,300,523	2,451,226	15,993,910
Provision (-)	1,177,940	1,372,632	14,367,124
Consumer and Commercial Loans (Net)	1,122,583	1,078,594	1,626,786
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	88	125	19,906
Provision (-)	86	125	19,884
Other Loans and Receivables (Net)	2	-	22

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net) - December 31, 2023	94,176	86,855	175,802
Interest accruals and valuation differences	172,199	189,756	2,188,624
Provision (-)	78,023	102,901	2,012,822
Prior Period (Net) - December 31, 2022	26,275	76,700	256,464
Interest accruals and valuation differences	47,049	185,656	2,312,090
Provision (-)	20,774	108,956	2,055,626

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - December 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Government bonds	289,285,980	35,748,113	124,497,259	22,217,950
Treasury bills	-	-	-	-
Other securities issued by the governments	-	18,950,774	-	11,611,721
Total	289,285,980	54,698,887	124,497,259	33,829,671

Information on financial assets measured at amortized cost

	Current Period - December 31, 2023	Prior Period - December 31, 2022
Debt Securities	344,373,002	158,592,852
Quoted at stock exchanges	343,984,867	158,385,880
Unquoted at stock exchanges	388,135	206,972
Impairment losses (-)	-	-
Total	344,373,002	158,592,852

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Balances at the beginning of the period	158,592,852	73,861,983
Foreign currency differences on monetary assets	18,635,334	8,334,895
Purchases during the period	126,283,530	41,636,940
Disposals through sales/redemptions	(15,067,844)	(3,320,778)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	55,929,130	38,079,812
Balances at the end of the period	344,373,002	158,592,852

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

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

Current Period - December 31, 2023	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	93,463,937	7,199,394	100,874,756	7,365,620
Investments subject to repurchase agreements	34,082,205	18,545,493	70,152,648	18,950,774
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	56,412,079	23,397,719	118,258,576	28,770,628
Total	183,958,221	49,142,606	289,285,980	55,087,022

(*) 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.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates

Unconsolidated investments in associates

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Period’s Profit/Loss	Fair Value
1	44,341,592	11,595,437	7,434,859	155,020	1,825	1,134,830	2,667,040	28,450,000
2	3,880,800	3,344,720	402,054	511,366	-	2,659,647	207,418	-
3	1,201,571	242,443	456,320	29,452	890	128,363	29,975	-
4	142,748	(356,746)	92,387	2	-	(109,833)	(139,204)	-
5	78,641	(1,064,627)	68,385	-	-	(383,780)	(226,086)	-
6	121,142,599	5,900,474	443,445	2,914,614	215,397	2,260,614	1,071,449	-
7	3,780,277	1,754,797	44,906	229,287	-	463,127	205,844	-
8	391,444	349,569	122,990	45,002	-	111,752	146,841	-
9	501,530	329,311	161,651	35,510	-	(9,743)	(22,715)	-
10	277,410	242,691	19,571	43,198	-	107,429	78,817	-
11	96,152	89,837	1,130	14,532	14,994	19,383	16,684	-
12	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates (Continued)

Unconsolidated investments in associates

In the current period, it has been decided to increase the capital of JCR Avrasya Rating AŞ from TL 30,000 to TL 50,000. After the capital increase, the share which corresponds to the Parent Bank is TL 571.

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

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

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

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

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

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates (Continued)

Consolidated investments in associates

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	6,135,964	276,268	19,929	507,929	23,440	94,781	57,500	-
2	180,913,852	21,825,052	6,615,631	13,781,012	5,031,501	6,965,044	3,980,412	18,242,000
3	929,956	763,942	27,481	308,503	-	109,296	257,480	-

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

Movement of consolidated investments in associates

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Balance at the beginning of the period	1,043,941	349,103
Movements during the period	618,683	694,838
Transfers	-	-
Acquisitions	119,285	-
Bonus shares received	-	4,500
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	499,398	690,338
Impairment losses	-	-
Balance at the end of the period	1,662,624	1,043,941
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Investments in associates (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - December 31, 2023	Prior Period - December 31, 2022
Banks	1,543,339	1,043,941
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	119,285	-
Total	1,662,624	1,043,941

Quoted associates

	Current Period - December 31, 2023	Prior Period - December 31, 2022
Quoted at domestic stock exchanges	1,528,220	1,028,822
Quoted at international stock exchanges	-	-
Total	1,528,220	1,028,822

Investments in associates disposed during the period

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

In the prior period, all of the Parent Bank's 33.33% shares in Platform Ortak Kartlı Sistemler AŞ have been sold to Türkiye Halk Bankası AŞ for TL 1,922 as of June 21, 2022, and the Parent Bank has no shares left in the Company.

Investments in associates acquired during the period

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

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

8. Investments in subsidiaries
Information on significant subsidiaries

Current Period - December 31, 2023	VakıfBank International AG	VakıfBank Kiralama AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Yat. Ort. AŞ	Vakıf Menkul Yat. Ort. AŞ	Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ
Paid in Capital	311,248	1,000,000	450,000	850,000	2,950,000	30,000	100,000		
Share Premium	-	1,366	137	-	18,327	121	-		
Equity share premiums	-	1,366	-	-	18,327	28	-		
Share cancellation profits	-	-	-	-	-	-	-		
Other capital reserves	-	-	137	-	-	93	-		
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	179,308	3,560	36,927	(1,257)	149	-		
Other accumulated comprehensive income that will be reclassified in profit or loss	4,463,956	223,193	-	-	-	-	-		
Other accumulated comprehensive income that will be reclassified in profit or loss	28,297	46,665	178,734	281,799	100,321	6,187	9,815		
Profit Reserves	28,297	-	85,672	56,341	62,270	761	9,815		
Legal Reserves	-	-	-	-	-	-	-		
Statutory reserves	-	-	164,584	18,012	225,458	5,426	-		
Extraordinary Reserves	-	-	11,944	75,050	-	-	-		
Other Profit Reserves	-	-	1,308,142	929,139	1,434,276	7,359	22,899		
Profit/Loss	495,048	(103,131)	12,714	1,434,276	(51,878)	(3)	-		
Prior Period's Profit/Loss	43,848	1,411,273	916,425	1,486,154	3,903,981	7,362	22,899		
Current Period's Profit/Loss	451,200	-	-	-	-	-	-		
Minority Rights	-	2,712,009	1,561,570	2,603,002	9,283,512	43,816	132,714		
Total Core Capital	5,298,549	2,712,009	1,561,570	2,603,002	9,283,512	43,816	132,714		
SUPPLEMENTARY CAPITAL	5,298,549	2,712,009	1,561,570	2,603,002	9,283,512	43,816	132,714		
NET AVAILABLE EQUITY	5,298,549	2,712,009	1,561,570	2,603,002	9,283,512	43,816	132,714		

(*) Reviewed BRSA financial statements as of December 31, 2023 are considered

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Information on significant subsidiaries (Continued)

Prior Period - December 31, 2022	VakıfBank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Yat. Ort. AŞ	Vakıf Elektronik Para ve Ödeme Hizmetleri 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 share premiums	-	1,366	-	-	301,118	28	
Share cancellation profits	-	-	-	-	-	-	
Other capital reserves	-	296	137	-	21,599	93	
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	97,494	6,500	22,501	(665)	(43)	
Other accumulated comprehensive income that will be reclassified in profit or loss	2,512,228	-	-	-	-	-	
Other accumulated comprehensive income that will be reclassified in profit or loss	26,550	92,683	152,736	135,080	155,104	1,645	
Profit Reserves	26,550	20,737	53,122	29,006	19,520	478	
Legal Reserves	-	-	-	-	-	-	
Statutory reserves	-	71,946	24,564	106,074	135,037	1,167	
Extraordinary Reserves	-	-	75,050	-	547	-	
Other Profit Reserves	-	-	388,711	494,842	3,022,653	5,644	
Profit/Loss	190,572	415,435	5,058	(31,857)	627,694	(3)	
Prior Period's Profit/Loss	148,344	(52,549)	383,653	526,699	2,394,959	5,647	
Current Period's Profit/Loss	42,228	467,984	-	-	-	-	
Minority Rights	-	-	-	-	-	-	
Total Core Capital	3,040,598	1,207,274	798,084	1,102,423	4,644,809	37,367	
SUPPLEMENTARY CAPITAL	3,040,598	1,207,274	798,084	1,102,423	4,644,809	37,367	
NET AVAILABLE EQUITY	3,040,598	1,207,274	798,084	1,102,423	4,644,809	37,367	

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

In the prior period, Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ is not shown in the table since it is included in unconsolidated subsidiaries.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every weekly terms as an independent audit, in line with the “Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies” Serial: V, No:34 of the Capital Markets Board. According to the calculations at December 31, 2023, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank’s Share – If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/Türkiye	67.27	84.82
2 Taksim Otelcilik AŞ (*)	İstanbul/ Türkiye	52.43	52.43
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Türkiye	96.73	98.76
4 Vakıf Gayrimenkul Değerleme AŞ (*)	İstanbul/ Türkiye	97.14	97.14

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1	308,839	308,708	361	17,424	-	93,677	64,879	224,941
2	1,059,348	980,014	111,012	204,022	7,655	222,798	309,066	2,161,111
3	828,219	380,549	522,804	68,210	580	22,640	15,856	532,954
4	94,677	81,379	747	17,483	-	(14,976)	(824)	81,144

(*) Financial statement information given for these subsidiaries is taken from financial statements without inflation accounting.

In the current period, it has been decided to increase the share capital of Vakıf Gayrimenkul Değerleme AŞ from TL 60,000 to TL 100,000 with a rights issue of TL 40,000. After the capital increase, the amount that corresponds the share of the Parent Bank is TL 38,857.

In the current period, it has been decided to increase the capital of Vakıf Pazarlama Sanayi ve Ticaret AŞ from TL 100,000 to TL 300,000 by an increase of TL 200,000. After the capital increase, the share which corresponds to the Parent Bank is TL 193,466.

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

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

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

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

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

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

8. Investments in subsidiaries (Continued)

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

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

Investments in consolidated subsidiaries

Title	Address (City / Country)	Bank’s Share –If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1 Vakıf Faktoring AŞ	İstanbul/Türkiye	92.10	94.45
2 Vakıf Finansal Kiralama AŞ	İstanbul/Türkiye	62.05	62.05
3 Vakıf Yatırım Menkul Değerler AŞ (*)	İstanbul/Türkiye	99.50	99.66
4 VakıfBank International AG	Vienna/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ (*)	İstanbul/ Türkiye	33.77	33.77
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)	İstanbul/ Türkiye	53.77	53.77
7 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	38,235,991	2,673,463	9,495	7,607,897	-	1,504,736	546,720	2,149,151
2	26,232,572	2,862,941	209,595	4,435,381	18,555	1,443,089	518,566	4,256,000
3	6,083,191	1,561,570	51,088	-	57,080	916,425	383,652	2,239,113
4	31,041,661	5,298,549	18,584	642,810	211,953	451,200	8,511,842	2,702,730
5	45,722	43,816	711	1,055	14,211	7,362	5,643	747,150
6	12,089,203	9,283,512	6,608,963	354,875	-	3,903,981	2,332,117	5,251,000
7	133,877	132,714	76	38,375	-	22,899	9,465	100,000

(*) Taken from the financial statements in which inflation accounting was not applied as the basis for the consolidation package dated 31 December 2023.

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Balance at the beginning of the period	9,278,157	4,141,635
Movements during the period	3,448,313	5,136,522
Transfers	100,000	-
Acquisitions	490,000	257,307
Bonus shares received	1,478,297	307,337
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	3,741,241	4,587,310
Impairment losses	(2,361,225)	(15,432)
Balance at the end of the period	12,726,470	9,278,157
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Investments in subsidiaries (Continued)

In the current period, Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ received an operating license from the CBRT and the Company started to be monitored in the Other Financial Subsidiaries account on the financial statement of the Parent Bank. The Company has been included in the full consolidated financial statements.

In the current period, it has been decided to increase the share capital of Vakıf Finansal Kiralama AŞ from TL 600,000 to TL 1,000,000 by increasing TL 400,000. The bonus shares amounting to TL 248,184 corresponding to the Parent Bank's share are shown in the Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 450,000 to TL 850,000 Bonus shares amounting to TL 368,393 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 250,000 to TL 450,000. Bonus shares amounting to TL 199,000 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 1,717,500 to TL 2,950,000. Bonus shares amounting to TL 662,720 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, 3.66% nominal shares amounting to TL 41,865 owned by TOKİ, one of the shareholders of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, were purchased by the Parent Bank for TL 160,660. The Parent Bank's share amounting to TL 160,660 has been recognized under Purchases in the movement table of subsidiaries. In addition, it has been decided to increase the Company's paid-in capital of TL 1,145,000 by 50% rights issue to TL 1,717,500. The Parent Bank's share amounting to TL 305,178 has been recognized as Purchases in the statement of movement of subsidiaries. Preference shares that were not used during the capital increase in question were purchased by our Bank for TL 24,162 TL 24,162 share corresponding to the Parent Bank's is shown under the Acquisitions row in the movement table of subsidiaries.

In the prior period, all of the 13,71% nominal shares of TL 61,674 owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Faktoring AŞ, have been purchased by the Parent Bank for a consideration of TL 140,069. TL 140,069 share corresponding to the Parent Bank's is shown under the Acquisitions row in the movement table of subsidiaries.

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

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

In the prior period, 20,000,000 shares owned by Türkiye Sigorta AŞ, one of the shareholders of Vakıf Finansal Kiralama AŞ, were acquisitied for TL 49,000. Shares amounting to TL 49,000 corresponding to the Parent Bank's share are shown under Acquisitions in the Movement table of consolidated investments in subsidiaries in consolidated financial statements.

In the prior period, 2,522,434 shares of Türkiye Sigorta AŞ, one of the shareholders of Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ, and 2,399,981 shares of Türkiye Hayat ve Emeklilik AŞ were acquisitied for an amount of TL 25,990. Shares amounting to TL 25,990 corresponding to the Parent Bank's share are shown under Acquisitions in the Movement table of consolidated investments in subsidiaries in consolidated financial statements.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries (Continued)

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

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

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

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

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Measured at cost	-	-
Measured at fair value (*)	12,726,470	9,278,157
Equity method of accounting	-	-
Total	12,726,470	9,278,157

(*) Valuation amounts of December 31, 2023 have been taken for the unquoted subsidiaries.

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period – December 31, 2023	Prior Period- December 31, 2022
Banks	2,702,730	1,843,727
Factoring companies	1,979,330	941,244
Leasing companies	2,640,662	1,993,897
Financing companies	-	-
Other financial subsidiaries	5,403,748	4,499,289
Total	12,726,470	9,278,157

Quoted consolidated subsidiaries

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Quoted at domestic stock exchanges	5,716,493	5,658,381
Quoted at international stock exchanges	-	-
Total	5,716,493	5,658,381

Consolidated subsidiaries disposed during the period

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

Investments in subsidiaries acquired during the period

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

9. Investments in joint-ventures

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period - December 31, 2023		Prior Period - December 31, 2022	
	Gross	Net	Gross	Net
Less than 1 year	5,240,965	4,518,764	2,039,611	1,813,736
Between 1-4 years	20,169,540	14,044,649	7,001,171	5,335,389
Longer than 4 years	1,480,468	1,190,254	1,981,371	1,274,852
Total	26,890,973	19,753,667	11,022,153	8,423,977

Net investments in finance lease receivables

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Gross finance lease receivables	26,890,973	11,022,153
Unearned income on finance lease receivables (-)	7,137,306	2,598,176
Terminated lease contracts (-)	-	-
Net finance lease receivables	19,753,667	8,423,977

Finance lease agreements

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

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

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CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	10,061,293	1,781,125	231,943	2,989,542	15,063,903
Accumulated depreciation (-)	70,856	877,883	138,127	1,742,254	2,829,120
Impairment (-)	311,569	-	-	239,967	551,536
Net book value	9,678,868	903,242	93,816	1,007,321	11,683,247
Current Period:					
Net book value at the beginning of the current year	9,678,868	903,242	93,816	1,007,321	11,683,247
Additions	18,607,796	2,929,063	1,212,711	1,158,174	23,907,744
Transferred cost	933,224	-	-	-	933,224
Transferred amortisation	2,204	-	-	-	2,204
Cost of the disposals	8,539,756	570,526	11,152	133,595	9,255,029
Depreciation of the disposals (-)	106,415	82,300	4,727	(4,564)	188,878
Depreciation of the current year	56,228	509,077	44,653	329,456	939,414
Impairment (-)	27,791	-	-	13,807	41,598
Exchange differences related to foreign associates	(68)	-	928	61,948	62,808
Cost at the end of the current year	21,062,489	4,139,662	1,434,430	4,076,069	30,712,650
Accumulated depreciation at the end of the year (-)	18,465	1,304,660	178,053	2,076,274	3,577,452
Impairment (-)	306,620	-	-	253,774	560,394
Net book value at the end of the current year	20,737,404	2,835,002	1,256,377	1,746,021	26,574,804

(*) The Parent Bank revalued the real estate recorded in the intangible assets on December 31,2023, and the revaluation increase of value amounting to TL 11, 225,183 is included in the acquisitions.

13. Information on intangible assets

Group’s intangible assets consist of computer softwares and licences. The estimated useful life or depletion share of intangible assets is 3-15 years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Parent Bank divides the depletion share of intangible assets according to inflation adjusted values.

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

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

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

14. Information on investment properties

As of December 31, 2023, the Group has investment properties with a net value of TL 8,871,051 (December 31,2022: TL 3,444,057).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on tax assets

a) Current tax assets

The current tax asset of the Group as of December 31, 2023 is TL 6,141 (December 31, 2022: None).

b) Deferred tax assets

The deferred tax asset of the Group as of December 31, 2023 is TL 11,124,726 (December 31, 2022: TL 3,061,414). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

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

	Current Period – December 31, 2023	Prior Period - December 31, 2022
As of 1 January,	3,005,010	58,048
Deferred tax income/(loss)	8,153,010	6,397,464
Deferred tax that is accounted under Equity	(108,516)	(3,427,491)
Other	(42,949)	(23,011)
Deferred tax asset/(liability)	11,006,555	3,005,010

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

The reconciliation of the deferred tax on the assets directly related to the equity is as follows as of December 31, 2023 and December 31, 2022:

	Current Period December 31, 2023	Prior Period December 31, 2022
Financial assets at fair value through other comprehensive income	1,403,577	(3,145,274)
Associates and subsidiaries	189,094	(108,292)
Tangible assets	(2,272,202)	(383,084)
Actuarial gains and losses	571,015	209,159
Total	(108,516)	(3,427,491)

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

As of December 31, 2023, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 262,958 (December 31, 2022: TL 411,964), and the provision for impairment is TL 231 (December 31, 2022: TL 986).

17. Information on other asset

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

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

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Balances with the Central Bank	4,094	2,865
Banks	296,678	9,849
Total	300,772	12,714
Financial Assets Measured at Amortized Cost	42,076	20,008
Total	342,848	32,722

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period December 31, 2023	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	38,576,389	-	22,236,870	218,874,098	113,424,286	30,676,763	51,278,445	9,303	475,076,154
Foreign currency deposits	198,660,010	-	139,803,802	208,511,340	18,261,355	13,034,521	30,540,192	1,545	608,812,765
Residents in Türkiye	182,232,541	-	136,849,359	199,417,035	15,929,141	8,473,764	6,946,966	1,545	549,850,351
Residents in abroad	16,427,469	-	2,954,443	9,094,305	2,332,214	4,560,757	23,593,226	-	58,962,414
Public sector deposits	38,487,350	-	88,690,178	37,895,081	1,356,598	177,575	119,624	-	166,726,406
Commercial deposits	46,350,166	-	165,190,297	122,164,130	79,719,104	38,646,252	27,116,281	-	479,186,230
Other	26,937,517	-	9,811,495	47,606,075	19,521,823	438,790	97,173	-	104,412,873
Precious metal deposits	77,213,253	-	-	38,381	423,403	4,530,702	409,772	-	82,615,511
Bank deposits	5,113,704	-	32,391,154	23,631,152	557,753	-	941,952	-	62,635,715
Central Bank	37,810	-	-	-	-	-	-	-	37,810
Domestic banks	2,468,262	-	29,644,007	2,258,955	-	-	-	-	34,371,224
Foreign banks	2,298,451	-	2,747,147	21,372,197	557,753	-	941,952	-	27,917,500
Participation banks	309,181	-	-	-	-	-	-	-	309,181
Other	-	-	-	-	-	-	-	-	-
Total	431,338,389	-	458,123,796	658,720,257	233,264,322	87,504,603	110,503,439	10,848	1,979,465,654

As of December 31, 2023, TL 15,185,839 (December 31 2022: TL 48,199,010) “Turkish Lira Time Deposits with Currency Protection” deposit instrument opened in the Parent 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 210,308,964 (December 31, 2022: TL 84,005,929) “Turkish Lira Time Deposits with Currency Conversion Protection” published in the Official Gazette by the CBRT.

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

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

	Current Period – December 31, 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	135,382,191	339,693,963	67,118,488	127,237,104
Foreign currency saving deposits	94,475,397	198,009,711	47,027,029	134,690,674
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	229,857,588	537,703,674	114,145,517	261,927,778

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

Saving deposits out of insurance coverage limits

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Deposits and other accounts at foreign branches	38,244	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	137,706	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- December 31, 2023		Prior Period- December 31, 2022	
	TL	FC	TL	FC
Forwards	55,388	17,565	5,120	79
Swaps	26,291	5,569,542	202,661	4,458,210
Futures	-	-	-	-
Options	-	97,611	-	53,527
Other	-	-	-	-
Total	81,679	5,684,718	207,781	4,511,816

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	32,189,132	29,566	9,000,667	1,116,440
Domestic banks and institutions	11,090,596	8,023,114	5,445,312	9,805,240
Foreign banks, institutions and funds	1,964,875	186,844,138	35,158	113,966,002
Total	45,244,603	194,896,818	14,481,137	124,887,682

b) Maturity information of funds borrowed

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Short-term ^(*)	24,681,565	4,568,380	9,702,933	3,675,359
Medium and Long-term ^(*)	20,563,038	190,328,438	4,778,204	121,212,323
Total	45,244,603	194,896,818	14,481,137	124,887,682

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.97 % (December 31, 2022: 8.71 %) of the Group’s liabilities. There is no risk concentration on funding sources of the Group.

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

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

Syndicated Loans Receive

Beginning From	Maturit y (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
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	Euribor+4%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) Mashreqbank (P.S.C.)	Emirates NBD Bank (P.J.S.C)
November 30, 2023	367	USD	323	SOFR+3.50%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) The Commercial Bank (P.S.Q.C)	Abu Dhabi Commercial Bank
	367	EUR	303	E+3.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) The Commercial Bank (P.S.Q.C)	Abu Dhabi Commercial Bank

Securitisation Loans Received

Beginning From	Due date	Currency	Amount ^(*) (USD)Millions)	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 December 31, 2023, the total securitization balance is equivalent of USD 2,283 million and EUR 241 million (December 31, 2022: USD 1,616 million and EUR 252 million).

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II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED 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.

On December 8, 2020, the first Sustainable Eurobond issuance among deposit banks in Türkiye amounting to USD 750 million with 5 years maturity, 6.50% coupon rate and 6.625% final return rate was realized.

The Parent Bank completed the second Sustainable Bond issue within the sustainable financing programme on September 16, 2021. The transaction was carried out for USD 500 million with a maturity of 5 years, a coupon rate of 5.50 per cent and a final yield rate of 5.625 per cent. On September 12, 2023, the Bank issued the third sustainable bond with a nominal amount of USD 750 million under the GMTN Programme. With a maturity of 5 years and 1 month and a redemption date of October 12, 2028, the coupon rate was 9.0% and the final yield rate was 9.125%.

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 December 31, 2023, the total balance of allocated sales transactions was equivalent to USD 522.6 million.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - December 31, 2023				
Nominal	4,184,519	-	-	115,061,887
Cost	3,934,865	-	-	114,598,973
Net Book Value	4,122,574	-	-	117,165,636
Prior Period - December 31, 2022				
Nominal	6,120,841	1,478,000	1,396,773	60,909,813
Cost	5,826,392	1,478,000	1,396,125	60,640,318
Net Book Value	5,977,873	1,560,098	1,411,042	62,129,106

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

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

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

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

Obligations under finance leases

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

Current Period – December 31, 2023	Service Buildings	Vehicles	Total
Lease payables	6,126,468	78,251	6,204,719
Deferred rental expenses	3,315,938	16,223	3,332,161
Lease payables (Net)	2,810,530	62,028	2,872,558
Right of use assets	2,775,744	62,295	2,838,039

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

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, TL 14,625 of lease payments were made in the related period (December 31, 2022: TL 136,575).

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	Gross	Net	Gross	Net
Under 1 year	6,150,099	2,843,812	837,410	370,323
1-4 Years	54,610	28,736	571,224	279,115
Over 4 years	10	10	752,974	375,281
Total	6,204,719	2,872,558	2,161,608	1,024,719

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

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

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

None.

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

7. Information on provisions

Information on employee rights

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of December 31, 2023, TL 3,879,942 (December 31, 2022: TL 1,994,327) provision for severance pay and TL 415,819 (December 31, 2022, TL 195,642) provision for unused vacation are stated in financial statements under employee rights provision.

Movement of severance pay provision in the period:

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Opening balance	1,994,327	998,880
Current service cost	184,410	97,786
Previous service cost	96,771	226
Interest cost	355,544	179,074
Paid compensation	(489,612)	(66,890)
Payment/Reduction of benefits/Layoff accordingly composed		
loss/(gain)	6,692	5,051
Actuary loss/(gain)	1,727,019	777,939
Net foreign exchange differences from foreign subsidiaries	4,791	2,261
Closing balance	3,879,942	1,994,327

Information on pension rights

The technical financial statements of the Fund are audited by an actuary registered in the actuarial registry in accordance with Article 21 of the Insurance Law No. 5684 registered to "Actuarial Regulation" issued pursuant to this article. Based on current period the actuarial report, neither technical nor actual deficit has been identified that requires provisioning.

Transferable retirement and health liabilities	Current Period - December 31, 2023	Prior Period - December 31, 2022
Net Present Value of Transferable Retirement Liabilities	(41,121,297)	(22,011,351)
Net Present Value of Transferable Retirement and Health Contributions	48,583,647	20,122,767
General Administration Expenses	(411,213)	(220,114)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	-	(2,108,698)
Fair Value of Plan Assets (2)	15,510,074	11,482,979
Asset Surplus over Transferable Benefits ((2)-(1))=(3))	15,510,074	9,374,281

Actuarial assumptions used in valuation of Non-Transferable Benefits are as follows:

Discount Rates	Current Period – December 31, 2023	Prior Period - December 31, 2022
Benefits Transferable to SSI	9.80%	9.80%
Non-Transferable Benefits	2.50%	2.50%

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on provisions

Distribution of total assets of the Retirement Fund as of December 31, 2023 and December 31, 2022 is presented below:

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Bank placements	4,687,882	2,862,885
Government Bonds and Treasury Bill, Fund and Accrual Interest	4,899,592	3,279,039
Income		
Tangible assets (*)	5,242,981	5,011,158
Other	679,619	329,897
Total	15,510,074	11,482,979

(*) As of December 31, 2023, the value of the fixed assets are shown considering the fair value of the properties owned instead of the balance sheet value.

Provision for currency exchange loss on foreign currency indexed loans

None as of December 31, 2023 and December 31, 2022.

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

As of December 31, 2023 the Parent Bank has recorded TL 68,887 (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 December 31, 2023 TL 12,250,000 free provision was reversed in the current period and then TL 4,250,000 free provision was provided in the current year from TL 19,000,000 free provision which was provided in prior years in the financial statements. As of December 31, 2023, free provision is amounting to TL 11,000,000 in the other provision account in the balance sheet (December 31, 2022: 19,000,000). Reversal of free provision amounting to TL 12,250,000 was accounted under other operating income and additional free provision expense amounting to TL 4,250,000 was accounted under other provision expense in the profit or loss statement.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Taxation

Current Taxes

Tax provision

As at and for the year ended December 31, 2023, the tax liability of the Group is amounting to TL 8,093,489 (December 31, 2022: TL 4,020,030).

Information on taxes payable

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Corporate taxes payable	8,093,489	4,020,030
Taxation on securities	1,324,147	464,843
Capital gains tax on property	13,327	5,540
Banking and Insurance Transaction Tax (BITT)	2,161,896	640,813
Taxes on foreign exchange transactions	28,177	22,623
Value added tax payable	79,177	49,505
Other	352,501	187,204
Total	12,052,714	5,390,558

Information on premiums payable

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Social security premiums- employee share	5,757	2,856
Social security premiums- employer share	7,395	2,577
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	308	127
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	10,230	4,789
Unemployment insurance- employer share	20,222	9,488
Other	1	2
Total	43,913	19,839

Information on deferred tax liabilities

Group’s deferred tax debts as of December 31, 2023, TL 118,171 (December 31, 2022: TL 56,404).

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

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 34,437,278 as of December 31, 2023 (December 31, 2022: TL 24,043,286).

	Current Period- December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,145,696	23,707,184	5,145,157	14,475,926
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,696	23,707,184	5,145,157	14,475,926
Debt instruments to be included in the additional secondary calculation	5,584,398	-	4,422,203	-
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,584,398	-	4,422,203	-
Total	10,730,094	23,707,184	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".

11. Information on shareholders’ equity

Paid-in capital

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

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

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

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	9,915,922	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 Parent Bank was increased from TL 10,000,000 to TL 25,000,000.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on shareholders’ equity (Continued)

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

In the current period, the Parent Bank increased its paid-in capital from TL, 7,111,364 to TL 9,915,922, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated March 21, 2023. Accordingly, the amendment made in the related article of the Articles of Association was registered on April 20, 2023.

Information on share capital increases from revaluation funds

None.

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

None

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period - December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	6,428,036	-	3,675,834	-
Financial assets at fair value through other comprehensive income	1,788,315	3,912,408	11,620,755	(816,613)
Foreign exchange differences	32,298	-	14,526	-
Total	8,248,649	3,912,408	15,311,115	(816,613)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Disclosures related to off-balance sheet commitments

Type and amount of consolidated irrevocable commitments

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Commitments for credit card limits	239,679,180	81,979,697
Loan granting commitments	119,169,970	60,805,000
Commitments for cheque payments	10,121,928	6,916,438
Asset purchase sale commitments	141,784,478	56,192,549
Other	22,062,909	14,057,522
Total	532,818,465	219,951,206

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

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

The Parent Bank provided specific provision amounting to TL 851,721 (December 31, 2022: TL 583,361) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items amounting to TL 68,887 (December 31, 2022: TL 50,421).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Provisional letters of guarantee	9,861,230	5,312,468
Final letters of guarantee	139,960,135	79,435,509
Letters of guarantee for advances	50,721,986	28,688,031
Letters of guarantee given to custom offices	12,911,007	5,938,641
Other letters of guarantee	185,440,869	101,497,012
Total	398,895,227	220,871,661

2. Non-cash loans

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Non-cash loans given for cash loan risks	91,319,731	54,770,548
<i>With original maturity of 1 year or less</i>	<i>10,462,322</i>	<i>7,674,681</i>
<i>With original maturity of more than 1 year</i>	<i>80,857,409</i>	<i>47,095,867</i>
Other non-cash loans	406,189,202	224,585,683
Total	497,508,933	279,356,231

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2023				Prior Period - December 31, 2022			
	TL	%	FC	%	TL	%	FC	%
Agricultural	651,827	0.26	932,450	0.38	244,348	0.20	472,287	0.31
Farming and Cattle	553,708	0.22	613,191	0.25	224,411	0.18	187,736	0.12
Forestry	20,596	0.01	-	-	8,032	0.01	-	-
Fishing	77,523	0.03	319,259	0.13	11,905	0.01	284,551	0.19
Manufacturing	85,187,750	34.44	128,074,906	51.20	49,401,506	38.80	69,019,266	45.41
Mining	1,640,145	0.66	2,377,099	0.95	1,038,377	0.82	1,482,590	0.98
Production	69,768,742	28.21	114,816,435	45.90	38,985,823	30.62	61,690,706	40.58
Electric, gas and water	13,778,863	5.57	10,881,372	4.35	9,377,306	7.36	5,845,970	3.85
Construction	49,076,762	19.84	41,011,790	16.39	23,530,449	18.48	25,771,591	16.95
Services	108,368,164	43.82	63,505,651	25.40	51,427,383	40.39	43,592,565	28.68
Wholesale and retail trade	44,318,577	17.93	22,470,675	8.98	22,972,726	18.05	16,005,899	10.53
Hotel, food and beverage Services	3,148,727	1.27	715,069	0.29	1,520,860	1.19	1,096,002	0.72
Transportation and telecommunication	13,448,969	5.44	33,035,030	13.21	8,373,286	6.58	21,195,269	13.94
Financial institutions	36,026,689	14.57	608,941	0.24	11,073,975	8.70	1,224,508	0.81
Real estate and renting Services	4,691,655	1.90	5,369,152	2.15	3,022,793	2.37	1,914,088	1.26
Self-employment services	5,253,771	2.12	913,667	0.37	3,634,382	2.85	989,576	0.65
Education services	676,589	0.27	3,239	-	423,681	0.33	56,232	0.04
Health and social services	803,187	0.32	389,878	0.16	405,680	0.32	1,110,991	0.73
Other	4,064,310	1.62	16,635,323	6.63	2,720,999	2.13	13,175,837	8.65
Total	247,348,813	100.00	250,160,120	100.00	127,324,685	100.00	152,031,546	100.00

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

Current Period - December 31, 2023	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	235,525,410	146,580,754	5,710,047	10,227,295
Confirmed Bills of Exchange and Acceptances	4,258	4,398,076	-	-
Letters of Credit	2,110,919	78,895,525	10,997	3,676,849
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	1,689,731	2,662,052	-	-
Other Guarantees and Sureties	2,031,904	3,133,395	-	-
Non-Cash Loans	241,362,222	235,669,802	5,721,044	13,904,144

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

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

5. Information on derivative transactions

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	547,427,116	186,003,245
Currency Forwards	31,707,473	2,185,436
Currency Swaps	498,564,089	159,846,749
Currency Futures	-	1,476,432
Currency Options	17,155,554	22,494,628
Interest Rate Derivative Transactions (II)	235,695,783	145,399,273
Interest Rate Forwards	-	-
Interest Rate Swaps	235,695,783	145,399,273
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	187,219,899	72,672,594
A. Total Trading Derivatives (I+II+III)	970,342,798	404,075,112
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	970,342,798	404,075,112

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

5. Information on derivative transactions (Continued)

Current Period - December 31, 2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	61,086,691	103,059,007	8,137,705	-	-	172,283,403
Sale	93,788,308	118,668,956	8,117,820	-	-	220,575,084
Currency forwards:						
Purchase	1,867,287	9,874,478	2,784,568	1,341,884	-	15,868,217
Sale	1,861,504	9,860,171	2,777,250	1,340,331	-	15,839,256
Cross currency interest rate swaps:						
Purchase	-	295,660	17,499,677	35,215,516	9,313,290	62,324,143
Sale	-	53,100	15,158,051	26,298,023	1,872,285	43,381,459
Interest rate swaps:						
Purchase	-	10,000	1,738,041	69,873,926	46,225,924	117,847,891
Sale	-	10,000	1,738,041	69,873,926	46,225,925	117,847,892
Options:						
Purchase	4,058,588	2,978,026	1,776,674	-	-	8,813,288
Sale	3,935,891	2,826,689	1,579,686	-	-	8,342,266
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Other trading derivatives:						
Purchase	36,551,919	14,711,489	261,106	67,999,314	519,795	120,043,623
Sale	2,758,096	4,453,428	1,598,106	51,122,976	7,243,670	67,176,276
Total purchases	103,564,485	130,928,660	32,197,771	174,430,640	56,059,009	497,180,565
Total sales	102,343,799	135,872,344	30,968,954	148,635,256	55,341,880	473,162,233
Total	205,908,284	266,801,004	63,166,725	323,065,896	111,400,889	970,342,798

Prior Period - December 31, 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	50,607,684	213,151	4,712,643	-	-	55,533,478
Sale	57,574,579	1,241,311	4,705,819	-	-	63,521,709
Currency forwards:						
Purchase	2,441	835,112	345,732	-	-	1,183,285
Sale	2,427	656,412	343,312	-	-	1,002,151
Cross currency interest rate swaps:						
Purchase	-	749,200	625,975	16,357,478	8,298,023	26,030,676
Sale	-	153,710	625,975	11,456,304	2,524,897	14,760,886
Interest rate swaps:						
Purchase	-	30,000	1,017,109	32,225,018	39,427,510	72,699,637
Sale	-	30,000	1,017,108	32,225,018	39,427,510	72,699,636
Options:						
Purchase	2,849,346	8,340,850	174,657	-	-	11,364,853
Sale	2,855,666	8,109,992	164,117	-	-	11,129,775
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	655,550	-	-	-	655,550
Sale	-	820,882	-	-	-	820,882
Other trading derivatives:						
Purchase	7,718,862	1,126,964	299,606	21,151,892	10,133,829	40,431,153
Sale	556,006	103,697	299,604	18,488,911	12,793,223	32,241,441
Total purchases	61,178,333	11,950,827	7,175,722	69,734,388	57,859,362	207,898,632
Total sales	60,988,678	11,116,004	7,155,935	62,170,233	54,745,630	196,176,480
Total	122,167,011	23,066,831	14,331,657	131,904,621	112,604,992	404,075,112

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(Continued)

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

6. Contingent assets and liabilities

Group allocates TL 211,039 as provision for lawsuits against the Group (December 31, 2022: TL 40,057).

7. Services rendered on behalf of third parties

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

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

1. Interest income

Information on interest income received from loans

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Short-term Loans	95,934,746	5,055,239	32,018,642	1,935,226
Medium and Long-Term Loans	73,059,904	27,621,802	37,913,231	14,008,145
Non-performing Loans	917,420	230	907,019	114
Premiums Received from Resource Utilization				
Support Fund	-	-	-	-
Total	169,912,070	32,677,271	70,838,892	15,943,485

Information on interest income received from banks

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	-	111,923	-	276,567
Domestic Banks	262,192	28,860	31,910	35,591
Foreign Banks	-	963,148	-	318,102
Foreign Head Office and Branches	-	-	-	-
Total	262,192	1,103,931	31,910	630,260

Information on interest income received from marketable securities portfolio

	Current Period - December 31, 2023		Prior Period - December 31, 2022	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	10,527	609,131	52,282	358,840
Financial assets at fair value through other comprehensive income	26,636,575	8,665,249	21,639,349	4,813,597
Financial assets measured at amortized cost	70,923,332	2,613,598	43,664,117	1,613,903
Total	97,570,434	11,887,978	65,355,748	6,786,340

Information on interest income received from associates and subsidiaries

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Interest Received from Associates and Subsidiaries	36,030	11,125

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)

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

2. Interest Expense

Interest expense on funds borrowed

	Current Period – December 31, 2023		Prior Period – December 31, 2022	
	TL	FC	TL	FC
Banks	4,949,824	10,766,191	979,390	3,587,016
Central Bank of the Republic of Türkiye	2,420,069	3,889	329,049	7,441
Domestic Banks	2,422,724	610,895	636,920	263,962
Foreign Banks	107,031	10,151,407	13,421	3,315,613
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	660,013	-	195,875
Total	4,949,824	11,426,204	979,390	3,782,891

Interest expense paid to associates and subsidiaries

	Current Period - December 31, 2023	Prior Period – December 31, 2022
Interests paid to the associates and subsidiaries	1,272,499	304,923

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2023 is TL 10,226,368 (TL 3,171,802 and FC 7,054,566). (December 31, 2022: TL 7,889,345 (TL 2,587,381 and FC 5,301,964)).

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

2. Interest Expense (Continued)

Maturity structure of the interest expense on deposits

Current Period – December 31, 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		
TL								
Interbank deposits	-	1,630,606	3,931,602	-	-	-	-	5,562,208
Saving deposits	80,015	5,364,547	34,932,988	36,032,830	2,717,975	4,059,411	951	83,188,717
Public sector deposits	95,958	11,876,094	5,011,602	134,235	19,940	11,095	-	17,148,924
Commercial deposits	209,358	40,048,553	35,445,530	11,475,310	5,043,841	3,449,915	-	95,672,507
Other deposits	35,207	2,144,841	10,162,767	1,498,874	53,902	7,056	-	13,902,647
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	420,538	61,064,641	89,484,489	49,141,249	7,835,658	7,527,477	951	215,475,003
FC								
Foreign currency deposits	512,970	1,678,093	4,063,777	329,355	183,518	373,012	-	7,140,725
Interbank deposits	59,239	473,466	1,141,588	-	-	-	-	1,674,293
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	4,144	2,209	12,598	2,105	-	21,056
Total	572,209	2,151,559	5,209,509	331,564	196,116	375,117	-	8,836,074
Grand Total	992,747	63,216,200	94,693,998	49,472,813	8,031,774	7,902,594	951	224,311,077

Prior Period – December 31, 2022	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	145,535	1,764,828	6,530	58,155	-	-	1,975,048
Saving deposits	6,205	1,664,246	5,126,119	10,209,289	717,754	774,401	960	18,498,974
Public sector deposits	47,643	4,955,873	1,341,796	116,469	46,303	6,006	-	6,514,090
Commercial deposits	27,079	7,911,861	7,476,726	2,292,371	4,123,138	455,655	-	22,286,830
Other deposits	4,079	862,303	3,543,151	482,692	75,085	30,787	-	4,998,097
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	85,006	15,539,818	19,252,620	13,107,351	5,020,435	1,266,849	960	54,273,039
FC								
Foreign currency deposits	245,946	1,009,452	3,585,557	787,374	101,477	116,910	-	5,846,716
Interbank deposits	10,050	41,413	502,190	1,858	16,548	-	-	572,059
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	716	2,225	11,817	1,182	-	15,940
Total	255,996	1,050,865	4,088,463	791,457	129,842	118,092	-	6,434,715
Grand Total	341,002	16,590,683	23,341,083	13,898,808	5,150,277	1,384,941	960	60,707,754

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

3. Dividend Income

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Financial assets at fair value through profit or loss	3,921	3,796
Financial assets at fair value through other comprehensive income	6,220	7,704
Investments in Associates	46,243	45,891
Total	56,384	57,391

4. Information on trading income/losses

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Income	439,814,655	108,491,269
Income from capital market operations	46,833,717	29,100,035
Income from derivative financial instruments	277,321,262	53,451,938
Foreign exchange gains	115,659,676	25,939,296
Losses	(424,396,081)	(102,728,449)
Loss from capital market operations	(41,996,360)	(27,244,413)
Loss from derivative financial instruments	(281,292,004)	(54,015,790)
Foreign exchange loss	(101,107,717)	(21,468,246)
Net trading profit/loss	15,418,574	5,762,820

Net loss arising from changes in foreign exchange rates that relate to the Group’s foreign exchange rate based derivative financial instruments is amounting to net loss of TL 7,124,881 as at and for the year ended December 31, 2023 (December 31, 2022: net loss of TL 1,413,106).

5. Information on other operating income

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Income from reversal of the provisions for loans from prior periods	24,623,835	7,968,066
Communication income	32,710	24,095
Gain on sale of assets	775,552	1,086,428
Rent income	641,207	12,684
Other income	19,845,055	3,308,454
Total	45,918,359	12,399,727

(*)The related balance includes TL 12,250,000 of free provision reversed in the current period and TL 1,194,162 of revaluation income arising from the fair valuation of investment properties.

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

6. Expected credit loss and other provision expenses

	Current Period - December 31, 2023	Prior Period - December 31, 2022
Expected Credit Loss	50,288,105	27,203,605
12 month expected credit loss (stage 1)	19,423,877	6,036,427
Significant increase in credit risk (stage 2)	25,074,006	14,991,119
Non-performing loans (stage 3)	5,790,222	6,176,059
Marketable Securities Impairment Expense	92,884	24,928
Financial Assets at Fair Value through Profit or Loss	53,721	12,747
Financial Assets at Fair Value Through Other Comprehensive Income	39,163	12,181
Investments in Associates, Subsidiaries and Held-to-maturity	11,390	4,253
Securities Value Decrease		
Investments in Associates	11,390	4,253
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	4,250,000	17,271,958
Total	54,642,379	44,504,744

(*) The current period of free provision amount is TL 4,250,000 (31 December 2022: TL 17,228,000).

7. Information on other operating expenses

	Current Period - December 31, 2023	Prior Period - December 31, 2022
Reserve for Employee Termination Benefits	164,884	217,709
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	2,300	17,754
Depreciation Expenses on Tangible Assets	946,506	573,527
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	90,019	56,462
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	17,222,982	6,786,523
Leasing expenses related to TFRS 16 exceptions	14,625	136,575
Repair and maintenance expenses	422,322	197,612
Advertisement expenses	856,940	558,995
Other expenses	15,929,095	5,893,341
Loss on sale of assets	1,154	1,188
Other (*)	19,331,417	3,245,861
Total	37,759,262	10,899,024

(*) Other operating expenses amounting to TL 19,331,417 is comprised of (December 31, 2022: TL 3,245,861); AFAD Donation amounted TL 12,000,000, provision expenses for dividends to the personnel amounting to TL 2,046,425 (December 31, 2022: TL 948,282), TL 1,742,707 (December 31, 2022: TL 651,910), taxes, duties, fees and funds, TL 1,959,884 (December 31, 2022: TL 848,641) Saving Deposits Insurance Fund expenses and TL 1,582,401 (December 31, 2022: TL 797,028) consists of other expenses.

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

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

9. Information on tax provision from discontinued and continuing operations

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

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

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

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

11. Provision for taxes

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

In the current period, the Group recorded a tax provision of TL (10,384,245) (December 31, 2022: TL (20,041,060)) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of December 31, 2023 the Group’s deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 12,200,324 (December 31, 2022: TL 6,155,964), from the taxable temporary differences (Occurrence)/Closing TL (4,047,314) (December 31, 2022: (TL 241,500)) has deferred tax expense.

12. Information on net profit and loss

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

Group has incurred TL 321,154,393 interest income and TL 263,683,851 interest expense, also incurred TL 24,905,624 amount of net fee and commission income from its ordinary banking operations (December 31, 2022: TL 161,386,163 interest income, TL 85,637,033 interest expense, TL 10,189,800 net fee and commission income).

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

None.

13. Income/loss related to non-controlling interest

	Current Period – December 31, 2023	Prior Period - December 31, 2022
Income/(losses) related to non-controlling interest	2,430,914	1,417,664

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

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

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

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

15. Fees for services received from an independent audit firm

In accordance with the decision of the KGK dated March 26, 2021, the fees for the reporting period concerning the services acquired by the Group from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Independent audit fee for the reporting period	20,830	7,451
Fees for other assurance services	8,432	1,651
Fee for other services other than independent audit	2,979	388
Total	32,241	9,490

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

1. Information on increases that occur after revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of fair value through other comprehensive income, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period – December 31, 2023	Prior Period - December 31, 2022
Valuation differences at the beginning of the year	10,802,217	1,703,781
Fair value changes in the current year	(9,959,542)	10,309,721
Valuation differences transferred to the statement of income	3,424,956	1,933,989
Effect of deferred taxes	1,403,577	(3,145,274)
Valuation differences at the end of the year	5,671,208	10,802,217

Valuation Difference of the Subsidiaries and Affiliates	Current Period – December 31, 2023	Prior Period - December 31, 2022
Valuation differences at the beginning of the year	2,941,581	1,643,222
Fair value changes in the current year	2,109,608	1,406,650
Valuation differences transferred to the statement of income	-	-
Effect of deferred taxes	189,094	(108,291)
Valuation differences at the end of the year	5,240,283	2,941,581

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on correction differences of shareholders’ equity accounts due to inflation

In compliance with BRSA’s Circular on April 28, 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at December 31, 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for “capital reserves from inflation adjustments”. The balance of “capital reserves from inflation adjustments” account is transferred to “other capital reserves” account. In 2006, the Bank has increased its paid in capital through “other capital reserves” by TL 605,763.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY (Continued)

5. Information on profit distribution

At the Parent Bank's Shareholders' General Assembly Meeting held on August 2, 2023, it was decided that 2,401,723 TL of the distributable net period profit of 24,017,232 TL was distributed as legal reserves, 21,473,562 TL as extraordinary reserve funds, and TL 141,947 as special funds.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with decrease in the current year. Detailed information about the decreases is explained above in Note 1.

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” item under the “operating profit before changes in operating assets and liabilities” amounting to TL 27,287,596 (December 31, 2022: TL 9,130,969) is comprised of other operating expense in the balance sheet, fees and commission expense, and cash amount of trading profit/loss.

“Net increase/decrease in other liabilities” amounting to TL 43,914,485 (December 31, 2022: TL 15,596,015) under “changes in operating assets and liabilities” is mainly comprised of find based cash outflows from repurchase agreements.

“Other” balance under “net cash flow from investing activities” amounting to TL (548,055) (December 31, 2022: TL (229,354)) is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assests’ high turnover rate are taken into consideration. Each exchange rate’s arithmetic average of the last five days before the report date and provision of average TL that is calculated from the difference from current period’s exchange rate are reflected as an effect of exchange rate change on the cash flow statement. Except for the above-mentioned, banks that have less than three months to maturity are accepted as cash equivalents and average TL provision is calculated by difference between related operation’s per term exchange rate and current period’s exchange rate. As of December 31, 2023 impact of the exchange rate change on cash and cash equivalents is TL 968,372 (December 31, 2022: TL 366,155).

2. Cash flows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

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

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Prior Period – December 31, 2022	Prior Period – December 31, 2021
Cash on hand	13,565,642	3,971,399
Cash in TL	4,806,443	1,953,701
Cash in foreign currency	8,759,199	2,017,698
Cash equivalents	116,113,511	95,015,922
CBRT	254,620,417	136,196,563
Banks	28,760,678	21,625,296
Receivables from money markets	12,096,010	6,917,899
Other (*)	789,255	4,004,583
Loans and advances to banks having maturity of more than 3 months	(329,666)	(425,803)
Restricted cash and cash equivalents	(179,783,311)	(73,299,265)
Unrealized foreign exchange rate differences on cash equivalents	(39,872)	(3,351)
Total	129,679,153	98,987,321

(*) As of December, 31 2022, TL 789,255 (December, 31 2021: 4,004,583) and TL 566,026 (December 31, 2021: TL 3,164,283) out of TL 223,229 (December 31, 2021: TL, 840,300) that were classified under “Other” was cash in transit and precious metals, respectively.

Information on cash and cash equivalents at the end of the year

	Current Period – December 31, 2023	Prior Period – December 31, 2022
Cash on hand	21,482,817	13,565,642
Cash in TL	5,432,322	4,806,443
Cash in foreign currency	16,050,495	8,759,199
Cash equivalents	315,200,172	116,113,511
CBRT	363,862,692	254,620,417
Banks	53,151,593	28,760,678
Receivables from money markets	81,420,621	12,096,010
Other (*)	390,255	789,255
Loans and advances to banks having maturity of more than 3 months	(261,766)	(329,666)
Restricted cash and cash equivalents	(182,776,803)	(179,783,311)
Unrealized foreign exchange rate differences on cash equivalents	(586,420)	(39,872)
Total	336,682,989	129,679,153

(*) As of December 31, 2023, TL 390,255 (December 31, 2022: TL 789,255) and TL) 124,973 (December 31, 2022: TL 566,026) out of TL 265,282 (December 31, 2022: TL 223,229) that is classified under “Other” was cash in transit and precious metals, respectively.

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 142,656,199 as at December 31, 2023 (December 31, 2022: TL 160,782,674) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 40,120,604 (December 31, 2022: TL 19,000,637) is blocked and has not been shown in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Group.

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

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

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

Current Period	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	126,530	84,256	-	1,187	264,014	55,935
Balance at the end of the year	413,377	206,555	-	929	177,141	26,837
Interest and commission income	36,030	2,101	-	-	23,412	636

Prior Period	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	50,676	78,364	-	8,344	228,644	22,489
Balance at the end of the year	126,530	84,256	-	1,187	264,014	55,935
Interest and commission income	11,125	2,129	-	-	11,166	932

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

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	9,740,031	1,153,273	2,398,302	3,908,130	195,275	82,435
Balance at the end of the year	11,023,548	9,740,031	4,497,416	2,398,302	480,310	195,275
Interest on deposits	1,272,499	304,923	1,229,830	668,436	79,572	26,196

Information on forwards, options and other derivative transactions held by the Parent Bank’s risk group

None.

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

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

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

Information on Benefits Provided to Directors

In the accounting period ending on December 31, 2023, a total amount of TL 219,809 was paid to the Group top management (December 31, 2022: TL 104,865).

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

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches ^(*)	940	17,228	Country		
Foreign Representative Offices	-	-	Total Assets Capital		
	1	19	USA	23,042,566	487,839
Foreign Branches	1	9	Iraq	1,664,597	1,478,300
	1	2	Qatar	28,655	-
Off-shore Branches	1	5	Bahrain	204,232,853	-

(*) Free zone branches in Türkiye are included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2023, 9 new domestic branches (2022: 14 domestic branches) have been opened and 14 branches have been closed (2022: 5).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT 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
First Legal Reserves	1,200,862
Reserves allocated according to banking law and articles of association.	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	-

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

July 2022 (*)	Fitch Ratings
Long Term Foreign Currency	B-
Short Term Foreign Currency	B
Foreign Currency Outlook	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 2023 (*)	JCR Eurasia
Long Term International FC	BB (Negative)
Long Term International TL	BB (Negative)
Long Term NSR	AAA (tr) (Stable)

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

Convenience Translation of Publicly Announced Consolidated Financial Originally Issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES

CONSOLIDATED FINANCIAL REPORT AS AT DECEMBER 31, 2023

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

OTHER DISCLOSURES (Continued)

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

BRSA announced that banks, financial leasing, factoring, financing, savings financing and asset management companies will start applying inflation accounting starting from January 1, 2025, in accordance with BRSA Board decision on January 11, 2024.

January 30, 2024, in the Communiqué on the Amendment to the Communiqué on Required Reserves (number: 2013/15) published in the Official Gazette, it was decided to reduce the reserve requirement ratios for accounts with exchange rate protection from 30 percent to 25 percent for maturities up to 6 months, and to increase the additional reserve requirement ratios established in TL from 4 percent to 8 percent for foreign currency deposits/participation funds (excluding deposits/participation funds in foreign banks and precious metal deposit accounts) at all maturities.

SECTION SEVEN

INDEPENDENT AUDITORS’ REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REPORT

The Group's consolidated financial statements as at December 31, 2023 and notes to these financial statements which will be disclosed to the public have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent auditors' report dated February 16, 2024 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.