VakıfBank

Integrated Annual Report 2022



TEAM SPIRIT
TO WIN LIFE AND THE FUTURE TOGETHER

Dear Stakeholders,

The Annual Report you are reading summarizes our activities in 2022.

While we were preparing the report, we were struck by a devastating earthquake, the epicenter of which was in Kahramanmaraş, on February 6, 2023. The disaster of the century took the lives of tens of thousands of citizens in a vast geography. Many more were injured due to this disaster.

Our wounds are still fresh, and words do not suffice to describe our pain. We remember those we lost with compassion and extend our condolences and our wishes for a speedy recovery to our country.

In our Integrated Annual Report for 2023, we will describe in detail the activities we conducted to heal the wounds caused by this disaster, which many experts referred to as “one of the biggest onshore earthquakes” seen in history. However, we wish to provide some information as of February, current as of the date we prepared our Integrated Annual Report for 2022.

The number one priority of the VakıfBank family was to provide support to search and rescue operations and reach our colleagues from the first moment onwards. We mobilized all our means to heal the wounds of survivors and alleviate, to the extent possible, the devastating impact of the disaster.

We have not only addressed urgent needs but also continued to meet all our responsibilities at VakıfBank Finance Group to heal the wounds that were inflicted on people in the earthquake-stricken zone.

The will and motivation of our nation and employees, who have stood in unity since day one, to take part in aid efforts make us look to the future with hope.

We will work in unity and overcome this together. Together, we will heal the wounds and work hand in hand to restore our country, where new flowers will soon blossom.

We wish everyone a quick recovery.

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FOR THE PAST 68 YEARS, WE HAVE PURSUED ONE GOAL FOR OUR COUNTRY: MAKING OUR ACHIEVEMENTS SUSTAINABLE

As we work toward our dreams and goals, we feel the very well-deserved pride of having attained yet another exemplary achievement in sustainability. The years of investment and ambition came to fruition as the VakıfBank Women's Volleyball Team won five championships in five pools, adding yet more legendary accomplishments to its list.

We dedicate our Integrated Annual Report for 2022 to our Women's Volleyball Team. We believe from the bottom of our hearts that this team will attain many other achievements, as it has always made our country, first and foremost women, proud.



BELIEVING, ACCOMPLISHING AND MAKING IT TO THE TOP!

Having hit the top in recent years, our Club has tackled many challenges. This accomplishment was thanks to the robust management structure and investment in long-term goals. Our Club's strategy is the same as our Bank's strategy: Sustainability. In this respect, attaining five championships in five pools is not a coincidence: rather, it's a sign of other great victories.

66.90%
2021-2022
Change in Total Assets

STRONG GOVERNANCE PERSPECTIVE

We strive to carry our country to the top in all the areas we operate in. We take firm steps toward our goals. Just as our team governs robustly, we develop the right strategies to provide the maximum contribution to our country. As VakıfBank employees, we stand out with our key player role in sustainable development and strong performance by focusing on our strategies.





62.71%
2021-2022
Change in Performing Loans

INNOVATIVE PRODUCTS & STRONG DIGITAL INFRASTRUCTURE

We believe that digital transformation serves as a significant leverage in sustainable value creation. As a bank that develops its banking software using internal resources, we continuously monitor advances in technology. We take innovative steps at VakıfBank Sports Club, too - just as we do in the banking industry. GPS Player Performance Monitoring Technology helps us monitor our players' improvements and analyze their performance and efficiency.





14%
2021-2022
Change in the Number of Digital Banking Customers

OUR PLANET COMES FIRST

As Türkiye’s first carbon-neutral bank, we reduce our carbon footprint every year and continue to secure our future with products and services focused on sustainability in line with our goals. In addition to the resources we provide, we also adopt a responsible and green financing approach to the projects we finance. We prioritize environment-friendly projects, energy efficiency, and renewable energy projects.

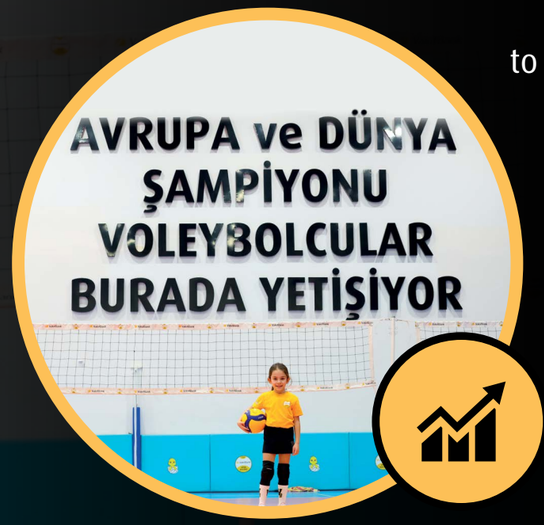




80
2022
Number of Renewable Energy Projects

WE LOOK TO THE FUTURE WITH HOPE

We develop social responsibility projects that add value to society and the world. With the investment made in the infrastructure of VakıfBank, which raises volleyball players to be world and European champions, we have trained over 3,000 girls and introduced talented youth to the world of sports. Through VakıfBank Culture Publications, we introduce high-quality works to the world of culture.



1,200
2022
Children Trained in VakıfBank Sports Schools

About the Report

WE PRESENT FINANCIAL AND NON-FINANCIAL PERFORMANCE RESULTS IN OUR INTEGRATED ANNUAL REPORT FOR 2022.



We, as Türkiye Vakıflar Bankası T.A.O. (VakıfBank), hereby present our performance and future projections in corporate governance, economic, environmental, and social fields in addition to our financial data to our stakeholders within the scope of our Integrated Annual Report 2022, covering the period between January 1 and December 31, 2022.

This report has been issued in compliance with GRI Standards' 2021 version. In addition, in our Integrated Annual Report, we have taken into account the Integrated Reporting Framework published by the Value Reporting Foundation. We shared our value creation model, our activities, and the performance improvement by grouping our material topics and capital elements in accordance with this framework.

Also, we benefited from Sustainability Accounting Standards Board's (SASB) Provisional Standard for Commercial Banks. Unless otherwise stated, the data represents the banking activities of VakıfBank conducted in all of the service units in Türkiye and abroad.

In addition, our report includes the United Nations Global Compact (UNGC) Communication on Progress and the UN Women's Empowerment Principles (UN WEPs) Progress Report of which we are signatories. In our report, in which we also benefit from the guidance of the UN Sustainable Development Goals (SDGs), there is a table showing our climate-related statements within the scope of the recommendations of The Task Force on Climate-related Financial Disclosures (TCFD).

Please send your questions, comments, and suggestions about the report to vbsurdurulebilirlik@vakifbank.com.tr

GRI 2-2, 2-3

Our Financial Capital

Change in Total Assets: **66.90%**
Total Amount of Cash & Non-Cash Loans: **TL 1,208 Billion**
Capital Adequacy Ratio: **15.19%**

You may access the related section on page 68.

Our Intellectual Capital

Total Number of Customers in Digital Channels: **11,477,124**
Amount of Products/Services with Brand Registration in 2022: **28**

You may access the related section on page 82.

Our Manufactured Capital

Number of Branches: **949**
Number of ATMs: **4,148**
ATMs for Barrier-free Life: **4,124**
Share of Transactions from ADCs: **97.20%**

You may access the related section on page 94.

Our Social and Relational Capital

New Customers Gained: **1,448,324**
Children Trained in VakıfBank Sports Schools: **1,200**
Number of Books Published in 2022: **70**
Awards Received in Sports: **5**

You may access the related section on page 100.

Our Human Capital

Rate of Female Employees: **50.51%**
Average Training Time per Employee: **46.54 hours**
Employee Turnover Rate: **2.89**

You may access the related section on page 112.

Our Natural Capital

Total Number of ISO 14001 Certified Locations: **All Bank Locations**
Energy Consumption per Employee: **3.87 MWh/person**
Water Consumption per Employee: **12.80 cubic meters**

You may access the related section on page 128.



Message from the Chairman

AT VAKIFBANK, WE HAVE CONTINUED TO SUPPORT INVESTMENT, EMPLOYMENT, AND PRODUCTION FOR TÜRKİYE'S ECONOMY IN 2022.

With our strengthening capital structure, our capital adequacy ratio was 15.19%.

TL 1,208 billion

The support we provided to the national economy through cash and non-cash loans reached TL 1,208 billion.

Dear Stakeholders,

We are deeply saddened by the earthquake disaster that hit our country. We wish God's mercy on those who lost their lives in the earthquake, extend our condolences to their families and relatives, and wish the injured a quick recovery. We firmly believe that we will overcome these difficult days together as we always did in the past. As VakıfBank, we have been working with relevant institutions and organizations since the first day of the disaster to provide all kinds of support and coordination. We will continue to stand by our country in the long-term process of healing and recovering damage of this devastating event.

Negative impacts of the war between Russia and Ukraine were felt in economies that had just started to recover after the pandemic in 2022. Supply chain disruptions, combined with sharp increases in energy and commodity prices, caused an inflationary trend in the global economy. Central banks of many developed and developing economies tightened their monetary policies during this period. While the impact of concerns was being felt across the globe all year long, limited supply and the uncertainties that lingered hit developed economies the hardest.

As a result of these developments, the US economy saw its highest levels of inflation in 40 years in the aftermath of changing energy costs. Meanwhile, the country's economy grew by 2.1%, according to preliminary data. The Eurozone was hit hardest by the war. Expectations of a recession in the Eurozone mounted due to its proximity to the war zone and the region's reliance on foreign energy sources. The zone grew by 3.5% in 2022, as per preliminary data.

Türkiye's economy, meanwhile, maintained its solid performance despite supply shocks and growing uncertainties faced due to the war. The tendency for a slowdown in growth, with the impact of weakening foreign demand, was counterbalanced by relatively strong domestic demand. Türkiye's economy continued to grow throughout the year and attained a 5.6% growth in 2022.

The banking sector, which contributed the most to the growth of the Turkish economy, left behind another year of achievements. As it quickly adapted to regulatory changes and continued its work, the banking sector's asset size grew by 56% year on year, reaching TL 14,344 billion. Total cash and non-cash loans increased by 53% compared with last year, reaching TL 10,226 billion. Total deposits, the biggest funding source for the sector, increased by 67% to TL 8,862 billion. The Turkish banking sector preserved its strong capital structure in 2022 as well. The capital adequacy ratio of the sector stood at 19.46%.



VakıfBank will continue to support our entrepreneurs, small business owners, farmers, and employees in the upcoming period, just as it has been doing for the past 68 years, and will continue to contribute to the sustainable and strong growth of the Turkish economy.

A YEAR FULL OF ACCOMPLISHMENTS

The banking sector, which contributed the most to the growth of the Turkish economy, left behind another year of achievements.

At VakıfBank, we continued our support for investment, employment, and production in Türkiye's economy in 2022. By placing sustainability at the heart of our strategic business model, we created value for all stakeholders, our society, and the environment and supported the sustainable development of Türkiye. By increasing total assets to TL 1,681 billion, our Bank maintained its position as the second-largest bank in Türkiye. Loans contributed the most to asset growth. Our Bank's support to the national economy through cash and non-cash loans reached TL 1,208 billion. Meanwhile, with our strengthening capital structure, our capital adequacy ratio was 15.19%.

VakıfBank will continue to support our entrepreneurs, small business owners, farmers, and employees in the upcoming period, just as it has been doing for the past 68 years, and will continue to contribute to the sustainable and strong growth of the Turkish economy.
I would like to take this opportunity to thank our customers, shareholders, and investors, who have trusted us; our employees, who have made great efforts in our success; and all our other stakeholders for their contributions.

Yours sincerely,

Mustafa SAYDAM
Chairman of the Board

Message from the General Manager

WE CONTINUED TO MAKE A DIFFERENCE IN THE BANKING SECTOR WITH OUR SUSTAINABLE BANKING APPROACH.

We acted in line with current economic policies and took steps toward protecting the value of the Turkish Lira in light of the developments that marked 2022.

Dear Stakeholders,

I wish God's mercy to those who lost their lives in the earthquake that hit Kahramanmaraş and nearby cities, and I extend my condolences to their relatives. I also wish those who have been injured and impacted by the earthquake a quick recovery. Aware of the responsibilities that we had in the aftermath of the earthquake, we lost no time in mobilizing our means to deliver all necessary aid to the impacted area. I believe we will overcome these difficult days together, acting in unity and solidarity.

2022 was marked by uncertainties around global growth and mounting geopolitical risks. The world closely monitored developments, including the war between Russia and Ukraine, inflation, and monetary tightening steps of central banks vis-à-vis inflation. In 2022, the US Central Bank (the Fed) increased its policy rates by 425 basis points to 4.50%, and the European Central Bank (the ECB) increased its policy rates by 250 basis points to 2.5%. As for growth data, the US economy grew by 2.1% and Eurozone by 3.5% in 2022 on an annual basis, according to preliminary data. Meanwhile, China grew by only 3% due to the lockdowns and quarantines in place in 2022 and, thus, attained the lowest GDP growth since 1976.

Türkiye's economy continued its sustainable growth in 2022. Despite all the negative developments that hit the world, Türkiye's economy expanded its production capacity, led by exports and continued investments, at full speed. By attaining strong growth in the first two quarters of the year, Türkiye's economy concluded 2022 with 5.6% growth.

As always, the Turkish banking industry stood by the national economy with its strong capital structure. The asset size of the banking industry grew by 56% compared with the previous year, reaching TL 14,344 billion in 2022. The capital adequacy standard ratio of the sector stood at 19.46%, quite above legal requirements.

In 2022, which we left behind, we, as VakıfBank, continued to make a difference in the sector with our strong balance sheet structure, innovative solutions for changing customer needs, and sustainable banking approach.. As of the end of 2022, we had increased our assets by 66.90% to TL 1,681 billion, maintaining our position as Türkiye's second-biggest bank. We increased our performing loans, representing the biggest share among our assets, by 62.71%. We contributed TL 1,208 billion to the national economy through our cash and non-cash loans in 2022.

We supported production, employment, and exports in this period as well. We deployed Anchor Loan 2, a product we developed for companies operating in sectors of strategic importance, with firms planning to invest in production, export, and import substitutes coming first. As of the end of 2022, we grew our commercial loans by 68.21% to TL 755.2 billion. We tended to our customers and addressed all their needs with products such as Sky Limit, Sarı Panjur (Yellow Shutters), and Yeşil Konut (Green Mortgage). Having increased our consumer loans by 42.91%, we continued to support households. We also launched our "Platinum Plus Metal Card," the newest member of the world of credit cards, for our premium segment customers. This card supports all next-gen payment and security features and enables our customers to benefit from multiple advantages and benefits.

In 2022, deposits continued to be the main source of funding. We expanded our customer base, attaining TL 1,128 billion in deposits. As of the end of 2022, we had increased our term deposits by 95.49% and demand deposits by 76.63% compared with the previous year. We took steps to protect the value of the Turkish Lira in alignment with current economic policies adopted vis-à-vis the developments in 2022. In this respect, we introduced the FX-protected TL Time Deposit, the Foreign Currency-Gold-Conversion FX- Protected TL Deposit, YUVAM, a physical gold admission system, and price-protected TL deposit accounts.

We continued to obtain funds from abroad in 2022. Despite the negative events that loomed over global markets, we obtained new sources worth USD 3.3 billion from international markets. Consequently, we have once again demonstrated both Türkiye's and VakıfBank's reputations and credibility before international investors. In 2022, we attained the best ratio among banks, having renewed all our syndication loans with a ratio of 97%. In December, we also signed a secured funding contract based on sustainability criteria. The contract had the highest amount among Turkish banks. We introduced funds worth EUR 400 million with a term of two years with this contract. Performance criteria for secured-funding transactions include new extensions with environmental and social themes, including such sub-categories as green housing, environment-friendly vehicles, and loans for women and young entrepreneurs. The minimization of the use of plastics at all our locations and the reduction of our total GHG emissions by 2% per annum were also included in our funding performance criteria. We will continue to assess alternatives to expand the share of extensions based on sustainable finance in our foreign-funded sources in the coming periods.

We also provided domestic and national products to the finance sector in 2022. With Vinov, we made it possible for customers to perform their payment and collection transactions with VakıfBank's guarantee in a prompt, easy, and reliable fashion. We reached to around 900 thousand active Vinov users in 2022. With Vinov Workplace, introduced this year, we created a digital ecosystem for enterprises and organizations of all sizes, primarily businesses in wholesale or retail and businesses with a dealership/store network wishing to perform collections using VakıfBank's guarantee.

We developed innovative products in this period as well. We launched Vibox, our digital money box app. With Vibox, we equip children with financial literacy skills while raising their awareness of saving with fun content and helping them discover alternative ways to deposit their savings. As we touch the lives of children thanks to this app, we hope to be a "familiar face" for them when they grow up.

As of the end of 2022, we had increased the number of our digital banking customers to over 11 million. At VakıfBank, we worked tirelessly in 2022 to offer the best experience to users, adapt ourselves to rapidly changing conditions, and be a pioneer in the industry. We enhanced ViBi, our digital assistant, with new AI-based functionalities. We turned ViBi into a financial assistant that provides customized suggestions and solutions. With "Benim Yerim," available on VakıfBank Mobile, we have become the first bank to offer the broadest scope of options for mortgage, vehicle, and other personal payment transactions. Backed by our unprecedented and personalized innovative solutions, we will continue to offer the best user experience in the coming period.



TÜRKİYE'S SECOND-LARGEST BANK

As of the end of 2022, we had increased our assets by 66.90% to TL 1,681 billion and maintained our position as Türkiye's second-largest bank.

Furthermore, in 2022, we rolled out contactless banking and moved paperwork-driven processes to the digital environment, thus contributing to sustainable banking. In this period, we also enabled sole traders to become bank customers remotely. By adding this functionality, sole traders can now discover the privilege of being VakıfBank customers promptly, easily, and securely. With Practical Collections, we enabled customers to seamlessly and easily collect the amounts owed to them without having to bear such additional costs as software development, technical integration, and reconciliation processes.

At VakıfBank, we continue to unwaveringly support the principles contained in the United Nations Global Compact, the world's biggest corporate sustainability initiative. We have become the first Turkish bank to adopt the sustainability approach in the expected credit loss provisions policies as part of TFRS 9 in line with our sustainable banking activities. As part of the Climate Change program of the Carbon Disclosure Project (CDP, the world's biggest environmental reporting platform), we maintained our performance score in 2022, attaining the B level. We also signed up and reported to CDP's Water Security program for the first time this year and scored B-. Our aim for the coming period is to attain the highest performance in CDP ratings and become a leading organization in this field.

TL 1,128 billion

We expanded our customer base and reached TL 1,128 billion in deposits.

"Hack to the Future," which is now a traditional event for us, was held in January 2022. We met up with youth in the metaverse, as they are always one step ahead of us when it comes to shaping the future. While providing an opportunity for youth to explore broader horizons, we had the chance to boost our energy. "Writing Your Future Is in Your Hands" was the motto we pursued when organizing the first edition of VakıfBank iOS Swift Bootcamp 2022, where we invited youth planning a career in software. This bootcamp enabled us to assist them in finding a place for themselves in the digital future and acquiring experience in this field.

In addition, we enjoyed the well-deserved pride of seeing how our investments in volleyball over the past 35 seasons paid off in 2022. At the start of the season, VakıfBank Sports Club set its eye on five trophies in five pools. Attaining the championship in all tournaments this year, we won every one of them and became the champion of Türkiye, Europe, and the world. VakıfBank Women's Volleyball Team has also become Türkiye's most victorious team, with the highest number of trophies won in the international arena.

We make a difference in the sector with our financial success, pioneering position in digital transformation and innovation, and competent team of employees. We will continue to create value in all areas for a sustainable economy, environment, and society. By this means, I would like to express my sincere gratitude to our customers and shareholders, who have trusted us in 2022; our employees, who have made great efforts in our success; our Board of Directors, who have never withheld their support; and all our other stakeholders for their contributions.

Yours sincerely,

Abdi Serdar ÜSTÜNSALİH
General Manager

VakıfBank in Brief



STANDING BY TÜRKİYE UNFALTERINGLY FOR THE PAST 68 YEARS

VakıfBank was founded in 1954 to make the best use of the foundation's sources to help achieve economic development.

Paid-in Capital
TL 7,111,364,117

Number of Foreign Branches
4

Number of Employees
16,961

Number of Domestic Branches
945

Number of Subsidiaries and Affiliates
25

Title
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Date of Incorporation
April 13, 1954

Headquarters
Istanbul

Independent Audit Company
Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi a member firm of Ernst&Young Global Limited

Address
Türkiye Vakıflar Bankası T.A.O. Genel Müdürlüğü Saray Mahallesi Adnan Büyükdeniz Caddesi No: 7/A-B Ümraniye / Istanbul - TÜRKİYE

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http://www.vakifbank.com.tr

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vakifbanktao@hs01.kep.tr

GRI 2-1

VakıfBank's Cornerstones

Our Vision

Being the Leader Bank of Strong Türkiye

Our Mission

Continuously increasing the value created for customers, employees, shareholders and society by managing its assets and the values entrusted with in an effective and efficient manner with the strength of its foundation culture.

Our Core Values

- Reliability
- Social responsibility
- Result-oriented
- Customer-oriented
- Innovative approach
- Team spirit
- Loyalty
- Leadership

VakıfBank in Numbers

Change in Asset Size

2022
66.9%
2021
44.1%

Change in Cash Loans

2022
62.7%
2021
35.9%

Change in Deposits

2022
90.8%
2021
42.7%

Average Training Time per Employee

2022
46.54 Hours
2021
33.32 Hours

Number of ATMs for Barrier-Free Life

2022
4,124
2021
4,035

Employee Turnover Rate

2022
2.89
2021
1.69

Change in Securities Issued

2022
12.7%
2021
36.2%

Change in Shareholders' Equity

2022
105.9%
2021
11.8%

Capital Adequacy Ratio

2022
15.19%
2021
14.85%

Number of Renewable Energy Projects Financed

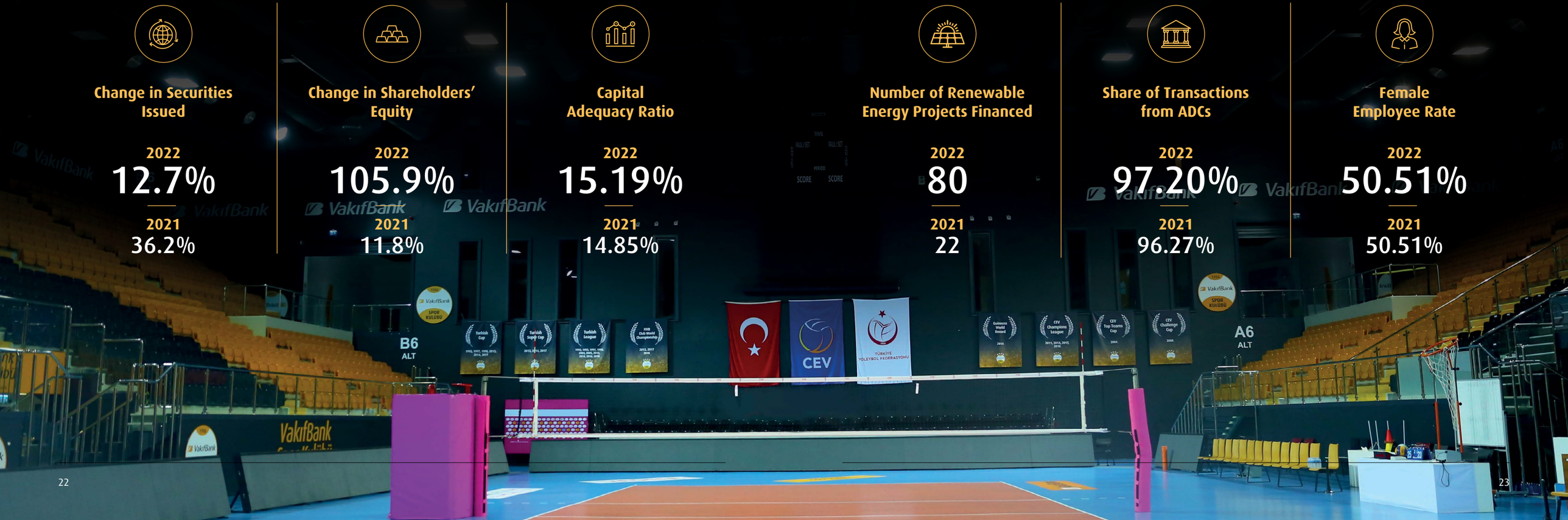
2022
80
2021
22

Share of Transactions from ADCs

2022
97.20%
2021
96.27%

Female Employee Rate

2022
50.51%
2021
50.51%



Timeline of VakıfBank Sports Club

1986
Güneş Sigorta Sports Club was formed in 1986 in Istanbul.

1988
VakıfBank Sports Club was formed in 1988 in Ankara.

1992
VakıfBank Sports Club won its first championship in the Turkish league.

1993
Güneş Sigorta Sports Club also won its first Turkish League championship after VakıfBank.

1995
VakıfBank Sports Club attained another achievement by becoming the champion of the Turkish cup.

1997
VakıfBank Sports Club outperformed all its rivals in all pools, becoming a champion both in the Turkish League and the Turkish Cup.

1998
VakıfBank Sports Club came second in the Champions' Clubs Cup in women's volleyball and thus attained its first international success. The team won the Turkish League championship and the Turkish Cup championship for the second time in a row in the same year.

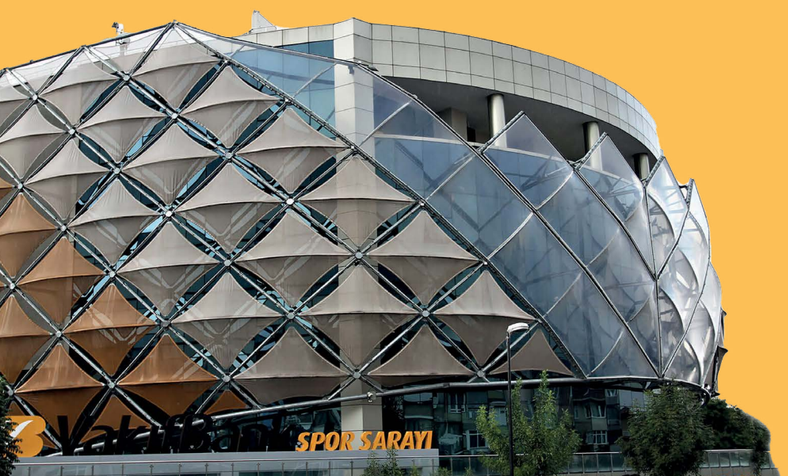
1999
VakıfBank Sports Club made us proud once again by qualifying for the finals for the second time in a row in the Champion Clubs Cup.

2000
VakıfBank Sports Club and Güneş Sigorta Sports Club were merged in 2000 and renamed VakıfBank Güneş Sigorta. The club in Istanbul continued to contest in the premier league, while the club in Ankara withdrew from the premier league and competed in minor leagues. The same year, VakıfBank Güneş Sigorta was placed third in the CEV Cup.

2004
Vakıfbank became the champion in the European Top Teams Cup, attaining the first international trophy for its museum. The same year, it also completed the Turkish League in the first place, becoming the champion.

2005
VakıfBank Güneş Sigorta became the Turkish League champion for the second time in a row!

2008
VakıfBank once again become an international champion, this time in the European CEV Challenge Cup!



2009
Before the 2009-2010 season, VakıfBank signed a name sponsorship contract with Türk Telekom, registering the club's name as "VakıfBank Güneş Sigorta", and the team as "VakıfBank Güneş Sigorta Türk Telekom".

2011
With the decision taken before the 2011-2012 season, Güneş Sigorta withdrew from sponsorship, resulting in the renaming of the club as "VakıfBank Sports Club" and of the volleyball team as "VakıfBank Türk Telekom". In 2011, VakıfBank Türk Telekom also won the European Champions League and made it to the finals of the Club World Championship.

2012
The team was renamed VakıfBank after the sponsorship contract with Türk Telekom ended before the 2012-2013 season. The club in Ankara, rebranded as Ankara Vakıfbank Sports Club, was merged with Karşıyaka Sports Club upon a decision taken in 2012 and acquired the name Ankara Karşıyaka Sports Club. From 2012 onwards, VakıfBank completely withdrew from Ankara.

2013
VakıfBank Volleyball team won Turkish League Championship, Turkish Cup Championship, Turkish Super Cup Championship, European Champions League Championship, and Club World Championship, thus becoming "the only team that won all the cups a volleyball team can win" without a defeat.

2014
Victories and accomplishments continued with Turkish League Championship, Turkish Cup Championship, Turkish Super Cup Championship, and second place in the European Champions League.

By winning all 73 official games played from October 23, 2012, to January 22, 2014, VakıfBank Volleyball Team entered the Guinness World Records, earning the title of "the most consecutive volleyball victories in all competitions".

2015
Completing the group as the top team in the CEV European Champions League, VakıfBank outperformed Dinamo Kazan, the previous year's champion, and Fenerbahçe in playoffs and made it to the Final Four. VakıfBank concluded the season in third place after the Final Four played in Poland's Szczecin.

2016
VakıfBank won the Turkish League Championship, in addition to second place in the European Champions League and third place in the Club World Championship.

VakıfBank Sports Palace opened.

2017
VakıfBank Volleyball Team became a champion in the Turkish Cup, Turkish Super Cup, European Champions League, and Club World Championship.

2018
In addition to its 10th championship in the Turkish League, VakıfBank Volleyball Team became champion in the European Champions League and the Club World Championship for the second time in a row. This made the team a four-time winner of the European Champions League and a three-time winner of the Club World Championship. In addition, VakıfBank Sports Club opened VakıfBank Sports School in Bosnia Herzegovina's Sarajevo, thus becoming the first club to open a volleyball school in Europe.

2019
In addition to its 11th Turkish League Championship, VakıfBank Volleyball Team won the 2019 FIVB Club World Championship and a bronze medal at the 2019 CEV Champions League.

2020
Entering the Guinness World Records in 2014 for the highest number of consecutive victories across all Volleyball competitions which is 73. This year, it received such a distinction for a second time for the 'most wins recorded at the FIVB Volleyball Women's Club World Championship'.

2021
In addition to its 12th Turkish League Championship, it won its 7th Turkish Cup and 4th Spor Toto Champions Cup in 2021. The team won the silver medal at the CEV Champions League.

2022
It was one of the most glorious years for the club. In the new year following the championship in the Club World Championship in 2021, VakıfBank triumphed in all pools where it competed and completed the season with a win in all five pools. While enjoying a victory in the CEV Champions League for the fifth time, it added the 13th Turkish League championship and 8th Turkish Cup championship to its museum of accomplishments. VakıfBank also won a silver medal at the 2022 FIVB Club World Championship before the final days of the year.

VAKIFBANK SPORTS CLUB HOLDS THE MOST WINS AT THE FIVB CLUB WORLD CHAMPIONSHIP.

History and Ownership Structure

TÜRKİYE'S SECOND-LARGEST BANK IN TOTAL ASSETS

Our Bank was established with the Law numbered 6219 dated January 11, 1954, with a capital of TL 50 million to utilize the assets of foundations in the most efficient manner, to contribute to the savings of the country with the management and working understanding required by modern banking, and to use the collected savings in accordance with the needs of economic development. Our Bank, which is subject to the provisions of private law, started its operations on April 13, 1954. Since then, we continue to make important contributions to the growth and development of the country's economy, and we represent a well-established tradition and experience in our country's banking system.

In addition to providing core banking products and services, we also conduct investment banking and capital markets operations. We also deliver a wide range of financial services including financial leasing and factoring through our financial subsidiaries with advanced technologies.

With our leading stance in international capital markets, we continue our work without slowing down and continue to focus on long-term and cost-effective funding alternatives under various structures.

Also, we play an important role in the Turkish financial sector as an important corporation with our contributions to sports and culture and arts for many years with social responsibility awareness.

Türkiye Vakıflar Bankası T.A.O. Ownership Structure and Changes

The shareholding structure of the Parent Bank is as follows as of December 31, 2022.

Shareholder - December 31, 2022	Number of Shares (100)	Total Nominal Amount of the Share (Thousand TL)	Share Ratio (%)
Ministry of Treasury and Finance (Group A)	1,075,058,640	1,075,058	15.12
Ministry of Treasury and Finance (Group B)	387,673,328	387,673	5.45
Other Annexed Foundations (Group B)	2,591,250	2,591	0.04
VakıfBank Pension Fund (Group C)	402,552,666	402,553	5.66
Other Natural and Legal Persons (Group C)	1,527,393	1,528	0.02
Türkiye Wealth Fund (Group D)	4,611,364,117	4,611,364	64.84
Free Float (Group D)	630,596,723	630,597	8.87
TOTAL	**7,111,364,117**	**7,111,364**	**100.00**

GRI 2-1

The shareholding structure of the Parent Bank before the changes is shown below.

Shareholder - December 31, 2021	Number of Shares (100)	Total Nominal Amount of the Share (Thousand TL)	Share Ratio (%)
Ministry of Treasury and Finance (Group A)	1,075,058,640	1,075,058	27.52
Ministry of Treasury and Finance (Group B)	387,673,328	387,673	9.93
Other Annexed Foundations (Group B)	2,591,250	2,591	0.07
VakıfBank Pension Fund (Group C)	402,552,666	402,553	10.31
Other Natural and Legal Persons (Group C)	1,527,393	1,528	0.04
Türkiye Wealth Fund (Group D)	1,405,622,490	1,405,622	35.99
Free Float (Group D)	630,596,723	630,597	16.14
TOTAL	**3,905,622,490**	**3,905,622**	**100.00**

You may find further information on the changes in the shareholding structure of the Parent Bank at https://www.kap.org.tr/en/Bildirim/1008765 and https://www.kap.org.tr/en/Bildirim/1011176

Information on the Bank's Qualified Shareholders

Full Name / Commercial Title	Share Amount (Nominal)	Share Ratios	Paid-up Shares (Nominal)	Unpaid Shares
Ministry of Treasury and Finance (Group A)	1,075,059	15.12	1,075,059	-
Ministry of Treasury and Finance (Group B)	387,673	5.45	387,673	-
VakıfBank Pension Fund (Group C)	402,553	5.66	402,553	-
Türkiye Wealth Fund (Group D)	4,611,364	64.84	1,405,622	-

- Shares Owned by the Chairman, Board Members, General Manager and Executive Vice Presidents
Compliance with the "Guide on Best Remuneration Practices at the Banks" published by the Banking Regulation and Supervision Agency (BRSA) was completed on 01.01.2020.

Senior management and personnel considered to be performing a function that has a significant impact on the Bank's risk profile are considered special employees. You may find the explanations made within this scope at https://www.kap.org.tr/en/Bildirim/996676 and https://www.kap.org.tr/en/Bildirim/1043276.

- Disclosures Made to Borsa Istanbul within the Context of Informing Shareholders
Pursuant to the CMB Communiqué on Material Events Disclosure (II-15.1), the Bank recorded 285 material event disclosures in 2022 on issues affecting the Bank and its operations. These disclosures were concurrently published on the Public Disclosure Platform (https://www.kap.org.tr/en/) and the Bank's website (https://www.vakifbank.com.tr/recent-news.aspx?pageID=624)

Amendments to the Articles of Association

Changes have been made in the Articles of Association of our Bank and these changes are registered on March 21, 2022, and published in the Turkish Trade Registry Gazette dated March 24, 2022. You may find the Bank's Articles of Association at https://www.kap.org.tr/en/Bildirim/1012721.

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Agenda of the Ordinary General Assembly Meeting

TÜRKİYE VAKIFLAR BANKASI T.A.O. DRAFT AGENDA FOR THE 69TH ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 2023

1. Opening and the formation of the Presidency Council,
2. Reading and discussion of the 2022 Board of Directors' Annual Report, Audit Board Report, and Auditor's Reports,
3. Reading, discussion and approval of 2022 financial statements,
4. Discharge of the Board Members regarding the 2022 activities,
5. Submitting the amendments to the Articles of Association to the approval of the Board of Directors,
6. Submitting the Board of Directors' proposal on 2022 profit distribution and means of use to the approval of the General Assembly,
7. Approval of the transfer of extraordinary reserves to special funds in consideration of growth fund as a result of revaluation under the provisional article 32 and repeating Article 298.ç of the Tax Procedural Law no. 213,
8. Electing the Members of the Board,
9. The renewal of the elections for the Audit Board,
10. Determination of financial benefits for the Board Members and Audit Board Members,
11. Authorizing the Board Members for matters under the Articles 395 and 396 of the Turkish Commercial Code,
12. Election of the Auditor,
13. Informing the General Assembly about the transactions regarding the withdrawal of bank shares from the exchange,
14. Informing shareholders about the donations made during the year,
15. Informing shareholders about the sustainability activities,
16. Wishes and closing remark.

Profit Distribution Policy

Türkiye Vakıflar Bankası T.A.O. Profit Distribution Policy

Issues about VakıfBank's profit distribution are regulated in Article 9 of VakıfBank's Law No.6219 and Article 35 of Articles of Incorporation. - According to this, from the annual profit of the Bank, the following amounts shall be distributed to:

a) 5% to the ordinary reserve up to the amount of paid-in capital,

b) 5% to the first extraordinary reserve,

c) 9% to the employees as dividend premium to be distributed within the principles determined by the Board of Directors as limited to three months gross salary of the employee,

d) To the second extraordinary reserve from the remaining balance in the amount that will be determined by the General Assembly in case of a necessity for the Bank to continuously improve and to provide its steady profit distribution or reinstate the assets according to Article 523/2 of the Turkish Commercial Code.

The remaining ordinary reserve is allocated for the possible losses that will occur in the future and first extraordinary reserve is allocated to retrieve the extraordinary losses of the Bank.

The General Assembly can decide to use the second extraordinary reserve for reinstating the assets or continuous improvement of the Bank and providing its steady profit distribution. Meanwhile, it can be also decided to use the excess capital from the capital increase partially or totally in this sense.

In the profit distribution, a balanced policy is pursued between the benefits of the shareholders and the partnership.

VakıfBank determines its profit distribution policy by considering the compliance of the Banking Regulation and Supervision Agency and meeting the targeted standard ratios stated in the Protective Provisions of Banking Law No. 5411 with prospective growth strategy, financial needs, general economic conditions and capital adequacy ratio.

Each year, the Board of Directors submits its profit distribution proposal to the General Assembly. The profit distribution proposal of the Board of Directors is discussed and decided in the General Assembly and announced to the public through Public Disclosure Platform on the same day.

Profit is distributed in line with the date and way determined by the General Assembly within the scope of relevant legislation.

Declaration of Responsibility

We have examined the Bank's "2022 Integrated Annual Report" and we acknowledge and state that:

Based on the information we possess pursuant to our duties and responsibilities within the Bank, the report does not contain any misstatements in material aspects or omissions that may be construed as misleading;

As of the period, the report is prepared for, financial statements and other information on financial matters contained in the report honestly and realistically reflect the financial position of the Bank as well as all major risks and uncertainties it is exposed to;

Corporate Governance Compliance Report (CRF), Corporate Governance Information Form (CGIF), and Sustainability Principles Compliance Report have been examined, and they are complete and reflect the truth accurately.

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Mustafa SAYDAM
Chairman of the Board

Abdülkadir AKSU
Board Member and Member of the Audit Committee

Sadık YAKUT
Board Member and Member of the Audit Committee

Abdi Serdar ÜSTÜNSALİH
General Manager – Executive Board Member

Şuayyip İLBİLGİ
Executive Vice President

Metin ALIMLI
Head of Strategy and Planning Department

GRI 2-14

2022 Awards

No.	Organization Name	Product/Project Name	Award Type	Award Category/Area	Related Capital Item
1	Golden Spider Awards 2022	Vinov Mobil	Second Place	Most Accessible Mobile App	
2	IDC Türkiye Finance Technologies Awards 2022	Smart Automation in Foreign Trade Transactions	Second Place	Corporate Banking	
3	Ministry of Industry Efficiency Awards	BİR Project-Robotic Process Automation and Efficiency in Banking Processes	Second Place	Digital Transformation	
4	IDC Türkiye Finance Technologies Awards 2022	Hyperautomation Governance Model	Third Place	Corporate Transformation	
5	Stevie International Business Awards 2022	Vinov	Gold	Payment Solution	
6	Stevie International Business Awards 2022	March 8, International Women's Day Advertisement Video	Gold	Corporate Social Responsibility	
7	Stevie Mena Awards 2022	NFC, Facial Recognition Technology, and Remote Client Acquisition via Video Calls on VakıfBank Mobile	Gold	The Most Valuable Service	
8	Stevie Mena Awards 2022	Sign Language Service via Video Calls on Call Center	Gold	Innovative Success in Customer Satisfaction	

2022 Awards

No.	Organization Name	Product/Project Name	Award Type	Award Category/Area	Related Capital Item
9	Stevie Mena Awards 2022	Mirriad Technology	Gold	Product Placement Innovation	
10	Stevie Mena Awards 2022	VakıfBank Sports Club VolleyInsta	Gold	Most Innovative Instagram Flow	
11	Stevie Mena Awards 2022	VakıfBank Sports Club VolleyInsta	Gold	Innovation in Use of Social Media	
12	Stevie Mena Awards 2022	March 8, International Women's Day Advertisement Video	Gold	Innovation in Videos for Social Purposes	
13	Stevie Mena Awards 2022	March 8, International Women's Day Advertisement Video	Gold	Innovation in PR Videos	
14	Stevie Mena Awards 2022	Integrated Annual Report 2020	Gold	Innovation in Annual Reports	
15	Stevie Sales & Customer Service Awards 2022	VakıfBank Mobile	Gold	Sales and Marketing Mobile App - New Release	
16	Stevie Sales & Customer Service Awards 2022	Sign Language Service via Video Calls on Call Center	Gold	Best Customer Interaction Initiative	
17	Hermes Awards 2022	March 8, International Women's Day Advertisement Video	Gold	Corporate Social Responsibility	
18	ARC Awards	Integrated Annual Report 2021	Gold	Annual Specialization Report	
19	LACP Awards	Integrated Annual Report 2021	Gold	Banking	
20	PSM Awards 2022	V Coach	Gold	In-Company Innovation	
21	PSM Awards 2022	Digital Letter of Guarantee	Gold	Digital Transformation	
22	PSM Awards 2022	All Account	Gold	Innovative Customer Interaction and Experience	
23	PSM Awards 2022	Vibox	Gold	Best Market Uptake, Marketing Success	
24	Istanbul Marketing Awards 2022	March 8, International Women's Day Advertisement Video	Gold	Corporate Brand Communications	
25	Felis Awards	Benevolence Ambassadors	Achievement	Social Responsibility and Sustainability / Inclusion of Company Employees	
26	Stevie International Business Awards 2022	Vinov	Silver	Financial Management Solution	

2022 Awards

No.	Organization Name	Product/Project Name	Award Type	Award Category/Area	Related Capital Item
27	Stevie Mena Awards 2022	NFC, Facial Recognition Technology, and Remote Client Acquisition via Video Calls on VakıfBank Mobile	Silver	Innovative Use of Technology in Customer Services	
28	Stevie Sales & Customer Service Awards 2022	Remote Customer Acquisition with NFC	Silver	Business Development Success of the Year - Financial Service Sectors	
29	Stevie Sales & Customer Service Awards 2022	Remote Limit Increases with NFC and Facial Recognition Technology	Silver	Innovation in Customer Services - Financial Service Sectors	
30	Sardis Awards 2022	Vinov	Silver	New Product and Service Innovation	
31	The Hammers Awards	Bir KOBİ	Silver	Best Data-Driven Marketing Team	
32	The Hammers Awards	Emotional Targeting Technology	Silver	Best Online Media Procurement Team	
33	ARC Awards	Integrated Annual Report 2021	Silver	Internal Design	
34	LACP Awards	Integrated Annual Report 2021	Silver	Report with Highest Improvement	
35	Qorus Banking Innovation Awards (EFMA) 2022	V-Coach	Silver	Future Workforce	
36	Stevie International Business Awards 2022	Bank	Bronze	The Year's Management	
37	Stevie Mena Awards 2022	NFC, Facial Recognition Technology, and Remote Client Acquisition via Video Calls on VakıfBank Mobile	Bronze	Success in Product Innovation	
38	Stevie Mena Awards 2022	Vinov	Bronze	Achievement Categories -- Success in Product Innovation	
39	Stevie Mena Awards 2022	Vinov	Bronze	Innovation in Consumer Products and Services	
40	Stevie Mena Awards 2022	Artificial Intelligence Cognitive Services	Bronze	Innovation in Technology Development - Financial Services Sectors	
41	Stevie Mena Awards 2022	October 11 International Day of the Girl Child Advertisement Video	Bronze	Innovation in Videos for Social Purposes	
42	The Hammers Awards	Communication Activities	Bronze	PR Team of the Year	
43	Golden Compass 2022	VakıfBank Sports Club	Grand Award	Corporate Social Responsibility/Sports	
44	PERYÖN Value to Humans Awards	Bizim Yerimiz	Winner/Finalist	Digital Transformation Leadership	

2022 Awards

No.	Organization Name	Product/Project Name	Award Type	Award Category/Area	Related Capital Item
45	TURSEFF	Energy Efficiency Financing	Excellence Award	Project Participant	
46	TURSEFF	Energy Efficiency Financing	Excellence Award	Project Management	
47	ARC Awards	Integrated Annual Report 2021	Honor Award	Interactive Annual Report	
48	TİDE Corporate Awareness Awards 2022	Audit	Continuous Professional Development Awareness	Corporate Awareness	
49	Alfa Awards 2022	Consumer Brand	Top Consumer Brand of the Year	Banking Category	
50	CX Awards 2022	Vinov	The Grand Thought Award	Best Digital Customer Experience / Banking	

IN 2022, VAKIFBANK WON 50 AWARDS FROM NUMEROUS DOMESTIC AND INTERNATIONAL AWARD ORGANIZATIONS INCLUDING STEVIE, IDC, PSM AWARDS, AND FELIS.



The World and Türkiye in 2022

THE ECONOMIC IMPACT OF THE ONGOING WAR THAT BROKE OUT BETWEEN RUSSIA AND UKRAINE PERVADED GLOBAL MARKETS THROUGHOUT 2022.

2022 was marked by concerns around supply chain disruptions, the sharp hike in energy prices caused by the war between Russia and Ukraine, as well as the ongoing COVID-19 crisis.

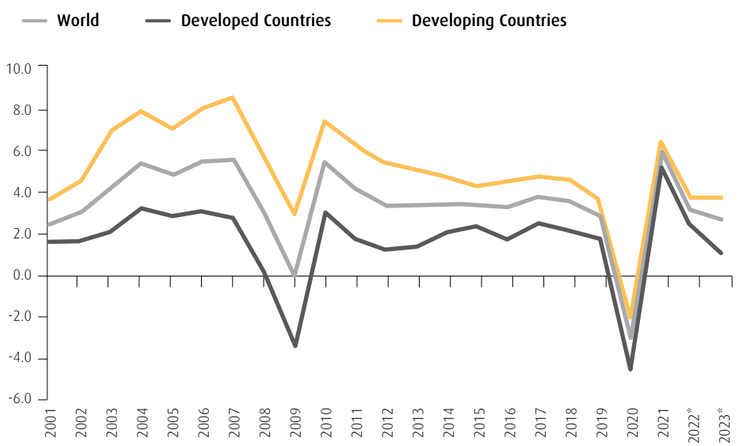
GLOBAL ECONOMY

After the rapid recovery in the global markets following the pandemic, as a result of the ultra loose monetary and fiscal policies implemented worldwide due to the pandemic, disruptions in the supply chain, the sharp rise in energy prices due to Russia-Ukraine war, inflation have reached the highest levels in the last four decades worldwide. Compared with previous periods, in an attempt to fight inflation, central banks, the Fed, first and foremost, initiated rapid interest rate hikes. Signs indicating that the peak level of inflation has been reached towards the end of 2022, there is now an idea forming about where the central banks' interest rate hike process will end. However, despite sharp interest rate hikes, inflation is not anticipated to drop back to the levels targeted in previous years since it reached its highest levels in 40 years. The global economy, which completed the year 2021 with a growth rate of 6%, is expected to finish the year 2022 with a growth rate of around 3% due to the impact of monetary tightening.

In 2021, the US economy grew 5.7 percent beyond expectations, showing a positive growth performance following the sharp decline in 2020. This was how the country attained the highest growth seen since 1984. In 2022, however, the US economy grew by 2.1%, according to preliminary data. Together with recovery, there was some improvement in the unemployment figures, which stood at 4% in early 2022, followed by 3.5% in July, which corresponded with pre-pandemic levels, and 3.7% in the last quarter.

The upward inflationary trend in the US that started in 2021 continued in 2022 and exceeded the targeted level of 2%, driven by the pressure that supply chain disruptions exerted on prices and the steep rise in energy prices due to the Russian–Ukrainian war. Standing at 7.1% in early 2022, it reached 9.1% in June, the highest level recorded since 1981. The fact that inflation stood at 6.5% below expectations in December and dropped on an annual basis signaled the worst could be over in terms of inflation. The annual increase in inflation is expected to slow down in 2023, and inflation in the US is anticipated to drop back to 3.1% by the end of 2023.

Real Growth (y-y, %)



*Source: IMF *IMF estimate*



The economy of the Eurozone began 2022 with the risks caused by the Russia-Ukraine war. With its regional proximity and the energy reliance on Russia of some countries in the region, including Germany, Italy, and Hungary, expectations have risen that the Eurozone will enter into a recession. However, a relatively warm winter and an up to 80% reduction in natural gas prices mitigated the concerns for a recession in the region. According to the preliminary data for 2022, the Eurozone grew by 3.5%, and the Eurozone economy is expected to grow by 0.5% in 2023.

The Russian–Ukrainian war turned the scale as countries were just recovering from the pandemic in 2022.

The economic impact of the ongoing Russian–Ukrainian war that broke out on February 24 was felt across global markets throughout 2022. The effects of the war, which increased risk perception, and the pressure created on commodity prices such as grain and oil due to the fact that two countries that are important grain exporters are at war were among the main effects seen in the markets. The US, European countries, and Japan declared several sanctions in the face of Russia's assault against Ukraine. The US ceased to buy oil from Russia. There were rapid hikes in gold and USD—both considered safe havens—due to the risk perception resulting from the war and the sanctions introduced afterward. There were increasing risks, especially for the energy market, as a result of these sanctions, which also had a negative impact on the economy of Europe, as it relies on energy imports from Russia.

3.5%

In 2022, the Eurozone economy grew by 3.5%, according to preliminary data.

The World and Türkiye in 2022

THE FED IS PROJECTED TO END INTEREST RATE HIKES IN THE FIRST HALF OF 2023.

The Fed increased interest rates by a total of 425 basis points from March to December.

While the impacts of Russia's assault against Ukraine increased prices in global markets; commodity prices, primarily gold, were seen as being on the rise once safe haven purchases grew in number. Meanwhile, concerns regarding global growth in the last quarter of 2022 resulted in a drop in commodity prices, with oil prices dropping first.

Interes rate hikes were aggressive across the globe in 2022

Having declared its decision to diminish asset purchases in November 2021, the Fed made its first interest rate hike in March 2022, although the rise in inflation was thought to be temporary in the first months of the year 2022. Consequently, the Fed increased interest rates in the March meeting for the first time since November 2018. After adopting a more hawkish attitude in its March meeting compared with the past and increasing rates by 25 basis points, the Fed signaled a total of six interest rate hikes for the rest of the year. From March to December, the Fed increased interest rates by 425 basis points, slowing down the hikes in December. The Fed is projected to end interest rate hikes in the first half of 2023.

In its statements, the Fed expressed projections that hikes within the target range for the federal funds ratio would be appropriate for monetary policies to maintain a tightening attitude that would help reduce inflation down to 2% over time. According to its statements, the cumulative tightening of monetary policies, the delayed impact of monetary policies on economic activity and inflation, and economic and financial developments would be taken into account while determining the speed at which hikes would be introduced.

The ECB also made a transition to monetary tightening, having initiated interest rate hikes driven by concerns over rising inflation in 2022. Initially introducing a hike by 50 basis points in July, the ECB concluded its negative interest rate policy, which had continued for the past eight years. The ECB increased interest rates by 75 basis points in September and October, followed by a 50 basis point hike in December, which totaled 250 basis points for 2022. The interest rate on the main refinancing operations stood at 2.50%; the rate on the marginal lending facility stood at 2.75%; the rate on the deposit facility stood at 2%. The plan was for the ECB to maintain interest rate hikes for some time and continue monetary tightening during March 2023.

Unlike the central banks of other developed economies, the Bank of Japan (BoJ) did not use monetary tightening policies, instead continuing to keep the 10-year yield target at 0 and indicator interest rate below zero throughout 2022. As a result, the Japanese Yen was experienced one of the fastest value losses in its history. Despite Japan's inflation rate being low compared with other countries, it reached 4% with its highest level in the past few years. BoJ stated such a rise in inflation was linked not to internal reasons but to external reasons. At the end of the year, BoJ increased its target band for 10-year yields of Japanese government bonds from 25 basis points to 50 basis points to introduce more flexibility into its monetary policy. In the BoJ's statement, attention was drawn to rising inflation expectations while the economy maintained its growth. Despite widening the target band for the yield curve, BoJ maintained its 10-year yield target for bonds at 0%. The yield target for short-term bonds was maintained at -0.10%. Meanwhile, the surprising change BoJ made to the yield target band for 10-year Japanese government bonds was considered the first signal that BoJ's monetary policy may change in the coming period.



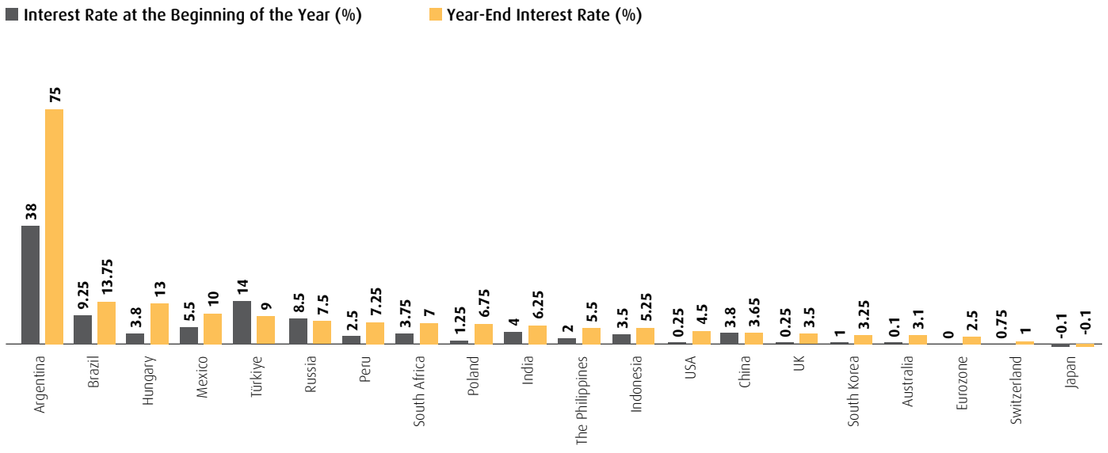
250 bps

The ECB increased interest rates by 250 basis points.

Unlike many other countries that had started to end COVID-19 measures, China, being the center of the pandemic, insisted on a zero-COVID case policy. The Chinese economy entered a period of slow growth compared with previous years. This was due to several factors, including trade tensions with the US, the zero-COVID case policy in place, the supply chain bottlenecks arising from numerous firms' extreme reliance on China as such firms moved their production plants and factories to other locations, and troubles in housing markets. However, quarantines were once again introduced as a result of the record number of cases in the Chinese finance capital Shanghai, followed by a zero-COVID case policy being adopted, considering China as foremost oil importer, caused charp declines in commodity prices and oil in particular. In the face of rising protests and growth concerns in December, though, China ended its zero-COVID case policy. Although this could add to the number of COVID cases in China in the short term, it signaled a transition to a growth-oriented policy in the mid- and long-term.

Fears of high inflation levels arising from rising costs across the globe in 2021 resulted in interest rate hikes by many central banks, including Brazil, Mexico, Hungary, and Russia. Central banks pursued tight monetary policies in 2022 as well. With the Fed and the ECB moving first, central banks of developed and developing economies opted for sharp interest rate hikes to curb inflation. The Swiss National Bank increased its policy rate from -0.25% to 0.50% at its September meeting. This was the end of a negative interest rate period that had lasted for eight years in the country. As the negative interest rate period has ended in Switzerland, Japan is the only developed economy maintaining its negative rate policy. It will be a matter of close follow-up as to whether Japan will continue with negative interest rates in 2023 in the aftermath of the latest change it introduced.

Central Banks Policy Interest Rates



Source: Reuters

The World and Türkiye in 2022

TÜRKİYE'S ECONOMY CONCLUDED 2022 WITH 5.6% GROWTH.

Both consumer inflation and producer inflation dropped in 2022 with the contributions of the base effect.

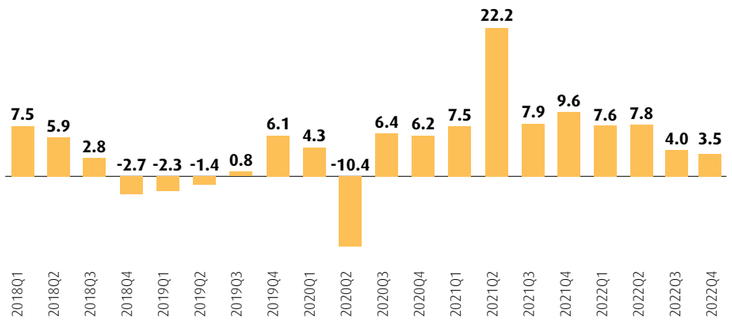


TURKISH ECONOMY

Türkiye's economy grew by 5.6% in 2022.

Türkiye's economy grew by 5.6% in 2022. While services and industry, the tourism and refreshments sectors in particular, were the main contributors to growth, agriculture and tax did not contribute to growth in 2022. Construction, meanwhile, had a negative contribution to growth in 2022. Household consumption, a component of spending, was the greatest contributor to growth in 2022. Despite its higher performance thanks to revived domestic demand in the first half of the year, the contribution of household consumption weakened in the second half, resulting in a slowdown in growth. Rising investment spending, and similarly, the contribution of investment spending to growth in 2022, declined considerably compared with the previous year. The increase in the government's final consumption spending was limited compared with the previous year. With the impact of the rising value of foreign exchange, net exports' contribution to growth dropped significantly; however, it maintained its positive performance. In parallel with all these developments, Türkiye's economy grew by 7.6% in Q1, 7.8% in Q2, 4% in Q3, and 3.5% in Q4.

Türkiye's Real Growth Rate (y-y, %)



Source: TÜİK

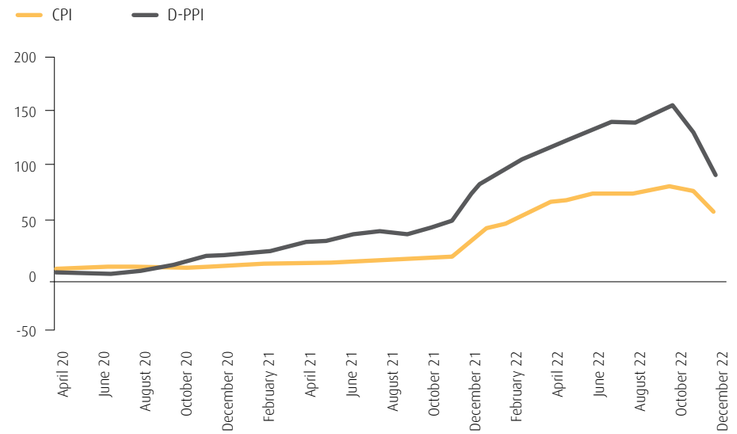
Although inflation rose throughout the year, it concluded 2022 with a decline.

Both consumer and producer inflation started the year 2022 in double digits and, after reaching high levels during the year, concluded it with a reduction with the contributions of the base effect. Mounting global inflationary pressure, increasing commodity prices, developments in exchange rates, and price pressure caused by global supply disruptions were among the factors that pushed the Consumer Price Index to 85.5% and the Domestic Producer Price Index to 157.7% in October. It was thanks to the stable performance of exchange rates, the base effect, as well as the decline in commodity prices—first and foremost, oil—that inflation rates dropped at the end of the year. Consumer inflation stood at 64.3%, and producer inflation at 97.7% as of the end of 2022.

64.3%

As of year-end 2022, consumer inflation stood at 64.3% and producer inflation at 97.7%.

Inflation Indicators (y-y, %)



Source: CBRT

The World and Türkiye in 2022

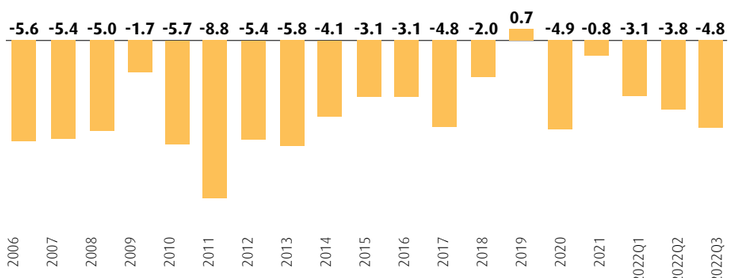
THE CURRENT DEFICIT GREW DUE TO RISING ENERGY COSTS.

Amid the tensions between Russia and Ukraine, commodity prices, primarily that of oil, increased.

The current balance rapidly increased in 2022 due to rising commodity prices.

Backed by a positive export performance during 2021, the current deficit widened in the beginining of 2022. This was closely linked to rising energy prices, coupled with increasing energy imports in terms of quantity and price due to harsher winter conditions compared with the previous year. In the first quarter of 2022, the current account deficit corresponded to USD 18.1 billion year-on-year. Despite a considerable increase in service revenues after the pandemic subsided, a defining factor for this high figure was the foreign trade deficit, coupled with the tensions between Russia and Ukraine, resulting in a 201% hike in commodity prices, primarily oil. In the cumulative total for the 12 months of 2021, the current deficit was USD 7.2 billion as opposed to USD 48.8 billion USD in 2022. The current account deficit is expected to drop to USD 22 billion in 2023.

Current Balance/GDP (%)

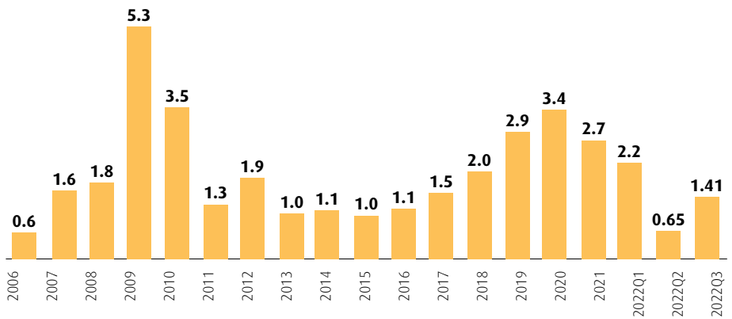


Source: CBRT

The budget balance experienced some recovery in late 2022.

Deteriorating in early 2022, it recovered toward the end of the year. With deficits due to the rising tax revenues resulting from inflation in January, followed by the profits transferred from the Central Bank of the Republic of Türkiye (CBRT) to the Treasury in February, the budget balance continued this trend in March and April. In addition to the sharp rise in corporate tax in May, combined with mounting inflation and foreign exchange rates increasing value-added tax charged on imports, the budget balance attained record surplus figures and recovered in the second quarter of the year. An increase in the current transfers in Q3 had a negative impact on the budget balance. In October, the still deficit-making budget recovered thanks to the stable performance of exchange rates. Followed by a surplus in November, the budget balance recorded a deficit in the last month of the year. A deficit of TL 139.1 billion in 2022, compared with a deficit of 201.5 billion in 2021 in the same period, showed that the budget had a stronger outlook than in the previous year and was stronger than what was targeted in the Mid-Term Program. When considered alongside the anticipation that Türkiye's economy would conclude 2022 with some 5% growth, there are signs that the ratio of the budget deficit/GDP would stand much below the 3.4% declared in the Mid-Term Program.

Budget Deficit/GDP (%)

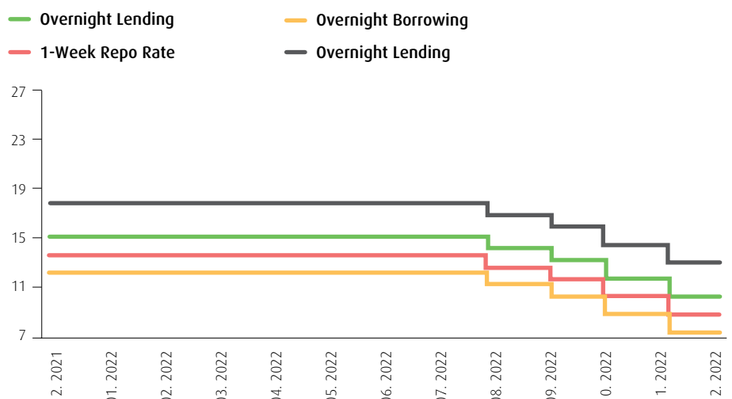


Source: CBRT

1.41%

The budget deficit/GDP ratio was 1.41% in 2022.

CBRT Interest Rates (%)



Source: CBRT

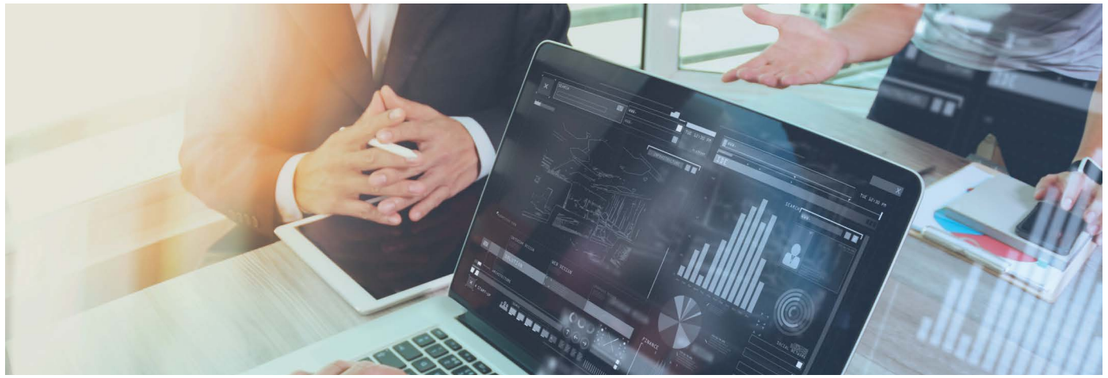
The CBRT lowered the policy rate by 500 basis points.

In 2022, the CBRT conducted a comprehensive policy framework review, named the Liraization Strategy, that prioritized the Turkish Lira in all policy instruments.

Maintaining its policy rate at a fixed 14% in the first seven months of the year, the CBRT then surprisingly lowered interest rates by 100 basis points. In September, October, and November, the CBRT also opted for interest rate reductions and cut the policy rate by 500 basis points to 9% in total in 2022.

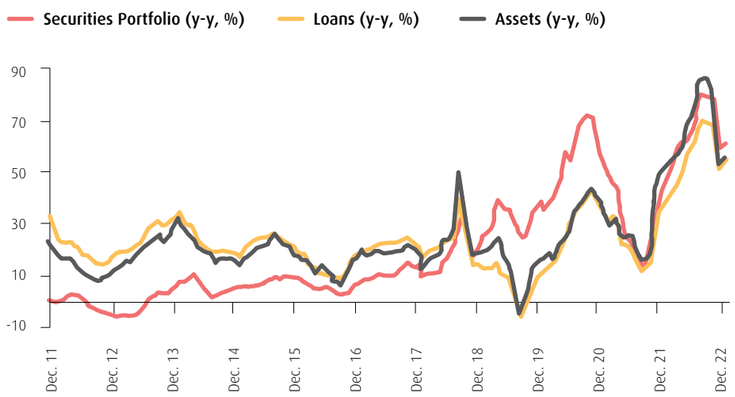
The World and Türkiye in 2022

THE ANNUAL GROWTH OF TOTAL ASSETS IN THE BANKING SECTOR WAS 55.7% IN DECEMBER.



BANKING SECTOR

Loans (adjusted exchange rate, y-y, %)



Source: BRSA

TL DEPOSITS EXPANDED THANKS TO FX INDEXED DEPOSIT AND CBRT'S DECISION TO INCREASE TL-DENOMINATED DEPOSITS.

Regulations in the banking sector marked 2022.

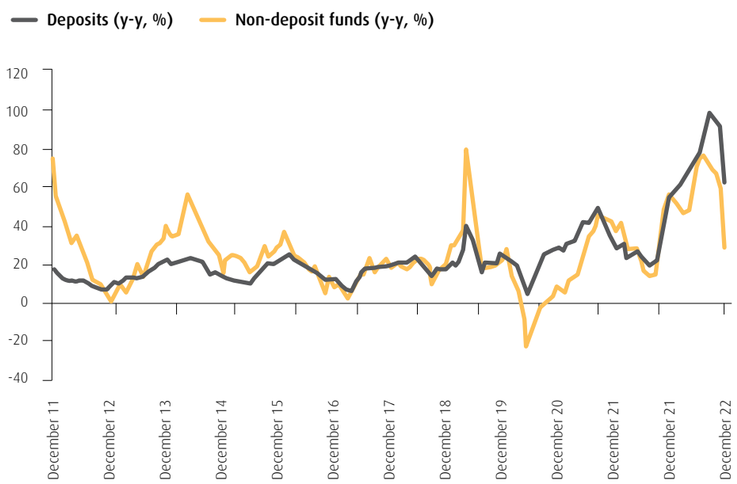
There was an upward trend, especially during the first eight months of the year, in the annual growth rate of loans, securities, and, therefore, assets in 2022. Driven by rising exchange rates, low-interest rates, and high demand for borrowing in an environment of high inflation, the annual growth rate of loans rose to 70.4% in August 2022, compared with 37% at the end of 2021. Additionally, the CBRT segregated loans and took several tightening measures in coordination with the Banking Regulation and Supervision Agency as part of the Liraization Strategy—the impacts of this move started to be felt as of October. These measures led to the annual growth rate of loans falling to 55% in December. However, the base effect from the previous year was also seen as playing a role in this fall. There was an upward trend in the annual growth rate of the securities portfolio owing to the base effect, a rise in foreign exchange rates, an increase in the value of CPI linked bonds, and the impact of the CBRT's decision to keep bonds as required reserves. With the base effect reversing, though, the annual growth rate of the securities portfolio, which had risen to 80.5%, started to fall and reached 60.5% in December. In parallel, the annual growth rate of assets reached 86.3% in August, only to fall in December to 55.7%. Despite the increase in the annual growth rate of non-performing loans (NPLs) in 2022, the ratio of loans signed off as NPLs stood at a record low of 2.1% thanks to the higher annual growth rate of loans.

The growth rate of TL-denominated deposits also rose thanks to the FX indexed deposit accounts and the terms of the deposits extended.

Like the growing foreign currency deposits driven by rising exchange rates, the TL-denominated deposits continued growing thanks to the FX indexed deposit introduced in Q2 and the impact of CBRT's decisions to increase TL deposits. This resulted in a 98% increase in the annual growth rate of deposits. However, this rate slowed down due to the base effect in Q4, retreating to as low as 67% by the end of the year. Non-deposit funds, which attained an annual growth rate of 76% during the year, rose by 27.4% in December.

Following interest rate cuts by the CBRT in 2022, the divide between banks' local funding costs and the interest rates of loans on the side of assets broadened, while CPI linked bonds and valuations of securities increased. These developments all contributed to higher profits in the sector. The sector's profit grew by 366.4% in 2022 on an annual basis. The capital adequacy ratio, in the meantime, stood at 19.50% in 2022, up from the 18.4% recorded at the end of 2021.

Loans (adjusted exchange rate, y-y, %)



Source: BRSA

Trends and Highlights in the Banking Sector

"COMBATING CLIMATE CHANGE" AND "TECHNOLOGY AND DIGITAL TRANSFORMATION" ARE THE KEY TRENDS THAT SHAPE THE SECTOR FOR US.

The finance sector has a business model that requires being connected to all sectors; therefore, its potentiality and speed to be affected by changes are higher than other sectors. We care about analyzing global, regional, and local trends with the awareness of this situation specific to the banking sector.

The finance sector has a business model that requires being connected to all sectors; therefore, its potentiality and speed to be affected by changes are higher than other sectors. We care about analyzing global, regional, and local trends with the awareness of this situation specific to the banking sector. Thus, we aim to take precautions in advance upon potential risks created by changes and seize opportunities on time. With the idea that natural resources, technology, and labor are at the core of the value creation process, we closely monitor local and global developments and acknowledge them when determining our priorities.

We anticipate rising energy prices all around the world, adverse financial circumstances, supply chain disruptions, and an inflationist environment pervading the world to exert further pressure on economic activities for the short term. In the mid and long term, however, we consider "Combating Climate Change" and "Technology & Digital Transformation" as the key trends that will have a defining impact on the sector.

Combating Climate Change

Developments linked with climate change, which threatens the future of Planet Earth and poses significant environmental, social, and economic implications, are strong signals that urge us, humankind, to take serious action. Countries must promptly take measures to make sure these developments affect us in the most limited manner possible. Global cooperation with all segments of society is an urgent need for an effective fight against climate change. We believe that policies aimed at low-carbon and inclusive growth must be adopted and sustainable investments that can make societies more resilient must be promoted for this fight to be effective.

In this context, the Paris Climate Agreement entered into force on 4 November 2016, being the first of its kind to be ratified by at least 55 parties, which together account for 55% of global greenhouse gas emissions, as of 5 October 2016. The main goal of the agreement was determined to limit global warming to well below 2 degrees Celsius, with emission reductions in the states parties' national contribution statements, preferably to 1.5 degrees Celsius, and to achieve a carbon-neutral target on the entire planet by 2050.

The 27th edition of the UN Conference on Climate Change, which has been running since 1995, was held in Egypt this year. Also known as COP27, this conference addressed a variety of topics including emission reduction, supporting countries in their efforts to prepare for, and combat, climate change, and provision of technical assistance and finance to developing countries for these activities. A relatively successful deal was struck to provide a "loss and damage" fund for developing countries. The "Loss and Damage Fund" to be established in line with this deal was one of the key gains of this year's summit. No consensus was reached again to reduce and incrementally opt out of fossil fuels and reduce GHGs as described in the declaration. Instead, a call was made to phase down the use of coal and incrementally reduce subsidies for inefficient fossil fuels, while highlighting the importance of low-emission energy.

The final declaration also provides the decisions taken to develop natural solutions and approaches that place cohabitation at the center, expand climate financing provisions urgently and significantly, and enable developed economies to promote developing countries in their capacity-building efforts. No new targets would be included nor would sanctions be imposed in this fight against climate change, and countries' national sovereignty and circumstances would be respected and facilitated, the declaration also emphasized.

According to the 13th Global Emissions Gap Report of the UN, which was issued in light of this conference, the existing emissions policies in place would not make it possible to reach the 1.5-celsius temperature rise target set out in the Paris Climate Agreement Framework; a rapid transformation is a must; and necessary action must be urgently taken by conducting analyses required for electricity supply, industry, transformation, buildings, and food supply and financial systems. The necessity for every state to take decisions for reinforcing its Nationally Determined Contributions was also highlighted.

In addition, climate change-related environmental risks were among the top ten risks with the strongest probability and impact as described in the 2022 Global Risk Report issued by World Economic Forum. New risks arising from climate change pushed central banks to take action as their impacts were being felt in the



economy, financial system, and financial stability more heavily. Authorities such as the International Monetary Fund (IMF), US Central Bank (Fed), European Central Bank (ECB), and the Bank of Japan (BoJ) adjusted their monetary policies from a sustainability perspective by taking climate change into account.

Meanwhile, Türkiye officially ratified the Paris Climate Agreement and signed COP26 in 2021, announcing its up-to-date nationally determined contribution during COP27. Accordingly, Türkiye announced a 41% GHG emission reduction target by 2030, up from the initially-announced 21%, in addition to its plans to give momentum to its green transformation vision. This way, Türkiye's net zero emission and green development targets by 2053 were declared to the world.

On the other hand, the financial sector is one of the most important sectors for managing climate-related risks. In this context, the Turkish Banking Sector is taking important steps. In 2014, the Banks Association of Türkiye (TBB) published the "Sustainability Guide for the Banking Sector." Borsa Istanbul (BIST) subsequently created the "BIST Sustainability Index." In 2021, the Banking Regulation and Supervision Agency (BRSA) announced the 2022-2025 Sustainable Banking Strategic Plan regarding the action of "3.2.5. Determining a roadmap for the development of sustainable banking" of the "Green Deal Action Plan" at the end of 2021. In addition, a "Sustainable Finance Workshop" was organized by the Banks Association of Türkiye (TBB) in partnership with the Institute of International Finance (IIF). Consequently, our country and the Turkish banking sector continue to make significant efforts to manage environmental and social risks as part of the combat against climate change.

Technology and Digital Transformation

Digital transformation propelled by rapid technological advances has become an indispensable component of day-to-day lives at businesses and organizations. Technology utilization combined with digitalization contributes to social development and supports the sustainable development of countries and businesses alike. In addition, it provides significant advantages when it comes to accessing information and attaining competitive advantage both within businesses and among employees. Therefore, it is essential for businesses and organizations to closely monitor technological innovation and integrate such changes into their processes. It is one of the highlighted facts in recent years that digitalized companies grow faster and are more resilient to crises.

To catch up with digitalization, which offers efficiency, speed, and cost savings in all fields, companies formulate their digital transformation strategies and revise their organizational structures accordingly. Digital transformation goes beyond the scope of new technologies and represents a broader framework for a new economic model, way of life, way of thinking, and culture of doing business.

Türkiye's net zero emission and green development targets by 2053 were declared to the world.

New capabilities, skills, and services are increasingly needed day after day to take advantage of digital technologies and create more value. In this respect, businesses must adopt more flexible and agile business models to adapt themselves to rapid change. Simultaneously, a corporate culture featuring a system that encourages change and innovation has become imperative. Inevitably, businesses that do not have a corporate culture promoting change or whose business models are not flexible and agile will have adaptation problems in the face of disruptive technological developments.

Mobile, the Internet, artificial intelligence, the Internet of Things, machine learning, autonomous and robotic technologies, voice and image recognition and processing systems, cloud computing, and blockchain infrastructures will be among the highlights of the coming period since technology brings along significant competitive advantages to companies.

GRI 201-2

GRI 201-2

Our Material Topics and Sustainability Approach

OUR SUSTAINABILITY APPROACH IS ALL ABOUT LEAVING A MORE INHABITABLE WORLD TO THE NEXT GENERATIONS WITH OUR ACTIVITIES.

Today, with the management and working mentality required by modern banking, we serve our customers through the products and solutions we offer in Corporate, Commercial, SME, Retail, Local Governments and Agricultural Banking, Consumer, and Private Banking.

Our Sustainability Approach

Since we commenced our operations on April 13, 1954, we proceed to deliver essential contributions to the growth and development of the country's economy with the mission of continuously increasing the values we add to our customers, employees, shareholders, and society by effectively and efficiently managing the assets and values entrusted to us by the strength we derive from the foundation culture.

Today, with the management and working mentality required by modern banking, we serve our customers through the products and solutions we offer in Corporate, Commercial, SME, Retail, Local Governments and Agricultural Banking, Consumer, and Private Banking. In addition to our core banking products, we are also engaged in investment banking and capital market activities; we have been offering financial products widely ranging from leasing to factoring services to our customers through our financial subsidiaries with the high technology required by the age. Besides, we continue to play an active role in international debt capital markets with the long-term and affordable funds we provide from abroad.

As a well-established institution, our sustainability approach is all about leaving a more inhabitable world to future generations with our operations. In this context, the authority to coordinate our sustainability practices effectively and swiftly lies within the **Sustainability Committee**, which is our Bank's senior decision-making and responsible body. Believing that faster decision-making will add dynamism to our sustainability journey, we established the Sustainability Working Group as the supporting structure that operates under this committee. Our Committee monitors performance by integrating these strategies and policies into the Bank's activities and formulating sustainability strategies and policies in economic, social, and environmental areas. Upon a Sustainability Committee decision, we formed Sub-Working Groups for specific areas of expertise, such as Climate Risks and Environmental Social Risk Management System, and Integrated Management Working Group this year. These working groups are in charge of monitoring best practices and regulations in and outside Türkiye and coordinating the projects in this area across the Bank. Additionally, we continue our sustainability efforts through the Sustainability Service, Environmental Management Service, and Environmental and Social Impact Analysis Department. You may find our Sustainability Governance Structure here.

First, we harmonized the Head Office units' banking processes and all branches with the ISO 9001 Quality Management System. We documented them with the "ISO 9001: 2015 Quality Management System." In addition, we have also documented that our banking activities minimized the direct impact on the environment in line with international standards by obtaining the ISO 14001: 2015 Environmental Management System certificate in 2017. In this context, we have ensured that all VakıfBank employees work in ISO 14001-certified buildings in 2022, with our certification studies, which we have been continuing since 2018. We succeeded to be the first bank in Türkiye to establish the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) and to receive the certificate subsequent to the Integrated Certification Audit by obtaining the ISO 45001 Occupational Health and Management System certificate in 2021. We successfully passed the 2022 interim audits and ensured the sustainability of the Integrated Management System. We plan to set our energy policy and obtain an ISO 50001 Energy Management System Certificate in 2023 and include it in our Integrated Management System in parallel with our goals and objectives. At Vakıfbank, we also have an ISO/EIC 27001:2013 Information Security Management System Certificate. Here you may find detailed information about our certificates.

We take part in international platforms with our sustainability efforts and lead the industry by breaking ground. We continue integrating sustainability into our corporate strategy for a more livable future by increasing our environmental, social, and governance performance. We are the first Turkish public institution to announce its commitment to reduce carbon emissions by participating in the Science Based Targets initiative, which many international pioneering organizations lead to contribute to the fight against climate change, one of the most critical global environmental problems of today. In 2022, we set our science-based targets to reduce carbon emissions and finalized our applications for the Science-Based Targets initiative (SBTi). In this context, we have been participating in the **Carbon Disclosure Project (CDP) Climate Change Program** since 2015 and share our climate change strategy, governance, risk management, and carbon emission amount and our targets on these issues with international investors and the public. We have also preserved our performance score of B at CDP Climate Change Program in 2022. In addition, by supporting **CDP's Water Security Program**, we released our first report at VakıfBank in 2022, and scored B-. This was yet another step we took to manage water-related risks and raise awareness.

WE OFFER SUSTAINABILITY-THEMED PRODUCTS TO OUR CUSTOMERS TO SUPPORT SOCIOECONOMIC DEVELOPMENT.

We established an Environmental and Social Risk Governance System in 2022. Our target for the coming period is to include all our loan portfolio, except consumer loans, in our environmental and social risk analyses.

We offer sustainability-themed products, constituting one of our Sustainable Development approach's essential components, **to our customers' usage to support socio-economic development by considering all society segments.** In this way, we do not only address customers' financial needs but also contribute to social development with our financial support.

With the awareness that our most significant impact in the environmental and social field is through financing, we consider it our responsibility to evaluate the social and ecological implications of the projects we finance. Within this scope, we established the **Environmental and Social Risk Management System** in 2022 to assess and manage non-financial risks including environmental, social, governance, and OHS risks, and their potential impact for the project finance loans worth USD 20 million and above in the first stage. In addition to project finance loans, we aim to include the entire loan portfolio (excluding retail loans) in this risk analysis process for the coming period.

As a pioneering and active bank in international debt capital markets, with an awareness of the importance of sustainable banking in accessing international funding sources, we take essential steps, complete the necessary preparations, and seize opportunities depending on market conditions. We increased sustainability-themed funds and continued to support sustainable development driven by our responsible financing approach also in this period.

Besides, we carried out a study in line with the evaluation methodology of Sustainalytics, one of the leading independent global companies in providing sustainable banking, environmental, social, and corporate governance research, and rating services to investors. After this study, we achieved to improve our ESG (Environmental, Social, Governance) risk rating score from 19.8 to 19.1 (low risk) in 2022, becoming one of the banks with a low-risk rating in the banking sector.

We have also become the first bank to adopt a sustainability approach for expected credit loss provisions under TFRS9. As part of the Fit for 55 Package released by the European Commission in 2021, the Carbon Border Adjustment Mechanism introduced emission reporting obligations effective as of 2023 and carbon tax payment obligations as of 2026 for five carbon-intensive sectors (cement, electricity, fertilizers, steel&iron, and aluminum). Accordingly, our Bank reviewed the transition risks of those manufacturers who export to the EU but are unable to make a transition to low-carbon manufacturing methods and technologies. Consequently, our Bank increased the expected credit loss provisions for customers operating in the cement, electricity, fertilizer, steel&iron, and aluminum sectors under TFRS9.

Pursuant to the TFRS9 legislation, we also lowered the expected credit losses reserved for customers falling into the scope of YEKDEM (Renewable Energy Resources Support Mechanism) established to promote the generation of renewables. This way, we pursued positive discrimination for these customers in all our processes, taking their positive environmental contributions with their support for renewable generation into account.

GRI 2-22, 2-29, 3-1, 3-2

GRI 2-22, 2-29, 3-1, 3-2

Our Material Topics and Sustainability Approach

WE CARE ABOUT DISCLOSING OUR PERFORMANCE TRANSPARENTLY.

We maintain our place on the BIST Sustainability Index since it was first created in 2014. Since 2017, we have been included in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow.

We also maintain our collaborations on national and international platforms within the scope of our efforts to create value in terms of a sustainable economy, society, and environment. We are among the UN Global Compact participants, the world's largest sustainability initiative before the United Nations. We are the **first Turkish public institution to sign the Women's Empowerment Principles (WEPs).**

In addition, we were chosen for inclusion in the **Bloomberg GEI for the fourth consecutive year.**

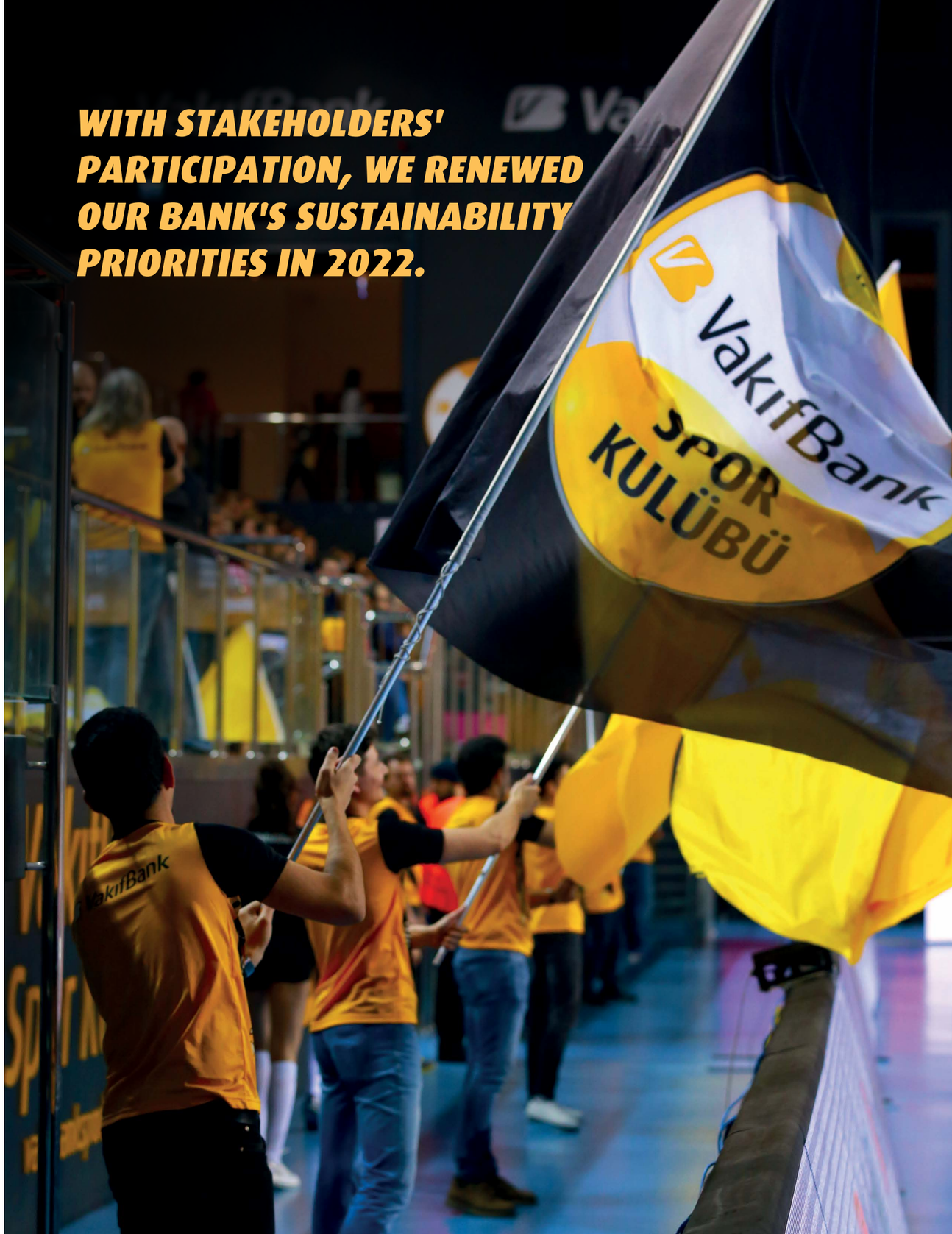
In 2022, we volunteered to respond to the **Corporate Sustainability Assessment-CSA**, prepared by S&p Global which we believe will constitute a basis for our sustainability performance and guide us in improving our performance.

At VakıfBank, we struck a deal with JCR Eurasia Rating for Corporate Governance Rating services in November 2022. **We will have a presence on Borsa Istanbul's Corporate Governance Index** in the coming period.

We attach importance to disclosing our performance with transparency. As a result, we maintain our place in the index since 2014, when the BIST Sustainability Index was created. Since 2017, we have been included in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow.

In addition to our financial performance, we published our first Integrated Annual Report in 2020, which includes our approach and performance in economic, environmental, and social areas and our Bank's value creation model. Our report, which has an important place in our communication with our stakeholders, is compatible with the Integrated Reporting Framework published by the Value Reporting Foundation.

GRI 2-22, 2-29, 3-1, 3-2



Our Material Topics and Sustainability Approach

WE CONSIDER OUR MATERIAL TOPICS AS THE STARTING POINT OF OUR SUSTAINABILITY APPROACH.

Determining the Materiality

We consider our material topics as the starting point of our sustainability approach. With this perspective, during the first Integrated Annual Report studies in 2019, we shaped our material topics by taking our stakeholders' opinions with the Stakeholder Dialogue studies that we conducted under the moderation of an external expert consultant organization. Details on the Stakeholder Dialogue 2019 process can be found in our 2019 Integrated Annual Report.

In 2022, we renewed our Bank's material topics related to sustainability with stakeholders' participation. Considering sustainability standards and global trends, we did scan the literature and made a list of topics. We identified the topics that had an impact on our Bank, on societies, and the environment. Since many of the topics we determined in the previous year are still a hot topic on the agenda, as understood from the Prioritization Survey, the 2019 list of topics remained reserved. In addition to the list of 2019, we re-evaluated our priorities in light of the Bank's strategy, global and industry trends, risks and opportunities, and executives' views. Besides, we have taken into account the internationally guiding principles and outputs in the field of sustainable development, such as the interviews we had with our managers in different units, trends that drive the industry, Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals, the United Nations Global Compact, CDP, Task Force on Climate-related Financial Disclosures (TCFD) and added new items. This way, the number of material topics rose from 16 to 21.

Our prioritization survey was open for the participation of a broad group of stakeholders, including our commercial, corporate, SME, retail, and individual customers, municipalities, NGOs, journalists, consultants, investors, analysts, and academics. We asked all stakeholders who took part in the online survey to sort the material topics identified by taking their expectations from VakıfBank into account.

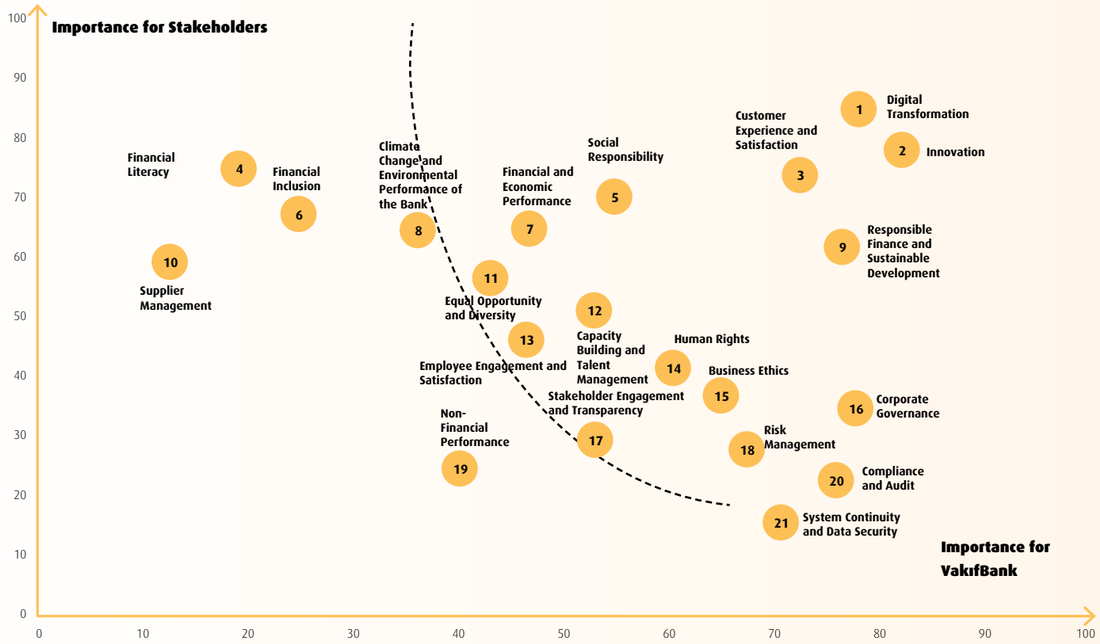
We analyzed the outputs together with VakıfBank's material topics and divided the prioritization matrix into two classes: **"topics for which we believe we will create the utmost value and which are essential for our strategy" and "topics that create fundamental value for the implementation of our strategy"**.

In light of these efforts, we also reviewed our material Sustainable Development Goals and concluded them to be SDG 4, SDG8, SDG9, SDG10, and SDG12.

SUSTAINABLE DEVELOPMENT GOALS

GRI 2-22, 2-29, 3-1, 3-2

Our Sustainability Material Topics



Topics for which we believe we will create the utmost value and which are essential for our strategy
2 Innovation
1 Digital Transformation
3 Customer Experience and Satisfaction
9 Responsible Finance and Sustainable Development
16 Corporate Governance
20 Compliance and Audit
18 Risk Management
21 System Continuity and Data Security

Topics that create fundamental value for the implementation of our strategy
4 Financial Literacy
5 Social Responsibility
6 Financial Inclusion
7 Financial and Economic Performance
8 Climate Change and Environmental Performance of the Bank
10 Supplier Management
11 Equal Opportunity and Diversity
12 Capacity Building and Talent Management
13 Employee Engagement and Satisfaction
14 Human Rights
15 Business Ethics
17 Stakeholder Communication and Transparency
19 Non-Financial Performance

GRI 2-22, 2-29, 3-1, 3-2

Our Material Topics and Sustainability Approach

AT VAKIFBANK, WE ALIGN OUR MATERIAL TOPICS WITH UN SDGS.

WE TRANSPARENTLY REPORT OUR CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT GOALS.

The Relation of Our Material Topics with Capital Components and UN Sustainable Development Goals*

The Sustainable Development Goals (SDGs) being accepted by 193 member countries of the United Nations in 2015 is a call for action toward a common future for our planet. These goals are one of the guides to our sustainability approach. Within this scope, we care to contribute to UN SDGs with our operations.

At VakıfBank, we align our material topics with UN SDGs and transparently report our contribution to Sustainable Development Goals.

Material Topics	Related UN Sustainable Development Goal	Related Capital Item
Employee Engagement and Satisfaction	SDG 3, SDG 4, SDG 5, SDG 8, SDG 10	
Digital Transformation	SDG 8, SDG 9, SDG 12, SDG 13, SDG 17	
Equal Opportunity and Diversity	SDG 5, SDG 8, SDG 10	
Financial Inclusion	SDG 5, SDG 8, SDG 9, SDG 10	
Financial Literacy	SDG 4, SDG 5, SDG 8, SDG 10	
Financial and Economic Performance	SDG 8	
Non-Financial Performance	SDG 3, SDG 4, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 12, SDG 13, SDG 15, SDG 16, SDG 17	
Climate Change and Environmental Performance of the Bank	SDG 6, SDG 13, SDG 15	
Innovation	SDG 8, SDG 9, SDG 12, SDG 13, SSG 17	
Human Rights	SDG 4, SDG 5, SDG 8, SDG 10	
Business Ethics	SDG 16	
Capacity Building and Talent Management	SDG 4, SDG 5, SDG 8, SDG 10	
Corporate Governance	SDG 8, SDG 16	
Customer Experience and Satisfaction	SDG 8, SDG 9, SDG 10	
Stakeholder Engagement and Transparency	SDG 8, SDG 10, SDG 16	
Risk Management	SDG 8, SDG 16, SDG 17	
System Continuity and Data Security	SDG 8, SDG 9, SDG 12, SDG 17	
Responsible Finance and Sustainable Development	SDG 2, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 17	
Supplier Management	SDG 3, SDG 4, SDG 8, SDG 12, SDG 13, SDG 16	
Social Responsibility	SDG 4, SDG 5, SDG 10, SDG 17	
Compliance and Audit	SDG 8, SDG 16	

** In alphabetical order according to the material topic in the table.*

GRI 2-22, 2-29, 3-1, 3-2

Our Value Creation Model

Propelled by the vision of a Sustainable Economy, Sustainable Environment, and Sustainable Societies, we continue to create value.

Inputs

Financial Capital

Strong Capital Structure
Sustainable Growth
Efficient Resource Management

Manufactured Capital

Advanced Branch and ATM Network
Widespread Access to Finance
Strong Technological Infrastructure

Intellectual Capital

Digital Transformation
Investment in Information Technologies
Digitalization in Branch Operations
Well-Established Corporate Culture

Human Capital

Investment in Human Resources
Equal Opportunity
Healthy Work and Life Balance
Safe Working Environment

Social and Relational Capital

Improving Customer Experience
Support for Turkish Sports
Education and Culture

Natural Capital

Measuring Environmental Impact of Our Bank
Financing Renewable Energy Projects
Responsible and Green Loan
Digitalization in Operations

External Parameters

Risk & Opportunities

Trends



Shareholder Expectations

Outputs

2022	
Change in Total Assets	66.90%
Total Amount of Cash & Non-Cash Loans	TL 1,208 Billion
Total Deposits	TL 1,128 Billion
Long-Term Borrowings (Funds Borrowed+Subordinated Debts)	TL 154.8 Billion
Total Change in Shareholders' Equity	105.93%
Capital Adequacy Ratio (%)	15.19%

2022	
Number of Branches	949
Number of ATMs	4,148
Number of Recycle ATMs	1,246
ATMs for Barrier-Free Life	4,124
Robotic Process Automation Application (Quantity)	47
Share of Transactions from ADCs	97.20%

2022	
New Products/Services Launched During the Year	15
Number of Products/Services with Trademark Registration	28
Increase In the Number of Digital Channel Customers	1,409,753
Total Number of Customers on Digital Channels	11,477,124
Number of API Services	106
The Ratio of the Number of Employees of 10 or More Years to the Total Employees	53.84%
The Ratio of Filling Top Positions with In-Bank Promotion	100%

2022	
Total Number of Employees	16,961
Rate of Female Employees	50.51%
Rate of Continuing Work after Maternity Leave (Female)	99.58%
OHS Training Total Hours	220,527
Employee Turnover Rate	2.89
Average Training Time Per Employee (Hours)	46.54
The Ratio of Online Training in Total Training	74.20%

2022	
New Customers Gained	1,448,324
Total Amount of Mechatronics and Mind Games Workshops	54
Number of Published Books	70
Awards Received	50
Awards Received in the Sports Field	5

2022	
Total Number of ISO 14001 Certified Locations	All Bank Locations
Energy Consumption per Employee (MWh/Person)	3.87
Water Consumption per Employee (cubic meter)	12.80
Amount of Financing for Renewable Energy Projects	TL 3.6 Billion

Our Performance Indicators by Capital Elements

	2021	2022
Asset Growth	44.11%	66.90%
Loan Growth	35.93%	62.71%
Commercial Loan Growth	42.67%	68.21%
Retail Loan Growth	16.19%	42.91%
Deposit Growth	42.72%	90.83%
Net Fee-Commission Income Growth	32.59%	139.77%
Non-Performing Loan Ratio	3.09%	2.13%
Non-Deposit Sources/ Total Liabilities	18.11%	13.36%
Capital Adequacy Ratio	14.85%	15.19%
Other Operational Expenditures/Operational Income	34.75%	18.05%

	2021	2022
Number of Branches	940	949
Number of ATMs	4,162	4,148
ATMs for Barrier-Free Life	4,035	4,124
Share of Transactions from ADCs	96.27%	97.20%

	2021	2022
Customers Acquired Remotely	79,257	150,547
Share of Digital Channels in Total Transactions	87.40%	90.03%
Number of ATM Transactions	210,810,321	230,780,956
Number of Cardless ATM Transactions	15,953,300	22,730,596
Number of ATM Transactions Made with QR Code	11,814,548	17,147,787

	2021	2022
Total Number of Employees	16,929	16,961
Newly-Recruited Employees	624	659
Employee Turnover Rate	1.69 √	2.89 √
Ratio of Female Employees	50.51 √	50.51 √
Average Year of Seniority	10.51 √	11.11 √
Average Training Hours per Employee	33.32 √	46.54 √
Share of Online Training in Total Training Hours	66.84% √	74.20% √
Number of Employees Attending Information Security Training	12,830	15,680

	2021	2022
Total Number of Active Customers	20.9 million	26.4 million
Rate of Resolved Complaints	98%	91.80%
Number of Events	104	126
Number of Mechatronics, Mind Games, and Artificial Intelligence Workshops	54	54
Awards Receive in Year	49	50

	2021	2022
Consumed Paper Quantity	672 Tons	1,092 Tons
Total Number of ISO 14001 Certified Locations	All Bank Locations	All Bank Locations
Number of Renewable Energy Projects Financed	22 √	80 √
Scope 1+2 Emissions (ton CO_2e)	18,202 √	12,937 √

√ *It has been subjected to limited assurance by the Independent Audit Firm.*

GRI 2-22, 2-29, 3-1

Value Created for VakıfBank

While doing our job, we care about the issues below;

- Our Well-established Corporate Culture with 68 years of banking experience,
- Our Strong Financial Performance, which is the result of our leading banking practices,
- Our Effective Risk Management, which plays an important role in long-term sustainable growth,
- Ethical Business and Full Compliance, in our sector where trust is the most important value,
- Customer Experience, which we consider the main factor for the continuity of our bonds with our customers, which plays a key role in the continuity of our business and successes,
- Digital Transformation, which has an important function in developing the services we offer to our customers and improving the customer experience,
- Fast and Quality Service we provide with our extensive branch network, expert staff and modern information technology ability,
- Happy Employee, High Belonging, which are the guarantee of our qualified human resources,
- We care about Corporate Social Responsibility aspects, that aim to provide social benefit.

We are aware that an organization's ability to create value for itself is linked to the value it creates for all its stakeholders.



GRI 2-22, 2-29, 3-1

Value Created for Stakeholders

ECONOMIC

- Increasing contribution to the economy
- Channeling customer investments to the right channels
- Strengthening trust in the country and state banks
- Increasing economic welfare
- Contributing to employment, manufacturing and exports

SOCIAL

- Expanding access to financial services
- Developing and improving the capabilities of stakeholders
- Increasing social welfare
- Supporting projects that will contribute to future generations
- Promoting the habit of saving

ENVIRONMENTAL

- Aligning with the practices that support the Green Deal Action Plan
- Backing up the country's objectives regarding the Paris Climate Agreement
- Supporting eco-friendly projects to leave a more livable world for future generations

GRI 2-22, 2-29, 3-1

Our Medium- and Long-Term (3 to 5 Years) Goals

We set medium- and long-term goals by conducting comprehensive efforts in line with the material topics we identify at VakıfBank.

OUR MEDIUM- AND LONG-TERM (3 TO 5 YEARS) GOALS	Material Topics	Related UN Sustainable Development Goal	Related Capital Item
We will continue to effectively fund the financial needs of the real sector and households.	Responsible Finance and Sustainable Development	SDG 2, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 17	
We will continue to work to raise employee awareness by maintaining the Integrated Management System's continuity (ISO 9001-ISO 14001-ISO 45001).	Climate Change and Environmental Performance of the Bank	SDG 6, SDG 13, SDG 15	
We will continue to expand our investor base by effectively sustaining our communication with equity and fixed income investors.	Stakeholder Engagement and Transparency	SDG 8, SDG 10, SDG 16	
To increase awareness about sustainability, we will increase the types and numbers of training.	Capacity Building and Talent Management	SDG 4, SDG 5, SDG 8, SDG 10	
We will continue our efforts to make our value-creation activities for a sustainable economy, society, and environment more visible on national and international platforms.	Responsible Finance and Sustainable Development	SDG 2, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 17	
We aim to sign the Principles of Responsible Banking for the United Nations Environmental Program Financial Initiative (UNEP FI).	Climate Change and Environmental Performance of the Bank	SDG 5, SDG 8, SDG 9, SDG 11, SDG 12, SDG 13	
To contribute to the Bank's environmental performance, we will strive to increase our performance score from "B-" to "A" within the scope of the CDP Climate Change Program.	Climate Change and Environmental Performance of the Bank	SDG 7, SDG 11, SDG 12, SDG 13	
We will strive to raise our performance score of "B" to "A" under the CDP Water Program.	Climate Change and Environmental Performance of the Bank	SDG 6, SDG 11, SDG 12, SDG 13	
We will carry out our activities to play an active role in the market in responsible and green financing areas to create investment opportunities in our bank that can provide permanent value for investors.	Responsible Finance and Sustainable Development	SDG 2, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, SDG 17	
We will continue our efforts to improve our score on local international sustainability indices.	Corporate Governance	SDG 8, SDG 16	
We will steer our efforts to ensure our continuity in the sustainability indices in which we are currently listed (BIST Sustainability Index, FTSE4Good Emerging Markets Index and Bloomberg Gender Equality Index) and to take part in other accepted sustainability indices.	Equal Opportunity and Diversity	SDG 5, SDG 8, SDG 10	
We aim to increase the share of transactions made through non-branch channels and the share of digital channels in total transactions.	Digital Transformation	SDG 8, SDG 9, SDG 12, SDG 13, SDG 17	
Being the first Turkish public bank to announce that it will commit to reducing carbon emissions within the scope of the Science Based Targets initiative, which is carried out under the leadership of many international pioneer organizations to contribute to the fight against climate change which is one of the most important global environmental problems of today, we will continue to provide international standards for our operations and strengthen our reputation with global investors.	Climate Change and Environmental Performance of the Bank	SDG 6, SDG 13, SDG 15	
We will continue to improve our practices in the field of Open Banking.	Digital Transformation	SDG 8, SDG 9, SDG 12, SDG 13, SDG 17	
We will continue to make cultural transformation programs that support digital transformation.	Capacity Building and Talent Management	SDG 4, SDG 5, SDG 8, SDG 10	
We will continue to improve our practices in the field of Open Innovation.	Digital Transformation	SDG 8, SDG 9, SDG 12, SDG 13, SDG 17	
We aim to examine in detail the end-to-end experience of "Being a member of VakıfBank" and to improve customers' experiences at interaction points with our journey map designs.	Customer Experience and Satisfaction	SDG 8, SDG 9, SDG 10	
Within the scope of the paperless banking project, we will continue to move all our processes to digital by avoiding paper consumption.	Digital Transformation	SDG 8, SDG 9, SDG 12, SDG 13, SDG 17	
We plan to increase the share of "personalized and adaptive learning" applications in our learning ecosystem through digital platforms, which will support the training programs that we offer with the mixed learning model and facilitate the development of our employees.	Capacity Building and Talent Management	SDG 4, SDG 5, SDG 8, SDG 10	
We aim to integrate the mobile banking application into the digital shopping ecosystem.	Digital Transformation	SDG 8, SDG 9, SDG 12, SDG 13, SDG 17	
We will continue our efforts to increase customer satisfaction.	Customer Experience and Satisfaction	SDG 8, SDG 9, SDG 10	

GRI 2-22, 2-29, 3-1

Our Contributions to Sustainable Development Goals and Our Strategies



SDGs	The Section Where VakıfBank's Contribution is Presented	Our Strategies
4 **Quality Education** Providing quality education based on the values of inclusion and equality, and promoting life-long learning opportunities for all	Corporate Social Responsibility Employee Development and Trainings	- We will continue providing support in the field of education. - We will increase the number of workshops under Science and Arts Training Centers (BİLSEM) in Türkiye. - We will increase the number of digital training courses and content that offer podcast and video courses.
7 **Accessible and Clean Energy** Ensuring access to affordable, reliable, sustainable, and modern energy for all	Climate Change and Environmental Performance of the Bank	- We will continue our support for "renewable energy" projects as part of VakıfBank's "Policy on Environmental and Social Impact Management in Lending Processes". - Our goal is to include the Bank's entire loan portfolio, except consumer loans, in the ESM system.
8 **Decent Work and Economic Growth** Promoting stable, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	Support to the Real Sector Support for SMEs Support for Foreign Trade	- We will continue developing products and services that promote economic development and welfare. - We will continue developing products and services aimed at women entrepreneurs.
9 **Industry, Innovation, and Infrastructure** Building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation	Support to the Real Sector Support for SMEs Support to Households Digital Transformation	- We will continue our contributions to employment, production, and exports. - We will continue our efforts at promoting demand for green housing. - We will diversify transactions available for SMEs and commercial customers on digital channels.
10 **Reducing Inequalities** Reducing inequalities within and among countries	Our Material Topics and Sustainability Approach Equal Opportunity and Diversity	- We will organize seminars/panels at the Bank to reduce inequalities. - We plan to become a signatory of the UNEP FI Responsible Banking Principles.
13 **Climate Action Plan** Taking urgent action to combat climate change and its impacts	Our Material Topics and Sustainability Approach Climate Change and Environmental Performance of the Bank	- We will back up the country's objectives regarding the Paris Climate Agreement. - We will reduce our carbon footprint arising from our operations. - We will improve our performance further at CDP's Water and Climate Change Programs.
16 **Peace, Justice, and Strong Institutions** Promoting peaceful and inclusive societies for sustainable development, providing access to justice for all, and building effective, accountable, and inclusive institutions at all levels	Our Material Topics and Sustainability Approach	- We will initiate efforts for a Corporate Governance Rating. - Our goal is to sign the Responsible Banking financing declaration.

GRI 2-22, 2-29, 3-1

GRI 2-22, 2-29, 3-1



Our Financial Capital

Material Topics & SDGs

Financial and Economic Performance

SDG 8

Responsible Finance and Sustainable Development

SDG 8, SDG 9, SDG 10

Change in Asset Size

66.9%

Total Amount of Cash & Non-Cash Loans

TL 1,208 billion

Capital Adequacy Ratio

15.19%

GRI 3-3

RISKS

- Disruptive technological advances and cyber security risks
- Uncertainties caused by economic fluctuations
- Rapid change in customer and investor expectations
- Effects of climate change-induced disasters on financials
- Investors' expectations of the loan portfolio during the transition to a low carbon economy

OPPORTUNITIES

- Creating competitive advantage in the sector with competent human resources and investments in digitalization
- Reducing marketing costs and increasing product diversity thanks to effective digital transformation
- Having a geographical location that is a center of attraction in many areas from finance to transportation, from trade to tourism
- Easy access to international funding with contributions to deepening of capital markets and increasing product diversity
- Strong brand image facilitating new customer acquisition
- Increasing interest in responsible finance
- The goal of taking an active role in the transition to a low-carbon economy by effectively managing the risks and opportunities created by climate change
- Diversifying and increasing the sustainable loan portfolio with the projects developed

GRI 3-3

Financial and Economic Performance

WE HAVE ALWAYS STOOD BY OUR CUSTOMERS BY SUPPORTING THE SUSTAINABLE DEVELOPMENT OF OUR COUNTRY.

In 2022, we, as VakıfBank continued to stand by our customers by continuing our support for our country's sustainable development. During this period, we increased our assets by 66.90% to TL 1,681 billion.

68.21%
VakıfBank Commercial Loan Growth Rate

In 2022, we, as VakıfBank continued to stand by our customers by continuing our support for our country's sustainable development. During this period, we increased our assets by 66.90% to TL 1,681 billion. So we continued to be Türkiye's second-largest bank.

We worked tirelessly to ensure that the financial system functioned properly and that resources were allocated appropriately. In 2022, we increased commercial loans by 68.21% and consumer loans by 42.91%, demonstrating our commitment to all segments of society. The support we extended to the national economy through cash and non-cash loans in 2022 exceeded TL 1,208 billion.

In terms of funding, we increased our total deposits by 90.83% percent to TL 1,128 billion. In terms of non-deposit funding, we maintained our leading position in international debt capital markets. We continued to provide varied medium- and long-term foreign funds to support the national economy and our customers during this time, contributing a total of USD 3.3 billion in additional resources. We were the bank with the greatest sustainability-themed resources in its funding structure in 2022. We will focus on new and different alternatives in non-deposit financing in the upcoming periods and maintain our pioneering position in this field.

We worked tirelessly to ensure that the financial system functioned properly and that resources were allocated appropriately in 2022.

Direct Economic Value Generated and Distributed

Direct Economic Value Generated and Distributed (Thousand TL)	2020	2021	2022
Direct Economic Value Generated			
Revenues (Net Operating Income)	26,281,913	27,363,201	99,325,029
Distributed Economic Value			
Operational Expenses (Operating Expenses)	8,073,022	9,508,389	17,931,787
Employee Remuneration and Benefits	3,334,128	3,999,201	7,230,357
Payments to Capital Providers (Dividend)	0	0	0
Payments to the Government (Current Tax Provision)	1,899,145	166,899	19,688,536
Expenditures on Social Investments	85,843	42,115	349,777

SDG 8

GRI 2-6, 3-3, 201-1, 203-2



Easy Access to International Funding

IN 2022, WE HAVE OBTAINED NEW FUNDING FROM THE INTERNATIONAL MARKETS, TOTAL USD 3.3 BILLION.

Renewed our sustainability-themed syndication loan with a roll over ratio above 100% in May 2022, USD 1 billion equivalent in total.



97%

We have become the bank to renew its total syndication loans with the best ratio, which is 97%.

Despite successive monetary tightening and interest rate hikes in global markets, we obtained new funds worth USD 3.3 billion from international markets in 2022. With these operations carried out in overseas markets, we have once again demonstrated the reputation and credibility of Türkiye and VakıfBank before international investors.

On February 13, 2017, we swapped the USD 227.6 million tranche of the bonds we issued in 2012 subject to the provisions of Basel II-compliant subordinated debts with Basel III compliant, 10-year bonds which featured the option of early amortization at the end of year 5. In 2022, we decided to opt for such early amortization and conducted the amortization transaction on November 1, 2022, by obtaining the necessary permits from the Banking Regulation and Supervision Agency. With this transaction, we created quite a positive impact in terms of the Bank and the Turkish banking sector before investors.

We struck a deal worth USD 1 billion in May 2022 by renewing our sustainability-themed syndication loan with over 100%. In November 2022, we obtained a syndication loan worth USD 560.3 million with the highest renewal ratio among commercial banks. This way, we have become the bank to renew its total syndication loans with the best ratio, which is 97%.

We preserved our position as the Turkish bank with the most sustainability-themed resources owing to the repo and syndication loan transactions performed. In December 2022, we signed the highest secured funding agreement among Turkish banks worth EUR 400 million with a maturity of 2 years based on sustainability criteria. As an indicator of our sustainability commitments, performance criteria for secured-funding transactions include new extensions with environmental and social themes including such sub-categories as green housing, environment-friendly vehicles, and loans for women and young entrepreneurs. Our criteria also included the minimization of plastics use at all the Bank's locations via water-treatment systems to be deployed at branches, and an annual 2% reduction of total GHGs.

Throughout 2022, we carried out dedicated sales transactions for qualified investors abroad, with a maturity of 3-12 months, amounting to approximately USD 262.5 million in various currencies as part of 15 different transactions, under the Global Medium-Term Note Program (GMTN).

We also continue extensions from the Emergency Firm Support Project worth USD 250 million that we signed with the World Bank under the guarantee of the Turkish Ministry of Treasury and Finance.

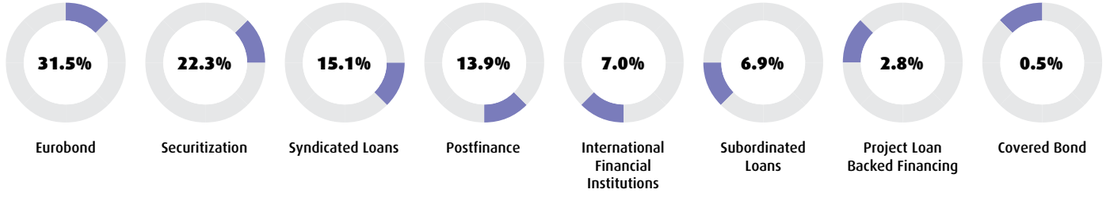
We also strive to assume a pioneering role in environment-friendly financing. In 2020, within the scope of the French Development Agency (AFD) and Green Mortgage project, we obtained the largest amount of financing in the Turkish banking industry worth EUR 200 million. Obtaining such a high amount of environmental funds in the sector for the first time, the Bank extended the entirety of the first tranche we drew in 2022, which was EUR 100 million. Our goal for 2023 is to withdraw the second EUR 100 million tranche of the Green Housing Project from AFD and continue our extensions without interruption. As a result, we not only promote the construction of high-energy-efficiency homes in Türkiye, but we also demonstrate our commitment to sustainable development goals through the financing we provide.

We continue to cooperate with the European Investment Bank (EIB), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD), the German Development Bank (KfW), and the French Development Agency (AFD) to support the real sector with long-term and cost-effective resources.

As one of the most active banks in the international capital markets, we continue our uninterrupted support to deepen capital markets in Türkiye, increase product diversity, and create resources for the national economy and the real sector by means of the transactions carried out under various structures.

Below are the details of our resources as of the end of 2022.

Distribution of Our International Funding



GRI 3-3

GRI 3-3

Responsible Finance and Sustainable Development

WE CONTINUE TO SUPPORT PRODUCTION, EXPORTS, AND EMPLOYMENT.

We injected speed and agility into enterprises by facilitating trade with our digital solutions.

We make available sustainability-themed products, constituting one of our Sustainable Development approach's essential components, for our customers to support socio-economic development by considering all segments of society. We stand by all segments of society, from households to the real sector, with the support we provide. While supporting our customers, we take steps to evaluate and manage the environmental and social impacts of the projects we finance, with the awareness that our most significant impact in the environmental and social domain is through financing.

Support to the Real Sector

At VakıfBank, we contributed to Türkiye's sustainable development through the loans we extended to the real sector in 2022. In addition, we developed innovative products and services for our commercial and corporate banking customers. Our strategy during this period was to support production, exports, and employment.

We deployed **Anchor Loan 2**, a product we designed for companies operating in sectors of strategic importance, with firms planning to invest in production, export, and import substitutes coming first.

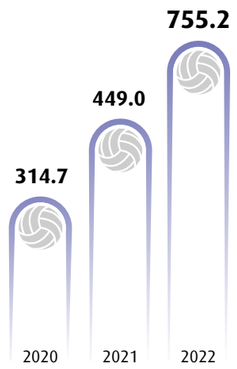
As part of the innovative payment and collection system Vinov, we launched **Vinov Workplace**, an app where enterprises can easily manage their receivables and collect amounts owed to them with the guarantee of VakıfBank. This product offered a collection guarantee to enterprises and institutions of all sizes, primarily including businesses with wholesale and retail activities or dealership-store networks. We had outstanding collaborations with Development Agencies in coordination with the Turkish Ministry of Industry and Technology. Offered by the agencies with which we have MoUs, Interest-Free Support Loans can now be extended via our Bank's Vinov Product, which helps us support sustainable development.

We injected speed and agility into enterprises by facilitating trade with our digital solutions. We created a paper-free, end-to-end digital structure with **All Account,** a product we developed as part of open banking services. We enabled customers to view their accounts at other banks and transfer funds.

In addition, our **Pratik Tahsilat** (Practical Collections) app allowed enterprises to collect amounts owed to them swiftly and effortlessly, without having to bear such additional costs as software development, technical integration, and reconciliation processes.

We will continue providing practical solutions to address suppliers' needs with **Vinov Supplier Finance** product. With Supplier Finance, we will eliminate suppliers' obligation to visit a branch to have their invoice amounts discounted, while allowing them to forward discount requests completely via online channels. This will enable suppliers to have all or part of their invoices discounted, without having to manually present the invoice. This is a new cash management product that will be actively promoted in 2023 whereby we aim to support enterprises' commercial activities, and promptly address their liquidity needs without obliging them to take out loans.

Commercial Loans (TL Billion)



SDG 5, SDG 8, SDG 9, SDG 10

GRI 3-3, 203-1

WE SUPPORTED SUSTAINABLE DEVELOPMENT BY OFFERING KGF SUPPORT LOAN PACKAGES TO SMES THAT CREATE ADDED VALUE.

We strengthened our existing structure to deliver SME products and services to broader groups. In 2022, the loans extended to SMEs, who fall under the scope of SMEs as per the legal definition, reached TL 239 billion.

Support for SMEs

In 2022, we continued to support SMEs, who create high-added value for Türkiye's economy through their job creation capacity, with our products and services offered under SME banking. We have strengthened our current structure to offer the products and services we provide to SMEs to a wider audience. In this context, we closely followed the needs of SMEs by performing customer visits both online and in person. We increased our SME loans to TL 239 billion according to the legal SME definition during this period.

In 2022, we continued to offer KGF (Credit Guarantee Fund) Support Loan Packages to SMEs to support companies that create added value. We provided financing to domestic producers who manufacture machinery, raw materials, and intermediate goods in certain product groups under favorable conditions as part of the packages while supporting production, employment, and exports. By financing domestic machinery purchases, in particular, we enabled our SMEs to meet new technologies, contributed to **energy efficiency,** and supported **domestic production**.

We helped exporting enterprises boost their export volumes and contributed to the support for enterprises with an export potential thanks to our **KGF Export Support Package**. Under the **KGF Investment Support Package**, we financed the investments and investment-related operating expences of enterprises with investment plans - enterprises in the manufacturing sector and exporting enterprises, in particular. Under the **KGF Operating Expenses Support Package**, we helped address enterprises' need for operating capital, while under the **KGF Construction Services Finance Support Package**, we contributed to the financing needs of construction companies' constructions yet to be completed.

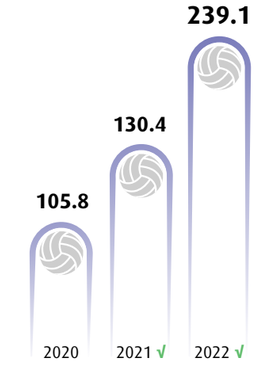
We also rolled out the **Women's Enterprises Loan** under the agreement we struck with the World Bank which enabled us to procure a USD 250 million loan with a maturity of 23 years, 8 of which corresponded to a grace period. With this loan, we provided affordable loans to enterprises, regardless of segment, owned or run by women to help them grow their businesses and tackle their cash flows.

We continued to enrich our **Commercial Mobile Banking** app in this period, as well. We have ensured that SMEs can access many banking products and services through our Commercial Mobile Banking application. **For real persons with commercial operations, we deployed a remote customer acquisition process** whereby they can become customers anywhere they are, without having to visit a branch**.**

In 2023, we will continue to support SMEs with our responsible financing and sustainable cooperation approach, offering new products allowing SMEs to access financing without interruption and protect employment.

For real persons with commercial operations, we deployed a remote customer acquisition process whereby they can become customers anywhere they are, without having to visit a branch.

SME Loan Extensions (TL Billion)



√ It has been subjected to limited assurance by the Independent Audit Firm.

GRI 3-3, 203-1

Responsible Finance and Sustainable Development

WE ARE AHEAD OF THE GAME WITH ASSISTANCE AND SOLUTIONS THAT UNDERSTAND THE PUBLIC AND LOCAL GOVERNMENTS.

We have Pays 24/7 cards thanks to which we assist people lacking the means to provide for themselves in their social integration through social aid.

Support to Local Governments

As VakıfBank, we are implementing all the solutions that our municipalities need by combining our know-how of many years for “Municipality Banking” with our powerful technological infrastructure in the fields of cash management and public collections.

We make it convenient for local governments to access finance, and, backed by our vision of becoming a sustainable bank, provide a holistic banking service to public and local governments.

In 2022, we supported all municipalities as their main solution partner and one of the most active stakeholders of the "E-Municipality Platform". Within this scope, we provided the necessary infrastructure for municipalities' integration into the collection module on the E-Municipality system. In addition, we continue to provide support to municipalities as a key solution partner for their technological development, while offering new enhancements tailored for them by identifying their needs.

As part of the Türkiye Sustainable Energy Finance Facility (TURSEFF), we provided finance to Manisa Metropolitan Municipality's "100% Electric Eco-Friendly Bus" project. This way, we contributed to the acceleration of a sustainable, environmental, and modern transformation, and the reduction of energy consumption and carbon emissions. As VakıfBank, thanks to the project and contributions to the program under the leadership of the European Bank of Reconstruction and Development (EBRD) within the scope of TURSEFF, we were deemed worthy of the "**Energy Efficiency Finance Excellence Award**" in 2022.

VakıfBank's Mass Funding Model, meaning the Pays 24/7 Card application, enables us to provide effective financial solutions to institutions.

Thanks to our Pays 24/7 cards, we assist people lacking the means to provide for themselves in their social integration through social aid. With a view to **ensuring the effective utilization of the sources of aid in the fight against poverty**, we collaborate with public institutions (municipalities, governorships/social assistance directorates under district governorships), and non-governmental institutions.

We allow users from public institutions to utilize the **"VakıfBank Institution Card Web Portal"** where they can swiftly and safely define and issue pre-paid cards to those in need, in addition to card renewals, password deliveries, balance top-ups, and reporting processes. This way, we guarantee institutions' card continuity, while reducing their costs and operational load and helping them effectively manage their labor.

In the next period, we will continue to provide the necessary support to provide the funding that our municipalities will need in performing their services. At the same time, we will make the lives of both local governments and our citizens easier through innovative solutions we developed for the banking business and transactions between citizens and local governments & other public institutions and authorities to be carried out quickly and effectively.

GRI 3-3, 203-1

WE HAVE ACQUIRED A SIGNIFICANT NUMBER OF NEW CUSTOMERS OWING TO OUR EXPERT SALES AND OPERATIONS EMPLOYEE AND ADVANCED TECHNOLOGY INFRASTRUCTURE IN 2022.

We have raised the number of customers performing foreign trade transactions by 45% year-on-year.

Support for Foreign Trade

Using our powerful global correspondent bank network consisting of 1,175 banks and financial institutions in 117 countries worldwide, we act as an intermediary for our customers' transactions in terms of foreign trade, letters of guarantee, and payment. It is thanks to this powerful correspondent network we continuously expand in line with customers' needs that we facilitate access to mid- and long-term sources for finance and offer alternative solutions to customers.
As we serve as an intermediary for customers' domestic and overseas FX payments, we offer transfer services in 15 different currencies through our correspondent accounts at some 50 banks in many countries of the world. We also offer compelling prices to customers who make bulk transfers.

In an attempt to attain a sustainable foreign trade volume in rapidly evolving and digitizing global trade, we have acquired a significant number of new customers in 2022 owing to our expert sales and operations employee coupled with our advanced technology infrastructure. We have raised the number of customers performing foreign trade transactions by 45% year-on-year. With the growing customer base and rising transaction figures, we have increased our foreign trade volume by 72% year-on-year.

We took important steps in 2022 to simplify and accelerate foreign trade transactions, and offer price advantages. To address customers' needs more quickly and offer convenience, we also enabled transfer requests to be finalized swiftly via the Internet and mobile banking channels. We have increased the number of our customers transferring foreign currency by 43% compared to the previous year, while also increasing the rate of automated Foreign Currency transfer transactions from 45% to 52%. To offer cost advantages, we diversified compelling foreign trade packages, which we prepared in line with customers' needs, and made them available on mobile and Internet banking channels. Our goal for 2023 is to enable customers to conduct foreign trade transactions through end-to-end alternative distribution channels.

In addition to several subsidies and lending policies aimed at promoting and boosting exports in Türkiye, we have become a shareholder at İhracatı Geliştirme A.Ş. (İGE), an undertaking composed of Exporters' Associations, Turkish Exporters' Assembly (TİM), Türk Eximbank, and other banks, with a view to helping exporters access finance more conveniently and rapidly. We signed an MoU with İGE A.Ş, where we are a key shareholder, regarding credit extensions through the guarantee to be issued from İGE's equity for exporters. While we expect this financing tool to be a compelling alternative instrument for the issues that exporters face in terms of finance, we serve as an intermediary in its promotion and extension.

We continue to diversify and strenghten our funding structure thanks to our solid position and credibility in international markets. In this context, we support the import and export transactions of our customers with the loans we provide through the agreements concluded with international financing institutions such as European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), and Taiwan Export-Import Bank (TEXIM).

In 2023, we will focus on broadening our customer portfolio and work towards its sustainability being well aware of the significant contributions of foreign trade to the national economy. Taking customers' requests and needs into account, we will expand our products and services, and provide support to foreign trade customers, first and foremost exporters.

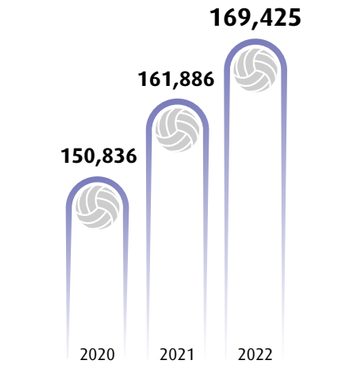
GRI 3-3, 203-1

Responsible Finance and Sustainable Development

WE ARE DIGITIZING AGRICULTURAL BANKING.

In 2022, we initiated credit extensions with digital contracts and ensured producers would benefit from extensions without having to turn in contracts with wet-ink signatures.

Number of TarımKart Customers



Support to Agriculture

With the belief that sustainable agriculture is critical in terms of our Planet's future, as Vakıfbank, we continue to stand by our farmers with our expert staff and attractive banking products and services. In this context, in 2022, we financed the operational needs of our farmers in a quick, easy, and cost-effective way.

As in previous years, in 2022, we have enabled our contract farmers to pay the product prices smoothly and healthily. In this context, we have served as an intermediary for approximately 20 thousand farmers who produce sugar beet for the Kayseri, Turhal, Çorum, Erzurum, and Erzincan sugar factories to pay the product prices quickly and smoothly. As per the agreement the Bank has with sugar factories, we provided **Contract Production Loans**. In addition, we extended a Transfer Credit to 318 cooperative members selling olives to Marmara Birlik, as per the memorandum of understanding we signed with the Marmara Birlik Olive Plantation Sales Cooperatives' Union.

Meeting all operating and investment loan requirements of producers in the area of vegetable cultivation, stockbreeding, tractor, and land acquisition, **we reached 292 thousand farmers** and contributed some TL 2.5 billion to the sector as of the end of 2022. In the same period, the number of farmer customers exceeded 250 thousand. Agricultural cash loan extensions, in the meantime, grew by 45%.

We expanded our network of contracted agricultural merchants where farmers could make interest-free purchases with TarımKart. We grew our TarımKart merchant turnover by 86% year-on-year.

In 2022, we initiated credit extensions with digital contracts and ensured producers would benefit from extensions without having to turn in contracts with wet-ink signatures.

We attach great importance to agricultural chambers, producers' unions, and co-operatives so that the micro-scale farmers are protected and cultivate better. As part of a collaboration with leading associations and co-operatives such as Tariş, Pankobirlik, irrigation co-operatives, sprawl, and cattle breeders' unions, we have offered the partners of the unions an opportunity to meet agricultural input procurements at affordable costs. In addition, we provided affordable interest rates for all types of financing needs of farmers, including tractor loans, agricultural land, agricultural equipment, and dairy animal purchases, with 5-year term investment loans.

Within the scope of Vakıfbank Agricultural Banking, we continue to provide services to farmers with more than 30 products such as **"Organic Agriculture and Greenhouse Loan"** to encourage farmers to modernize their production methods, **"Agricultural Equipment Loan"** for our customers to save labor and energy, and **"Agricultural Land Purchase Loan"** to re-introduce unused lands to production.

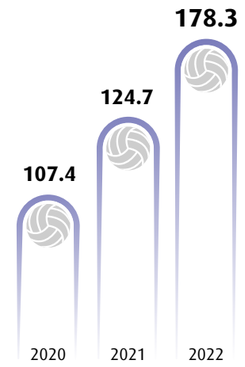
In the coming period, we plan to introduce a new digital agriculture application and the "**SKY Agriculture"** loan to farmers. This product will enable farmers to apply for an agriculture card and conduct extension processes on the app. This will both contribute to customer satisfaction and help reduce the Bank's operational burden.

At VakıfBank, we meet producers' financial needs with our financial products, while adding value to farmers with digital solutions and thus continuing to make a difference in agricultural banking.

GRI 3-3, 203-1

AS OF THE END OF 2022, WE HAVE INCREASED THE NUMBER OF OUR SKY LIMIT CUSTOMERS TO OVER 2.4 MILLION.

Changes in Consumer Loans Chart (TL Billion)



Support to Households

As one of the sector's leading banks in retail banking with our experience and customer-focused strategy, we serve over 20.4 million retail customers and continue to provide financial support to households with our products in both loan and savings deposits.

As a bank that has been aiming to develop the country's economy along with itself in all of its operations since the day it was founded, in addition to supporting production, exports, and employment, we are also striving to offer new products for our retail customers so that they can make the most of their savings.

Leaving credit limit management to customers' disposal, and enabling them to manage their budget effortlessly on mobile or Internet banking channels without having to visit a branch, **Sky Limit** remained an attractive option for users of all segments. In 2022, we continued to define special limits to customers tailored as per their workplace, titles, and positions after we identified certain groups based on sector, occupation, and income. Also in this period, we introduced an alternative method for Sky Limit application processes. This alternative allows customers to file on the mobile banking channel a preliminary application for SKY Limit, which is a shining star of the sector. By the end of the year, we have acquired more than 2.4 million people as **Sky Limit** customers.

As part of the **"Green Housing Loan"** project with the French Development Agency (AFD), we continued with extensions specifically to finance completed and yet-to-be-completed houses with a building energy performance of Class A or B to increase the number of highly energy-efficient houses and contribute to sustainable development in 2022.

In this period, we also rolled out **Yellow Shutters My First Home Mortgage Loan**, a campaign specific to first-hand houses. We made it easy for customers, who would buy their first homes, to access mortgage by offering attractive interest rates and extension terms. To provide financing support to those customers who had FX or gold-denominated assets at banks but did not have a house, we rolled out the **Yellow Shutters Extended Mortgage Loan** campaign which offered convenient extension terms. Owing to the processes that we digitized, we contributed to a sustainable economy. We enabled customers who had taken out mortgages to make their interim payments through the mobile banking channel.

We also continued our support for environmentally-friendly products and practices. We launched the campaign titled **"Heat Insulation Loan"** for extensions to retail customers to reduce reliance on foreign energy resources and greenhouse gas emissions and attain energy savings in houses.

We integrated our **Safe Vehicle Sales system to second-hand cars,** and made it available for the use of customers on VakıfBank Mobile. This way, we made the registration and money transfer transactions of second-hand vehicle loans safer and quicker.

As required by its sustainable banking approach, our Bank pursues the goal of growing the country's economy simultaneously with its growth. Therefore, we promptly launched the practices aimed at promoting the appreciation of the Turkish Lira. Accordingly, we were among the first banks to introduce the **"Currency-Protected TL Term Deposit Account**", immediately followed by **"Currency and Gold Conversion-Currency and Price Protected TL Deposit Account**" to customers.

In 2022, we offered the **YUVAM Account**, an alternative savings account where Turkish citizens living abroad can evaluate their savings in Türkiye and still preserve their gains under all circumstances. For customers who are based in Türkiye, we introduced **Physical Gold Conversion and Price Protected TL Deposit Account**. With these two products, we protect customers' savings from potential FX fluctuations and enable them to benefit from additional returns depending on the maturity periods.

Moreover, during this period, we create personalized financial solutions with our expert Private Banking portfolio managers. At our particular service points designed with an emphasis on customer comfort, in addition to standard banking products, we manage our customers' wealth by following their risk and return expectations. By focusing our growth policies on the axis of acquiring new non-bank customers as well as customer satisfaction, in 2022, we increased the number of our private banking customers by 9.63% with the efforts we made for target customer groups.

At VakıfBank, we will preserve our pioneering status in the banking sector through products and services we will develop by promptly identifying customers' requests and needs in 2023.

GRI 3-3, 203-1

Responsible Finance and Sustainable Development

WE FINALIZED OUR EFFORTS TO ESTABLISH AN ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM.

When it comes to extending finance, we prioritize energy efficiency and renewable energy projects, and we rule out certain sectors as prohibited sectors and do not grant them eligibility for finance.

Responsible Finance

We are aware that we are responsible for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is the basis of our duty to contribute to society and the environment. In this context, **"Environmental and Social Impact Assessment and Sustainability" is included as a particular title in our Credit Policy Document to evaluate the environmental and social impacts of the projects we finance.** This way, we focus on creating a positive indirect impact with the projects we provide financing for and **prioritize environment-friendly projects, energy efficiency, and renewable energy projects in the financing, whereas we include specific sectors within the scope of prohibited sectors and do not provide financing.**

We request the documents that the projects must provide regarding environmental standards before the project financing. In addition to environmental criteria, we expect various social measures on employee and human rights, ethical values, non-child labor, and non-forced labor.

Since we consider it our responsibility to monitor the continuity of the positive impact created in the projects we finance, we also monitor the projects' environmental and social performance during the investment and operation periods and realize the commitments made.

This process, which we have implemented at the project finance stage within the framework of a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the French Development Agency (AFD), and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions.

The Environmental and Social Risk Management System must be applied to every loan application to be financed under the Emergency Firm Support Project we signed with the World Bank in 2020. We designed the Environmental and Social Risk Assessment Tool for this project, and extended loans under the Emergency Firm Support Package we signed with the World Bank. While providing low-cost and long-term business loans as part of the package, we also evaluated the environmental and social impacts of the projects for which we provide loans. Accordingly, in 2022 we extended TL 13.5 million to young entrepreneurs as they are the key building blocks of sustainable development, in addition to TL 404.8 million we provided to SMEs in priority regions for development and TL 434.9 million to women entrepreneurs. **This means that our socially-responsive loan extensions exceeded TL 853 million.** As part of the package, we also financed expenditures and investments that could be associated with sustainability, climate change, and energy efficiency. In line with our sustainable banking approach, we financed projects with a positive impact on the environment and society and maintained our role as a responsible player in the sector.

GRI 3-3, 203-1



In the coming period, we will continue to take firm steps in the field of sustainability by prioritizing environment-friendly projects, energy efficiency, and renewable energy projects.

In 2020, we signed a contract worth EUR 200 million with the French Development Agency (AFD) for energy-efficient mortgage. We extended the first tranche of the loan, which amounted to EUR 100 million, in 2022. Our plan for 2023 is to procure the second tranche of the Green Mortgage Project, which also amounts to EUR 100 million, from AFD and promptly proceed with extensions. As part of this funding, we aim to support the reduction of residential energy consumption and greenhouse gas emissions stemming from the residential construction industry to accompany Türkiye on a more sustainable development path. With the agreement, we aim to contribute to developing the green mortgage market by raising awareness among construction manufacturers to make Türkiye's industry practices environment- friendly. On the other hand, we are making it easier for customers who prefer budget-friendly and high-energy-efficient houses to access loans throughout their economic life.

Furthermore, we completed our work on the establishment of an Environmental and Social Risk Management System in loan allocation processes within the scope of the fund obtained from AFD. Within this scope, we released the **Environmental and Social Impact Management Policy and the Exclusion List included in the annex of this document in 2022.** We also established the Procedure Regarding the Management of Environmental and Social Impacts in Lending Processes. With this, we finalized all our studies and launched the **Environmental and Social Risk Management System** in 2022 to assess and manage non-financial risks including environmental, social, governance, and OHS risks, and their potential impact for the project finance loans worth **USD 20 million and above** in the first stage. Our commitment with this system is to subject the loan applications to an environmental and social risk classification compliant with legal laws and IFC performance standards. In addition to project finance loans, we aim to include the entire loan portfolio (excluding consumer loans) in this risk analysis process for the coming period.

In the coming period, we will continue to take strong steps in the field of sustainability by prioritizing environment-friendly projects, energy efficiency, and renewable energy projects.

GRI 3-3, 203-1



Our Intellectual Capital

Material Topics & SDGs

Digital Transformation

SDG 8, SDG 9

Risk Management

SDG 8

Total Number of Customers on Digital Channels

√ 11,477,124

Amount of Products/ Services with Brand Registration in 2022

28

RISKS

- Problems that may be encountered in the process of compliance with legal regulations and ethical rules for banking
- Failure to adapt to disruptive technological developments at the required speed
- Failure to develop products and services suitable for changing customer habits
- Being insufficient against cyber attacks

OPPORTUNITIES

- Working in coordination with regulatory and supervisory authorities
- Technological developments
- Collaborations with Fintechs
- The emergence of new products and service areas

Digital Transformation and Innovation

WE UTILIZE BIG DATA, ARTIFICIAL INTELLIGENCE, DATA ANALYTICS, OPEN BANKING, AND ROBOTIC PROCESS AUTOMATION IN OUR BUSINESS PROCESSES.

We offer an end-to-end digital payment system with our financial ecosystem Vinov, which is a VakıfBank innovation that offers all the features of traditional payment and collection products.

At VakıfBank, we are adopting digital transformation as a sustainable culture and consider it an indispensable lever of sustainability. Therefore, we uninterruptedly develop new applications focused on digitalization. We are intensively using information technologies in digital transformation. We embed technology in our business processes and create value in this field.

We are aware that our innovations contribute both to the environment and social life. We are working vigorously to make our customers' lives easier through the innovative solutions we develop. We take the guidance of relevant departments in our innovation efforts and strive to develop high-added value products by making use of innovative technologies.

We utilize big data, artificial intelligence, data analytics, open banking, and robotic process automation in our business processes. In addition to expanding the uninterrupted service we provide to our customers through our work, we also strengthen our competitive power in the sector by increasing our operational efficiency.

We take on a trailblazing role in transforming the most recent technologies into products and services. **We take advantage of blockchain technology** to ensure trust, speed, and convenience in foreign trade. Our aim here is to accelerate foreign trade processes through smart contracts; enhance data security and follow-up via encryption and distributed ledgers, boost cooperation among stakeholders, and eliminate repetitive data sharing. We take part in the **Turkish Trade Chain**, where all parties involved in foreign trade are stakeholders. In this respect, in 2022 we took important steps towards digitalization in foreign trade and completed Phase 1 of the project conducted to accelerate processes by keeping a record of import and export documentation with the blockchain network.

We continued to develop innovative services for commercial and corporate banking customers in 2022, as well. **The Digital Letter of Guarantee** has been a project that enabled customers to digitally forward their applications for an LG and transform application processes automatically into LG extensions. This has brought along convenience and speed to the preparation and extension of letters of guarantee. In terms of sustainability, the project has also helped us prevent paper/document waste, attain lean operational processes and speed in our activities, and save time.

We continue our end-to-end digital payment method services with **Vinov**, a VakıfBank innovation as a financial ecosystem that offers all the features of traditional payment and collection products. In 2022 we turned Vinov into a brand in a very short time. In a period as short as nine months following the launch, the number of active Vinov users has reached some 900 thousand. With **Vinov Workplace** we introduced this year, we created a digital ecosystem for enterprises and organizations of all sizes, primarily businesses in wholesale or retail and businesses with a dealership/store network, wishing to perform collections with VakıfBank's guarantee.

In the race for digitalization, we are driven to lead the sector in terms of products and services offered to commercial customers. We think that digitalization and open banking will transform the banking sector as an inseparable duo. As for open banking, in 2022 we revamped the infrastructure of our **All Account** product, which was only available for commercial customers, and rolled out it for retail customers, as well. This way, we enabled customers to view their accounts at other banks on our Internet and mobile channels and manage all their cash flows on a single platform.

We are meticulous when it comes to offering service channels that fit the digital age we are in. Therefore, it is a key principle for us to enable customers to make collections and payments 24/7, anytime, anywhere, and thus reduce the operational load on branches. Accordingly, our **Practical Collection System**, which allows collections on all digital channels with no additional software costs for the institution or the Bank drew considerable interest from our customers. The rich array of collection methods we offer to customers, service quality, as well as infrastructure enhancements resulted in a significant hike in the number of institutions for which we act as an intermediary in their collections in 2022.

We are also consolidating our strength in cash management services. We continue to serve customers with products enabling them to perform transactions via web services and APIs more flexibly. These include **Online Bulk Payment System, Online Account Activity, Online Tax Payments, and Online Direct Lending System**.

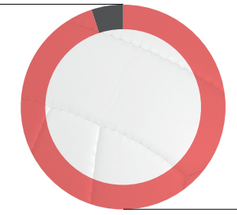
In this period, we have considered customers' requests and expectations and introduced several online and offline enhancements to the Bulk Payment System (TÖS), which enables customers with frequent transfer and EFT transactions to run the operational process digitally, end-to-end, and securely. With patterns compliant with all ERP systems, we have ensured transactions can be carried out rapidly, practically, and securely. This way, we have almost doubled the transaction volume on TÖS year-on-year.



Rate of Transactions Through Non-Branch Channels

Branches

2.80%



97.20%

Non-Branch Channels

We have turned digitalization into a transformation philosophy within ourselves, with works in the scope of improving our bank's operational processes. In addition to increasing speed and accessibility with our digital banking applications, we also provide efficiency in processes and savings in the use of resources. With this awareness, we continue to implement practices that will facilitate the lives of our employees. Thanks to the digitalization of our business processes and the applications developed for centralization, we achieve continuous improvement in many processes and measure all process steps by defining them within the scope of service level agreements. We also improve our operational efficiency by integrating **robotic process automation** and using technologies such as **QR barcode reading**.

Thanks to the **"Counter Tablet/Digital Approval"** project we ran to reduce the operational load on branches and shorten the transaction times, we made sure that documents requiring wet-ink signatures can be approved on in-branch tablets or through VakıfBank Mobile to minimize the waste of paper and prevent any harm to the environment. Along with the mobile approval option, on-tablet approval and on-card approval options, which we recently rolled out at pilot branches are aimed at shortening the time it takes for processes to be completed and improving customer experience.

In this process that we call the digital era, we design the future's banking and take a pioneering role. With this approach, we make our customers' lives easier. We focus on our customers' financial comfort and provide 24/7 uninterrupted access to financial services through our online platforms. In this period, **the share of transactions made through non-branch channels** rose to **97.20%**. Along with the non-branch channels, we continue our efforts to digitalize some branch transactions for facilitating our customers' lives.

In this context, we simplify our service channels and continue to equip them with AI-assisted voice and face recognition capabilities to provide easier and more attractive services to our customers.

Today, while the change in customer habits goes in parallel with the sectoral change, we, as a part of the banking sector, adapt to these changes to the extent permitted by the regulations. Within this scope, we will introduce the facilities brought along by "Open Banking", which is a rising trend in financial technologies, in 2023. We will also continue with the popularization of the use of robotic process automation and artificial intelligence, as well as the development of hyper-automation models in 2023.

SDG 8, SDG 9

GRI 3-3

GRI 3-3

Internet Banking and Mobile Banking

IN 2022, THE TOTAL NUMBER OF DIGITAL BANKING CUSTOMERS EXCEEDED 11 MILLION.

At VakıfBank, we are constantly striving for change and development with our digital capacity, digital intelligence, and knowledge. We strive to offer the best experience to users, promptly adapt ourselves to changing conditions and the era of speed, and even pioneer innovations ourselves.

In addition to our existing banking services and products, we offer the best banking practices in and outside Türkiye as we act as a guiding light for the future of the banking sector tapping into our strong technology infrastructure.

At VakıfBank, we are constantly striving for change and development with our digital capacity, digital intelligence, and knowledge. We strive to offer the best experience to users, promptly adapt ourselves to changing conditions and the era of speed, and even pioneer innovations ourselves. This is why we have established **"Ecosystem Banking"** where our branch, mobile, Internet channels, and applications can interoperate with one another as we mobilize our digital maturity for the best customer experience. In this period, we have acquired over 1.4 new digital customers, reaching some 11.5 million digital banking customers. By the end of 2022, we increased transaction volume through digital channels by 148.2% compared to the previous period.

We improve customer-oriented apps and services, and design products that change mobile banking usage habits. One project we developed to this end was **"Benim Yerim"** (My Place) which we rolled out on VakıfBank Mobile. With "Benim Yerim", we have become the first Bank offering the broadest scope of options for a mortgage, vehicle, and other personal payment transactions. The menu we created now enables customers to add details of their assets to the system, and monitor and make payments related to their houses and vehicles on a single screen. We are now also able to instantly retrieve the debt details regarding registered transactions to update users when a debt becomes due without them having to use the app. Sending smart reminders for all registered payments, our dynamic notification structure made life easier for customers.

In 2022, 4.3 million customers interacted with ViBi 29.5 million times.

We equipped our AI-based digital assistant, **"ViBi"** with new features to make life easier for customers and help them save time. VakıfBank Mobile users now have the chance to see their up-and-coming payments on a single screen and monitor their bills, automatic fund transfers, credit card payments, and loan repayments thanks to the weekly updates we send to them. ViBi is an assistant for a financial planner since it shows users' regular cash transfers, incoming cash, bill payments of the previous months, and monthly changes, and follows up on the due dates for payments.

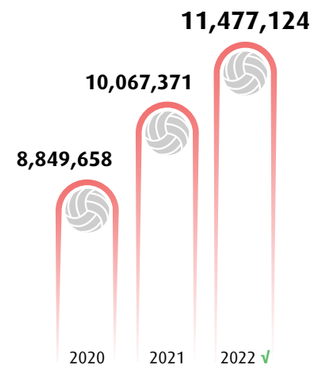
In 2022, we also launched **Vibox**, a mobile app that helps children aged 0-18 save money. Our goal with Vibox is to contribute to the financial literacy of children as they will be the grown-ups of the future. We also intend to raise their awareness for savings, enabling them to save the allowances sent to their wallets from all over the world with our gamified banking application. We also contribute to children's sense of responsibility by allowing parents to assign tasks to their children. ViBi is also part of this moneybox as a virtual assistant. As we touch the lives of children for banking literacy thanks to this app, **we hope to be a "familiar face" for them when they grow up.**

GRI 3-3



We equipped our AI-based digital assistant, "ViBi" with new features to make life easier for customers and help them save time.

Number of Digital Banking Customers



√ It has been subjected to limited assurance by the Independent Audit Firm.

We launched new investment screens that we designed by placing customer experience at the center of what we do. Customers were provided with a chance to view their credit cards' advance point details and activity on VakıfBank Mobile and perform transactions in English on all VakıfBank retail and commercial Internet and Mobile channels.

We revamped the screens of Cepte Kazan (Win in Mobile App) by focusing on customer experience. In addition to our work on screens, we expanded the customer base with the potential to use **Cepte Kazan** and the list of products for which campaigns are conducted.

We strengthened our mobile and internet banking areas by expanding the transaction sets of our time deposit products and campaigns. Releasing targeted campaigns, we offered tailored customer-focused activities. We made sure customers benefited from all the advantages of digital channels, without having to visit brick-and-mortar branches. We will stand by our customers with apps that offer convenience and easier access to deposit products in the coming period.

Money transfers are among the most frequent transactions performed on our mobile app. Our intention with **"Smart Transfer"** was to further improve the experience of money transfers. Used for the first time on VakıfBank Mobile, our new product Smart Transfer will entirely transform money transfer habits and pioneer the steps to be taken in this direction in the sector. Under this project, we renewed mobile banking money transfer screens and unified the wire transfer, EFT, FAST, and KOLAS screens that would otherwise run separately. This way, we intended to have customers feel the convenience and intelligibility that simplicity offers. In 2023, we will further increase our speed and efficiency with our technological infrastructure, products, and applications, and continue to lead innovation and achieve the firsts in this field.

We are aware that the services we provide through digitalization also reduce our customers' carbon footprint and indirectly contribute to the combat against climate change. In addition, we believe that the digital migration of customers will accelerate and alternative distribution channels will be used more actively. Therefore, in 2023, we will further increase our speed and efficiency with our technological infrastructure, products, and applications and lead innovation and break ground in this field.

GRI 3-3

Information Technologies

BACKED BY NEW TECHNOLOGIES, WE ARE A PIONEERING BANK THAT DEVELOPS AGILE SOLUTIONS FOCUSED ON CUSTOMER EXPERIENCE.

As a bank that performs millions of banking transactions every day, we know that today's most valuable asset of institutions is "data." Within the framework of our emphasis on data analytics, data security, and data management, we carefully monitor and implement developments for using data accurately and effectively, and increasing data quality.

4 projects
Innovation-Oriented MeetUp Seminars

2 projects
Design-Oriented Thinking Workshops

1
Demo Day

Driven by our vision of becoming an entrepreneurial technology organization, we continuously improve our technological capabilities and skills for our service delivery. We roll out innovative transformations and consistently raise the value we add to customers in financial services.

We are a pioneering bank in the sector, which encodes and develops its own banking software with its own resources. With our qualified human resources and innovative vision in this field, we closely follow the developments in information technologies and offer products and services leading and making a difference in the sector.

We transform our core banking application interfaces into web-based structures focused on user experience in line with current trends, while constantly improving our technological capabilities and skills. We place efficiency at the core of our activities thanks to our projects where the most recent technology tools such as AI, machine learning, and big data analysis are used in day-to-day operations.

As a bank that performs millions of banking transactions every day, we know that today's most valuable asset of institutions is "data." Within the framework of our emphasis on data analytics, data security, and data management, we carefully monitor and implement developments for using data accurately and effectively, and increasing data quality.

Data analytics creates a competitive advantage in critical issues such as efficiency, profitability, and sustainability by enabling businesses to make faster and more accurate decisions in a rapidly changing and developing world. We continue our studies on data analytics and investments incompetent human resources in this field with this perspective. In line with our goal of generating value from data, we improve our analytical processes and our talented human resources skills. We are expanding our data sources within the scope of studies on data infrastructure. We constantly renew our ability to access and analyze data with up-to-date technologies. We are developing new business intelligence tools through which our units can easily create their reports to further expand and facilitate the use of data in decision-making processes.

We deployed **V-Link**, a reporting tool we designed with AI that allows all operational processes conducted in our Bank to be displayed in real-time on a single screen in a holistic manner. This way, we made sure human resources were used efficiently. We tapped into the power of gamification for the first time in 2022. We added momentum to operational efficiency by boosting employee performance and motivation at the Operations Center.

To reduce operational burdens and transaction risks in our branches and Headquarters units, we are operating to bring our processes to digital environments and centralize operational transactions.

GRI 3-3



In 2022, VakıfBank's R&D center, V-LAB continued to conduct several idea generation activities in such areas as AI, data analytics, customer experience, and security.

We are increasing our labor productivity by increasing the spread of robotic automation through banking processes and all manual operational activities. We minimize the risk of erroneous processes by using our robots for repetitive tasks that run on the same rule as the robotic automation product. We also help employees save time owing to the capability of the device- and time-independent management of processes. **We are also rapidly continuing to develop data analytics, artificial intelligence, remote client acquisition, audio and facial recognition, and open banking, especially in Basic Banking and digital channels.** In the upcoming period, we regard promoting the use of robotic process automation and artificial intelligence and developing hyper-automation models as one of our main strategies.

We reinforce our IT effectiveness with agile teams while keeping our motivation to develop trailblazing projects in the sector fresh with our motto of continuous development. We treat agility as a way of doing business that prioritizes the needs of our customers and ensures coordination with all our stakeholders. Accordingly, we acquired experience and competencies for adaptation to cloud technologies driven by our goal to boost agility and scalability in technology infrastructure in 2022. We initiated efforts for migration to micro-service architecture and cloud-backed technologies in the app development infrastructure.

In 2022, VakıfBank's R&D center, **V-LAB** continued to conduct several idea generation and collaboration activities in such areas as AI, data analytics, customer experience, and security. We worked on over 20 projects at the R&D center which turned three this year. In addition, we organized design thinking workshops.
We continued **Innovation-Focused Meetup Seminars**, as well as our collaboration with universities, FinTechs, Startups, and other R&D centers. In 2022, our two articles on the activities we carried out at the R&D center were published in journals. We delivered innovation and R&D seminars at some universities to work more closely with universities. We shared our work on **"Data Science and Artificial Intelligence"** with academic circles at the events organized by universities. We plan to raise the number of such events in 2023.

Information Technologies awards we received in 2022:

- At IDC Türkiye Finance Technologies Awards, we came second with our work named "Smart STP at Trade Finance Transactions" in the Corporate Banking category.
- We came third in the Enterprise Transformation category and Hyperautomation Governance Model category at IDC Türkiye Finance Technologies Awards.
- With our V-Coach project, we came second in the Workforce of the Future Category at Qorus Innovation in Banking Awards organized globally.
- We also came second thanks to our RPA activities in the Digital Transformation category at the Efficiency Projects Awards organized by the Ministry of Industry.

We kicked off our **Hackathon**, which has now become traditional and was held online last year, on February 4-6 with an opening ceremony organized in the metaverse. The hackathon saw over 100 participants racing online, after which we invited the finalists physically to the Head Office of VakıfBank. We evaluated 10 finalists' presentations based on team competence, originality, innovative technology, business model, design, commercialization/scaling, presentation, feasibility, social benefit, and prototype criteria. We presented our awards in the categories of "Best Minimum Viable Product," "Best Social Enterprise," "Most Innovative Technological Solution," "Best User Experience Design" and "Most Global Solution". We will continue with the organization of this event, which we consider one of our social responsibilities, in the upcoming periods.

With our vision of becoming the Leading Bank of a Strong Türkiye, we continue to offer our customer-oriented and innovative products. Simultaneously, we are aware that banking applications' digital transformation brings risks too. Therefore, cyber-attack risks, security of all kinds of data, and personal data protection are essential topics. We continually improve ourselves in these areas and continue our efforts to create a safer banking experience day by day. Our work in this area not only enhances our competitiveness in the banking sector but also contributes to increasing customer satisfaction and confidence in our Bank.

GRI 3-3

Business Continuity and Customer Information Security

WE DESIGN SECURITY-DRIVEN BUSINESS PROCESSES AND SECURITY STRATEGIES THAT SUPPORT OUR BANK'S OBJECTIVES.

In an increasingly digitalized world, we constantly review our security controls and continuously improve our monitoring capability with new tools for the identification of vulnerabilities.

331
Number of Employees Attending In-Class Information Security Training

15,349
Number of Employees Attending Online Information Security Training

It is essential to formulate accurate strategies to manage cyber security risks. At VakıfBank, we set our security strategies by taking risks, threats, and regulations into account.

In an increasingly digitalized world, we constantly review our security controls and continuously improve our monitoring capability with new tools for the identification of vulnerabilities. To establish a modern Security Operation Center infrastructure, we deployed our security incident management tool (SIEM) to support artificial intelligence algorithms. We have introduced new features for user behavior analytics and improved the visibility of all operations. In parallel with all these tools, we strive to automate all security operations with the Safety Orchestration and Automation (SOAR) solution.

Especially to address the risks posed by suppliers, which is one of our most fundamental risks today, we use static and dynamic code review tools to ensure security for applications developed by supplier companies. This way, we make one of the core risks facing us today more manageable.

We are aware of how important business continuity is in an age marked by digitalization, and take measures in this area. Running all our critical systems on active architecture is our primary goal. We also regularly validate this through regular emergency status plan tests every year.

We take necessary measures to address security threats that may arise from working remotely. In this respect, we continue reviewing several products as part of ZTNA (Zero Trust Network Access) architecture.

We race against time to prevent vulnerabilities that arise as a result of changing threats. With our vulnerability management tool, we periodically scan all vulnerabilities every week and automatically report them to relevant asset managers through the service management tool. When a critical vulnerability occurs, we take action as soon as possible. We are making a concerted effort to ensure that preventive patches, specifically for vulnerabilities, are rapidly applied to all assets.

GRI 3-3



To take measures more swiftly and effectively, we define necessary rules for our security tools in parallel with the cyber threat intelligence solutions and notifications from regulatory authorities.

We are constantly scanning threats daily with the attack simulation tool, which is another tool we use for detecting threats. With this product, we measure our security maturity in cases of physical attacks from the outside world and ensure that the relevant results are reported to the senior management regularly. With this product, we also guarantee the accuracy of the rules that run at the security operations center.

As for regulations, we closely follow the regulations published by the regulatory authorities and perform the necessary compliance studies. We have completed our efforts for compliance with the Regulation on Banks' Information Systems and Electronic Banking Services as well as with the Information and Communication Security Guide published by the Digital Transformation Office.

In this direction, we have successfully carried out audits such as Swift Customer Security Framework, and GIB (Turkish Revenue Administration) Custom Integrator Audit. In parallel with all work, we have completed the follow-up audits concerning the ISO 27001 Information Security Management System and ISO 22301 Business Continuity Management System to ensure the continuity of relevant certifications.

The privacy of our customers is crucial to us. Regarding the Law on the Protection of Personal Data, we ensure that the necessary information is presented in all our channels as part of the disclosure obligation and that the required explicit consent is obtained. We have documented the Personal Data Processing Policy and other necessary processes. We regularly and periodically destroy the data of customers who have no longer ongoing affiliation with our Bank. In this regard, we conduct the necessary work in all our channels within this scope to ensure our customers' safety. We also provide informative training to our employees in line with the Law on the Protection of Personal Data. In 2022, 7,415 people completed the e-learning training that was prepared in this context.

Due to the rising number of fraud incidents, we have assessed AI-based corporate fraud solutions and introduced them to our Bank. We are currently working on the migration of all scenarios to the new system.

We continue with our rigorous efforts driven by people, processes, and technology to ensure information security and customer privacy, as well as to establish an effective security architecture.

You can access our Bank's Privacy Policy on our website at https://www.vakifbank.com.tr/Default.aspx?pageID=4005

GRI 3-3

Applications and Innovations

WE EQUIPPED OUR AI-BASED DIGITAL ASSISTANT, "VIBI" WITH NEW FEATURES TO MAKE LIFE EASIER FOR CUSTOMERS AND HELP THEM SAVE TIME.

We renewed our All Accounts app, which we developed under open banking services to offer great convenience to commercial customers, in a manner to cover retail customers with new features.

In 2022, we launched many applications focusing on digitalization and customer needs and adapted our production speed and infrastructure to new and changing needs.

- Using our internal resources, we developed a new pricing tool. This way, we created a functional, agile, and central pricing module that is solely pricing oriented.
- As part of the project involving seven public banks, we converted 308 ATMs into **TAM ATMs** to ensure more effective utilization of ATMS and boost efficiency.
- With **Vibox**, a moneybox app we developed for children, we have made great progress in terms of raising the awareness of children who are now able to save the allowance sent to their wallets from all around the world.
- We provided customers with a chance to perform transactions in English on all our retail and commercial Internet and mobile channels.
- To offer a "customized" experience to our customers, we have added **"Benim Yerim"** (My Place) as a menu on the mobile banking app.
- We equipped our AI-based digital assistant, **"ViBi"** with new features to make life easier for customers and help them save time.
- We revamped the screens of **"Cepte Kazan"** (Win in Mobile App) by focusing on customer experience. In addition to our work on screens, we expanded the customer base with the potential to use Cepte Kazan and the list of products for which campaigns are conducted.
- We launched the **Platinum Plus Metal Card**, a 16-gram card made of stainless steel alloy which offers a unique feeling to users and supports all next-gen payment and security features with contactless technology, to the high segment customers.
- We also launched the **"Ace Card Credit Card"** and **"Ace Card ATM Card"**, a new special product for volleyball enthusiasts and the fans of VakıfBank Sports Club, Türkiye's outstanding victor with the highest number of international trophies.
- We created the retail segment at the Bank. We launched **Pro Card** to touch new customers and strengthen the bond we have with existing customers. Retail segment customers are thus able to benefit from unique advantages during their corporate expenditures.
- An important step for digitalization, we started to receive the POS applications of real person customers, who currently lack merchant activity but perform commercial activities, from Internet banking and mobile banking channels.
- We developed a payment with a link feature at the Bank. Collection with Link is a service that was initially developed for use by merchants with B2B and overseas sales (customers who received payments via Mail Orders in the first place) to meet the needs of workplaces selling via the call center. This way, merchants can send a link (URL) to their customers in and outside Türkiye through relevant communication apps and collect their payment via this link.
- We boosted loyalty by enabling customers defined as SKY on mobile and Internet banking channels to use digital products more easily and conveniently. To acquire new customers, we had the opportunity to enhance the **"Digital and Fast Bank"** perception for commercial customers.
- We released and announced demo videos as guidance to help commercial customers carry out many transactions easily and quickly.
- We ensured that transactions could be quickly and uninterruptedly performed through new designs of the Hybrid Mobile investment screens.
- We enabled customers to view their credit card advance points and activity with VakıfBank Mobile.



- As a result of our work on digital check definition and digital discount credit extensions, we developed a system where retail, SME, commercial and corporate customers can easily file loan applications.
- The Counter Tablet/Digital Approval project we ran to reduce the operational load and shorten the period of transactions at the branch helped obtain approvals from customers through in-branch tablets or VakıfBank Mobile.
- We carried out statistical and emotional analyses by converting recorded talks between customers and customer reps at the call center into text (speech-to-text).
- We revamped the **Bizimyerimiz Portal**. Utilizing a user-friendly interface, we facilitated access to information at work.
- We installed the web-based Hospital Information System Management software at our Bank's data center that was procured to help manage admission, examination, testing, treatment, appointment, referral, prescription, etc. services and administrative & financial services of healthcare centers affiliated with the Pension and Health Support Fund.
- We have deployed Payment Order Initiation and Account Information Services APIs as part of the standards related to API infrastructure released by the Central Bank.
- We renewed our **All Accounts** app, which we developed under open banking services to offer great convenience to commercial customers, in a manner to cover retail customers with new features.
- We started delivering IT services to subsidiaries in accordance with the Bank's infrastructure standards and processes. In this respect, we have completed server migrations for Vakıf Leasing, Vakıf Faktoring, and Vakıf REIT.
- We rolled out the feature for mandatory traffic insurance to be taken out on VakıfBank Mobile.
- We extended our **Safe Vehicle Sales** system to second-hand cars and made it available for the use of customers on VakıfBank Mobile.



Our Manufactured Capital

Material Topics & SDGs

Financial Inclusion

SDG 5, SDG 8, SDG 9, SDG 10

Number of Branches

949

Number of ATMs

4,148

ATMs for Barrier-Free Life

4,124

Share of Transactions from ADCs

97.20%

RISKS

- High costs of technological investments
- Differentiation of customer products and demands
- Certain customer groups having problems accessing banking services
- Impacts of climate change-induced disasters on fixed assets

OPPORTUNITIES

- Development of new software and applications
- Innovative financial solutions developed to provide fast, reliable and practical solutions
- Positive contribution of widespread access to finance to customer perception
- The positive contribution of improvements in operational processes to climate change

Financial Inclusion

WE GUARANTEE EASY ACCESS TO FINANCIAL PRODUCTS AND SERVICES FOR ALL SEGMENTS OF SOCIETY THROUGH THE DIGITAL PRODUCTS WE DEVELOP, WHILE CONTRIBUTING TO THE INCREASE OF FINANCIAL INCLUSION LEVELS IN THE BANKING SECTOR.

949 Branches
4,148 ATMs

We offer financial solutions in line with the needs of our customers from all walks of life with our efficiency-oriented policies, modern banking products, and services, including retail and private banking areas as well as Corporate, Commercial, Agricultural, Retail, Local Administrations, and SME Banking through our IT system infrastructure that is compatible with the requirements of the era and our widespread branch network and alternative distribution channels.

We are working to facilitate access to finance with our branches, of which 24% are rural, and 18% are in priority regions for development in our field settlement consisting of 949 branches and 29 regions. We provide banking services to reach more people with our digital banking applications that enable use regardless of location and time. We carry out 97.20% of the transactions in our bank through our non-branch channels.

We continue to provide services abroad to our customers through branches in Vienna, and Cologne of our subsidiary VakıfBank International AG, which was established to carry out banking operations abroad, the Budapest representation office, and our 4 branches in New York, Bahrain, Erbil, and Qatar. With the license approval we received from the Qatar Financial Center on May 10, 2020, we became the first and only Turkish Bank with a banking license in Qatar, which is progressing toward becoming an even more powerful financial center. We are increasing our overseas activities by standing alongside the Turkish entrepreneurs and business people operating abroad.

While expanding our deposit product portfolio in 2022, we continued to offer solutions that made life easier for customers. In September, we launched the product named "Cumulative Foreign Currency Protected Deposit" which makes life easier for customers who hold their TL-denominated savings in Foreign-Currency Protected TL Deposit Accounts. A trailblazer in the sector, this product allows customers, who hold their savings in the Foreign Currency-Protected TL Deposit Account to protect their savings vis-a-vis FX fluctuations by combining their savings in two separate accounts at the end of their term, while also saving time since the product can carry out this process automatically so they will not have to monitor the due date.

With ARI Account, we also greatly contributed to the dissemination of the savings deposit across a broader customer base and, consequently, the expansion of the customer portfolio. Offering daily terms, this deposit account continued to enable customers to benefit from compelling interest rates without having to break their time deposit even when they deposited or withdrew funds.

We guarantee easy access to financial products and services for all segments of society through the digital products we develop, while contributing to the heightening of financial inclusion levels in the banking sector.

We use our technological power to make it easier for our disabled citizens to benefit from financial products and services, and we are making the necessary arrangements on both our branch and non-branch channels.

As VakıfBank, in line with our goal of standing by all segments of society, we continue to offer solutions tailored to our customers' requirements and enable them to make savings with the products and services we developed in this period.

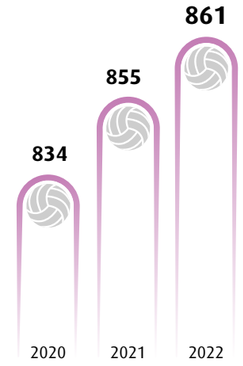
SDG 5, SDG 8, SDG 9, SDG 10

GRI 3-3



Thanks to our network of 4,148 ATMs, we enable our customers to realize more than 70 banking transactions more quickly on a 24/7 basis, without waiting in the queue inside our branches.

Number of ATMs in Priority Development Regions*



** 50 provinces within the scope of 1st Degree Priority Development Regions published in the Official Gazette No. 2006/11105 on 19 October 2006 have been identified as "Priority Development Regions."*

Extensive ATM Network

Thanks to our network of 4,148 ATMs dispersed across a wide area in Türkiye, we enable our customers to realize more than 70 banking transactions more quickly on a 24/7 basis, without waiting in the queue inside our branches. Approximately 20% of our ATMs are located in rural areas and 21% are in priority regions for development. Additionally, 99% of our ATMs consist of Barrier-Free Life ATMs.

We will kick off efforts to acquire 2,000 Recycling-capable next-gen ATMs as of 2023. We will replenish these ATMs with the ATMs whose economic life is about to expire. In this way, while we will ensure that all of our ATMs, the numbers of which are now reduced to 80, which are not equipped for the use of visually impaired customers, are withdrawn from the field, we will also increase the number of Recycle ATMs from 1,246 as of the end of 2022. So while reducing the frequency of servicing and the probability of malfunctions, we are going to decrease the level of carbon emissions resulting from servicing and maintenance operations. Furthermore, with the rise in the number of our Recycle ATMs, we will also increase the efficiency of our ATMs and contribute to the reduction of the operational workload.

Next year, we will develop QR code cash withdrawals from other banks' ATMs **as a first in Türkiye.** Having finalized the efforts for this practice in the previous year, we will also add cash deposit features to our menu. Our goal is to improve and facilitate these transactions for our customers.

We also continued the Public Partner ATM operations in 2022. In this context, we have completed the development of the software, which allows the customers who prefer using the Public Partner ATM to perform transactions by directly using the menus of the customer's bank. Once the software becomes widely implemented on all ATMs, we will deliver our customers the experience to perform transactions using our ATM menus not only in our ATMs but also on 19 thousand ATMs that belong to other banks.

GRI 3-3

Financial Inclusion

WE DO NOT RESTRICT OUR EFFORTS TOWARDS DISABLED CUSTOMERS WITH OUR BRANCHES ALONE. WE ALSO CONDUCT WORKS TO FACILITATE ACCESS TO FINANCIAL SERVICES FOR DISABLED CUSTOMERS THROUGH OTHER CHANNELS.

4,088
Number of ATMs Suitable for the Use of Visually Impaired People

1,699
Number of ATMs Suitable for the Use of Physically Disabled People

Banking without Barriers

We aim to remove barriers in access to banking services, and we are trying to find solutions to make life easier for disabled people by being involved in the Banking Services Working Group for Disabled Citizens of the Banks Association of Türkiye (BAT).

While designing our branches' entrances and interior designs to make them eligible for the use of our physically disabled customers, we are working to provide palpable surfaces, call buttons, emergency voice, and light guiding devices, and Braille embossed handles and disabled desks.

We do not restrict our efforts towards disabled customers with our branches alone. We also conduct works to facilitate access to financial services for disabled customers through other channels. We offer our basic contracts for our customers with disabilities in Braille Alphabet and audio format. We posted announcements in Braille about Bilge Çocuk Magazine's special issue for visually-impaired children and thus made sure 1,000 visually-impaired children could reach the magazine. Thus, we aim that our disabled customers can safely perform their Barrier-free banking transactions. We also attended the 12th edition of the Barrier-Free Life exhibition, which is the only one in its field and the world's 6th-largest exhibition in 2022.

We make the screen and keyboard height and physical location of our ATMs suitable for wheelchair access. 41 percent of all of our ATMs have been customized for the use of our customers with physical disabilities. In 4,088 ATMs, we ensure that visually-impaired people, whether they are our Bank's customers or not, can perform their banking transactions using their voice with the help of headphones. 99 percent of our ATMs are suitable for use by our visually-impaired customers.

By signing on to the principles of digitalization, we always see this transformation as a whole in our attempts to stand by and support all segments of society. We offer our internet and mobile banking services compatible with the screen reader programs used by our visually impaired customers. We have increased the dial-up time of the audio response system for our disabled customers, making it easier for them to connect to telephone banking. All brands and models of physical POS devices used by our Bank in the field and Cash Register POS Devices using our Bank's application are equipped with keys with an embossed surface. When our **"Voice Signature"** project, which we carry out in our Call Center, is completed, we aim to provide convenience to our visually impaired customers who have difficulty dialing for our security confirmations.



In addition, we also vocalized the contracts used in Retail Banking processes for the visually impaired. Vocalized contracts were uploaded on the barrier-free banking section of the Bank's website. We made sure our disabled customers both in retail and commercial segments could reach these contracts anytime, anywhere -- without having to visit branches -- and access information before using our banking products and services.

In addition, we facilitate banking transactions for the hearing impaired through our **"Video Service"** application and provide services to VakıfBank customers whose disability status is registered with the bank through our video call center using sign language. Within this scope, we provided sign language training to our customer representatives. This way, we eliminated the obligation of the hearing-impaired to visit a branch to perform transactions not available on the VakıfBank mobile application such as increasing the daily money transfer limit and updating the account transaction type.

In 2022, our Sign Language via Video Call Center Service, which makes life easier for hearing-impaired customers, won the **"Customer Satisfaction in Innovative Success at Stevie Mena Awards", and the "Best Customer Interaction Initiative at Stevie Sales & Customer Service Awards."**

In addition, we offer our customers who have disability status in their Registered Information and our customers over the age of 60 the option of firstly connecting to the customer representative in the Voice Response System.

4,124
ATMs for Barrier-Free Life



Our Social and Relational Capital

Material Topics & SDGs

Customer Experience and Satisfaction

SDG 8, SDG 9, SDG 10

Supplier Management

SDG 4, SDG 8

Financial Literacy

SDG 4, SDG 5, SDG 8, SDG 10

Social Responsibility

SDG 4, SDG 5, SDG 10

Stakeholder Engagement and Transparency

SDG 8, SDG 10

New Customers Gained

1,448,324

Children Participated in VakıfBank Sports Club Youth Setup

1,200

Number of Books Published in 2022

70

Awards Received in the Sports Field

5

RISKS

- Failure to meet customer demands
- Not taking part in compulsory or voluntary platforms
- Damage to corporate image
- Negativities experienced due to inefficient or economic and managerial insufficiencies of suppliers of products or services

OPPORTUNITIES

- Projects focused on improving customer experience and loyalty
- Access to a wide stakeholder ecosystem with transparent information
- Increasing brand awareness with corporate social responsibility projects
- Considering corporate, environmental, and social criteria as well as costs in the supplier evaluation process with the understanding of the “Responsible Supply Chain”

Customer Experience and Satisfaction

ONE INDISPENSABLE COMPONENT OF OUR CORPORATE CULTURE IS OUR FOCUS ON CUSTOMER EXPERIENCE.

Within the scope of our customer and quality-oriented growth strategy, we completed the installation of the ISO 9001:2015 Quality Management System in 2017. In this context, by first aligning the banking processes of the Head Office departments and all branches with the ISO 9001 Quality Management System, we have certified all our locations, including our branches and regions, with **ISO 9001:2015 Quality Management System as of 2019. In 2022, we also guaranteed the system's continuity through audits conducted.**

We also continued our efforts to minimize the time spent at the branch to enhance customer experience and loyalty and to offer relevant products as an offer based on customer preferences and trends. We launched various campaigns whereby customers could receive their investment account, credit card, and additional card statements via digital channels instead of print formats.

We have finalized our model work that estimates the behavior segmentation and product trends of our customers. Propelled by such efforts, we have seen further product and service diversification by making sure existing customers remained active users in our Bank's portfolio in 2022. Tapping into this experience, our goal for the coming periods is to take the right action for our customers and plan to develop different analytical tools through which we can estimate the value customers can generate for our Bank in the long term.

We continue our customer-focused efforts by taking into account customer preferences, product and channel usage, and communication preferences through the analytical models we have completed. In addition, we actively use analytical models that indicate our customers' product trends and churn probabilities. Based on the results of these analytical models, we offer our customers useful campaigns to increase the satisfaction of the customers who have high product trends and to hold on to our customers who may churn.

We will offer services, conduct advantageous campaigns and boost satisfaction for customers in the High Income Segment, which was established to enable customers, who have high numbers of assets, to benefit from privileged products and services.

We have continued to promote our products and services to customers during this period. By introducing Sky Limit, defined for specific professions and income groups, to our customers, we have increased the volume of our Bank's credits, credit ATMs, and credit cards. We regularly launched campaigns aimed at customers who do not use mobile banking to direct them toward using VakıfBank Mobile.

By taking into account the increasing need for resources in the banking sector, we continue to deliver 'Special Deposit Campaigns' to the target audiences identified via data analytics, at interest rates determined on an audience basis, through channels suitable for the customer.

In an attempt to activate the inactive customers, we have designed several campaigns planned for launch at certain intervals. Our goal is to acquire these customers and enhance their loyalty through campaigns that we will conduct in the coming periods.

With Real-Time Campaign Management, we have increased the diversity of transactions. This way, we can offer our customers the service they are interested in when they need it through any channel they prefer.

Measuring customer satisfaction today is the driving force for preserving loyalty and the right decision-making in banking. We analyze customer feedback with the survey system whereby we measure the Customer Promoter Score. In addition to the promoter score, we aim to boost satisfaction and raise the number of contact points where an impeccable experience is offered by measuring the ease of transaction. Measuring their experience in real-time immediately after customers performed their transactions, we identify the pain points throughout their journeys and run projects that improve the process. This way, we introduced 45 improvements in light of over 180,000 pieces of feedback received. We continue to measure the differing experiences of customers from all cultures that we address thanks to surveys conducted both in English and Turkish.

SDG 8, SDG 9, SDG 10

GRI 2-25, 2-26, 3-3

One indispensable component of our corporate culture is our focus on customer experience. This is the reason we undertake efforts geared towards internal awareness on this matter. The Experience Bulletin Project we initiated last year is part of these efforts. On the occasion of the Customer Experience Day we have celebrated for the first time this year, we offered presents to customers and raise awareness by tapping into video-shooting to make sure the best experience stories are lasting. In addition to these efforts, we deliver Customer Experience Courses to our colleagues to instill a better comprehension of the experience ecosystem and take tangible steps toward cementing its place within the Bank's strategy. Within this scope, we delivered 10 courses to 150 people charged with project development in their relevant departments which lasted 30 hours. We underscored the importance of seeing and understanding the institution from the customers' perspective.

At VakıfBank, we continue to improve and expand journey maps which we now run routinely to provide impeccable customer experiences. As we include head office units, branches, and most importantly our customers in the entire process, these journey maps are aimed at helping us reach impeccable experience designs at all contact points. We identify all pain points with these journey maps. With the projects we planned and implemented as a result of a detailed examination of pain points, we revise our operations in a manner to result in positive customer experiences. We conduct customer interviews and field research to analyze the processes from the beginning to the end of a journey map and the data derived from such processes. As a result of the journey maps we design with a focus on offering personalized experiences, we carry out projects that improve the experience of both the user and the customer.

We expanded the scope of our Remote Customer Acquisition project we deployed for retail customers in 2021. This year, we initiated a similar process whereby real person customers with commercial activity can become customers without having to visit a branch. Our anticipation is to include legal entity customers in this practice in 2023, depending on the amendments to be introduced to the regulation. Pursuant to the same regulation, we also intend to include Turkish citizens living abroad to become customers remotely as part of the Yuvam Account.

To make sure that the experience of becoming a customer at the branch is more smooth, we have digitized relevant processes from end to end. We have established a structure where the process of "becoming a customer", which is normally quite cumbersome for the employees and customers at branches and causes severe paper consumption, can be carried out digitally and completed in five minutes. Thanks to the fact that all contracts and forms except a one-page document could be digitally approved and transactions finalized swiftly on VakıfBank Mobile, we attained customer and employee satisfaction ratios of 95% and saved 70 pages of paper per customer. In addition, with the approval process being handled on VakıfBank Mobile, we completed over 200,000 customers' mobile banking activation at the customer definition stage as of August 2022.

Driven by the motivation we derive from being a carbon-neutral Bank and our sustainable banking vision, we continue to eliminate the use of paper in the Bank's processes. We designed new workflows for our customers and branch staff, allowing us to cut the use of paper and attain remarkable improvements in transaction times. In 2022, we have prevented 17 million pieces of paper from being consumed.

Another plan we have for 2023 as an example of digital and impeccable experiences is to identify people and update customers' data/documents remotely. We examined the journeys that required customers to visit branches due to missing information/documents and prevented their access to mobile banking and identified pain points & rooms for improvement. At the end of this process, we have designed a structure under which customers can complete missing information/documents via remote identification, and handle their mobile banking activation. Once the project is rolled out, customers will be able to complete missing documents/data via the mobile banking channel without having to visit a branch.

We make customer calls by providing the integration of the survey structure into the Call Center channel so that we can extend the area we measured. Therefore, we use the built-in structure for onboarding studies and root-cause analysis. **We also have the ISO 18295-1 Customer Communication Centers Standard Certificate,** which is accepted as an international standard by the European Union (EU) for our Call Center and customer contact centers and is one of the industry's most necessary certificates.

In 2022, we have responded to 92% of the incoming submissions to our Bank.

As part of the customer experience journey, we analyzed the top reasons for call center engagement and transactions initiated but not completed on various channels. **"Smart Customer Communication Center"** was the project we kicked off within this scope thanks to which we reach out to customers in parallel with the reasons for their call, showing them how closely we know them and making sure they feel special.

We try to establish effective communication through every channel by diversifying our communication channels with our customers. Our customers can reach us and convey their observations through the Call Center, internet banking and mobile banking, branches, mail, corporate website, social media accounts, official institutions, and web-based complaint sites regarding our Bank's products and services.

Moreover, we manage suggestions, complaints, requests, and objections submitted through BAT, BRSA, CIMER, and other official institutions through our banking application. We have responded to 92% of incoming submissions.

We work to resolve any suggestions, complaints, and requests from our customers as soon as possible and accept that every customer who gives feedback within our Customer Satisfaction Policy framework is "right." We consider every issue communicated to us as an opportunity to improve ourselves. We ensure that the necessary actions are taken to detect applications that cause customer dissatisfaction, providing feedback and improvement/development needs regarding these applications.

In order to establish strong, lasting, and transparent relationships with our customers, we prepare monthly, quarterly and annual reports and share them within our Bank. We organize meetings with broad participation every three months and take the necessary decisions and actions for our development areas. Additionally, we attach importance to the highest level of monitoring of the issue with the presentations we make to the Audit Committee and the Board of Directors.

You can access our Bank's Customer Satisfaction Policy on our website at https://www.vakifbank.com.tr/customer-satisfaction-policy.aspx?pageID=3996

GRI 2-25, 2-26, 3-3

Stakeholder Engagement and Transparency

WE STRIVE TO IMPROVE THE VALUE WE ADD TO ALL OUR STAKEHOLDERS. WE ARE COMMITTED TO ALWAYS STANDING BY OUR STAKEHOLDERS.

We effectively and efficiently manage the assets entrusted to us with the strength we derive from the foundation culture that forms our bank's basis, with a transparent and ethical approach. With this approach, we strive to sustain the value we add to all our stakeholders and always commit to being on their side. For this purpose, we pursue our work with a comprehensive stakeholder ecosystem, aware of the necessity of effective communication with them. While working to include all of our internal and external stakeholders in our decision-making mechanisms, we ensure continuity in our relations with various communication mechanisms to make our dialogue permanent.

In 2022, we advanced our efforts to strengthen our relations with investors or intermediary institutions and inform them.

Effective communication with investors

In 2022, we held meetings with some 300 investors/analysts face to-face, or via teleconferences or video conferences. We attended eight domestic and international investor conferences and webinars and held online/face-to-face meetings with over 200 national and international corporate investors. After the investor information conferences attended, we prepared reports in line with the investors' information and presented them to the senior management. In close contact with all analysts who prepared reports on VakıfBank, we conveyed accurate and sound data to analysts during the reports' preparation and provided feedback on their prepared information.

Interactive financial presentations

We prepared detailed presentations to declare the results of the financial statements. We presented the related financials for the period in detail to analysts and stock/bond investors in 4 teleconferences organized via webcast. We made available the records of the teleconferences on the English page of our website.

Relations with rating agencies

We held annual due diligence meetings with Moody's, Fitch, and JCR. We provided detailed information concerning the question sets posed about VakıfBank's financial performance and strategies.

SDG 8, SDG 10

GRI 2-16, 3-3

Communication Channels

Stakeholder Group	Interaction Channels
Shareholders, Investors, Financial Analysts	General Assembly Meetings Information Documents (Integrated Annual Report, Annual Report, Interim Report, Bulletin) and Publications (CDP Report, Sustainability Report) Conferences, Teleconferences Brief Meetings Corporate Website
Senior Management	Executive Summits Committee Meetings
Employees	Corporate Portal VakıfBank BizimYerimiz Journal Performance Evaluation Internal Customer Satisfaction Survey In-Company Events In-Company E-mails In-Company Social Clubs In-Company Social Responsibility Projects @vbizimyerimiz Social Media Account
Trade Union	Collective Bargaining Agreement Negotiations
Public Authorities	Regular Reporting Audit Joint Projects
Customers	Call Center (0850 222 0 724) Head Office and Branches Social Media Accounts Corporate Website Internet and Mobile Banking Applications (My Requests Menu)
Financial Institutions	Assessment and Brief Meetings Bank's Detailed Due Diligence Process Brief Meetings
Suppliers	One-to-one Meetings
Sectoral Organizations and Non-Governmental Organizations (NGOs)	One-to-one Meetings, Sponsorship Talks, Events Joint Projects
Universities	Meetings Joint Projects
Media	Press Meetings Interviews Bulletins News Press Trips Network Meetings

Memberships and Collaborations

Member Organizations or Supported Initiatives

Member Organizations or Supported Initiatives	
United Nations Women's Empowerment Principles-UN WEPs	United Nations Global Compact-UNGC
Turkish Capital Markets Association (TCMA)	Equality at Work Platform
The Banks Association of Türkiye Role of Financial Sector in Sustainable Growth Working Group	Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank-ADFIMI)
The Banks Association of Türkiye Banking Services Working Group for Disabled Citizens	National Computer Emergency Response Center (USOM, TR-CERT)
Institute of International Finance-IIF	Sectoral Cyber Incident Response Team (SCIRT)
International Chamber of Commerce Türkiye (ICC)	Interactive Advertising Bureau
Association of Corporate Communicators	CEO Club
Association of Advertisers (RVD)	Darüşşafaka Society
Hope Foundation for Children with Cancer (KAÇUV)	Forestry Development and Forest Fire Fighting Services Support (OGEM) Foundation
Spinal Cord Paralytics Association of Türkiye (TOFD)	
Informatics Industry Association (TÜBISAD)	
Medical Tourism Association	
Western Mediterranean Development Agency	Eastern Marmara Development Agency (MARKA)
İstanbul Development Agency (İSTKA)	Central Black Sea Development Agency
Eastern Mediterranean Development Agency (DOĞAKA)	South Aegean Development Agency (GEKA)
Çukurova Development Agency (ÇKA)	

GRI 2-28

Corporate Social Responsibility in VakıfBank

EDUCATION, CULTURE, AND SPORTS ARE THE MAIN HEADINGS UNDER WHICH WE UNDERTAKE OUR CORPORATE SOCIAL RESPONSIBILITY EFFORTS WHICH WE CONSIDER AS ONE OF THE PILLARS OF SUSTAINABLE BANKING.

For 68 years, as VakıfBank, we have had a mindset that aims to always stand by all the segments of society; to reach anyone in need in all circumstances, and to support and produce solutions according to the needs from childhood to retirement, in every period of life, anywhere in Türkiye.

As a bank that has not only focused on the economic results of its activities since its foundation but has always taken into account its impact on society and nature, we consider sustainable banking as a fundamental element of our strategy. It is thanks to the sustainability perspective embedded in our DNA since day one of our founding backed by our culture as a foundation that we consider the social and ecological implications in every step we take and every product and service we develop.

We have been taking a leading role in the sector on energy efficiency and climate, financial inclusion, and supporting production and employment by following the guidance of the United Nations Sustainable Development Goals. We continue to support our country with our deep-rooted history, competent team to build the banking of the future from today, strong technological infrastructure, and intellectual, social, and financial strength.



We classify our activities in the field of corporate social responsibility, which we consider one of the main pillars of sustainable banking, under three main headings: ‘education’, ‘culture’, and ‘sports’. With the long-term support we provide and the investments we make, we prioritize value creation for our society.

Education

Believing that the dream of a single child will create changes in society and the world, VakıfBank supports children to look at the future much more hopefully by producing projects that support their dreams as a force that is there for them.

In collaboration with the Ministry of National Education, we have touched the lives of 35 thousand of gifted children under the umbrella of the Science and Arts Training Centers (BİLSEM) that enable children to unlock their potential since 2017. We have taken a role in 54 mechatronics, mind games, and AI workshops, in addition to undertaking the construction of over 170 IT laboratories. This way, we will continue to reach children via BİLSEM centers in the future, as well. Thanks to the new MoU we signed with the Ministry of National Education at the end of 2022, we will keep providing future generations with innovative technologies at 15 new workshops. We plan to reach 69 workshops while celebrating our 69th year in 2023.

SDG 4, SDG 5, SDG 10

GRI 3-3



Culture

In 2018, we started our activities in culture publishing with VakıfBank Culture Publications (VBKY). We act with the principle of “Ve Benzersiz Kitap/And Unique Book” within the body of VBKY, and we offer books in categories such as literature, history, economics, philosophy, intersections, art, people, and society to our readers within the framework of criteria such as reliable sources, measurable researches, strong and accurate language use.

We have the goal of enriching and spreading our cultural and artistic life first at the national and then at the universal level, preserving and developing the assets and values that we are entrusted with and passing them on to future generations. We help many national and international authors from varying disciplines reach wider audiences. We have released over 190 books in four years, backed by our aim to grow Türkiye's cultural heritage and offer qualified, valuable works of art to our readers. Boasting a diverse selection, we seek to be a publisher of books to be read and cherished for years.

Sports

VakıfBank Sports Club, the longest-running social benefit project conducted by VakıfBank, is the most successful club in Türkiye that shows what a Turkish woman can achieve internationally today and makes a significant contribution to the development of Turkish sport.

VakıfBank Sports Club, with its volleyball schools and youth development investments, introduces young girls to sports and makes the club's success “sustainable” for 36 years. Over the past six years, we have been there for more than three thousand girls through our sports schools. Owing to VakıfBank Volleyball School we opened in Bosnia Herzegovina's Sarajevo in December 2018, we have become the first club to have opened a volleyball school in Europe. We have raised over 100 players for Turkish sports to date. We will continue attaining many other accomplishments thanks to the players and sportspeople we have raised from our volleyball schools and youth development teams.

Our VakıfBank Women's Volleyball Team holds the title of “Türkiye's most trophy-winning team in the international arena” with 4 FIVB Club World Championships, 5 CEV Champions League Championships, 1 Top Teams Cup Championship, and 1 Challenge Cup Championship. In addition, it received the title of “Volleyball team that won the most official matches in a row” with its 73-match winning streak between October 23, 2012, and January 22, 2014, and the title of the “Team that won the most FIVB Club World Championships” with its championships in the Club World Championship, and it managed to enter the Guinness World Records twice.

GRI 3-3

Responsible Supply Chain

OUR LOCAL SUPPLIER RATE REACHED 99.71% IN 2022.

We evaluate our suppliers' economic and managerial competencies and expect them to comply with BRSA regulations and our policies based on agreements and contracts. We take care to ensure that all companies employed in the procurement of support services provide the quality cost balance best. We pay attention to some criteria in corporate, environmental, and social areas. In this context, we have published our Supplier Selection and Compliance Policy, which determines the issues that our suppliers should comply with in terms of legal compliance, human rights, continuity of service, anti-bribery and corruption, confidentiality, and sustainability on our website.

Moreover, every year, we conduct on-site audits by visiting companies within the scope of the Regulation on Procurement of Support Services by Banks through internal audit teams and financial analysis teams.

Working in collaboration with suppliers, we have placed sustainability at the heart of our processes related to our practices and products. At VakıfBank, we choose local suppliers who constitute one of the main pillars of our economy in our procurement efforts and ensure continuity for our operations.

In 2022, we raised the number of suppliers by 44% to 1,374. As 97% of our suppliers are local, payments we have made to them represent approximately 100% of our total supplier payments. In a period marked by rapid technology advancements, we have focused more on the utilization of digital applications. By using the e-procurement system, we enabled our suppliers to access the tender remotely and bid.

You can access our Bank's Supplier Selection and Compliance Policy on our website at https://www.vakifbank.com.tr/supplier-selection-and-compliance-policy.aspx?pageID=3997

TOTAL	2022
Total Number of Suppliers	1,374
Number of Local Suppliers	1,338
Domestic Supplier Rate (%)	97
Ratio of Procurement from Domestic Supplier* (%)	99.71

SDG 4, SDG 8

GRI 3-3,204-1

Affiliates and Subsidiaries

WITH THE VAKIFBANK FINANCE GROUP BRAND, WE OFFER A ONE-STOP BANKING SOLUTION TO OUR CUSTOMERS' NEEDS.

With our eleven subsidiaries under the umbrella of VakıfBank Finance Group, while providing a wide range of services to our customers with our extensive branch network and distribution channels that closely follow technological innovations, we provide factoring, leasing, investment services, real estate investment partnership, tourism, valuation, and support services to a significant customer base. With its longstanding experience, leading companies in their sectors, increased cooperation, and increasingly solid financial structure, VakıfBank Finance Group continues to create added value, enrich product and service quality, and stand by all its customers with new products and services in parallel with technological developments.

VakıfBank Strategy of Subsidiaries;

We aim to increase the contribution of Subsidiaries to the Bank by optimizing the group synergy of VakıfBank Finance Group, to make the subsidiaries competitive with other companies in the sectors they operate in, to ensure their effective management based on profitability and efficiency, and to make their development sustainable and reinforce their corporate structures.

In this regard, VakıfBank goes on working with the aim to;

- Increase service quality and customer satisfaction by improving the existing synergy with its Subsidiaries,
- Enable the Subsidiaries to benefit from the Bank's scale and to increase productivity, with the awareness of cooperating as VakıfBank Finance Group,
- Maintain sustainable and profitable growth by strengthening its asset quality with strong balance sheet performance of the Group,
- Strengthen subsidiaries' technological infrastructures and to realize the digital transformation of their activities by following the developments in the digital field closely.

VakıfBank Finance Group and Sustainability

In addition to the sustainability policies and projects carried out by VakıfBank, the Bank's subsidiaries also carry out significant projects. During this period, Vakıf REIT developed a long-term strategic planning process in line with the sustainability policies, and the sector's first Integrated Strategic Plan was created upon the integration of the UN sustainable development goals into strategic planning activities. Such a strategic plan is a comprehensive and integrated plan that guarantees four pillars of sustainability, meaning Economic, Social, Environmental, and Product sustainability. With this particular aspect, it was deemed worthy of the best practice award by KalDer (Türkiye's Quality Association).

In the design of buildings designed as VakıfBank's Head Office the construction of which is ongoing under the Istanbul International Finance Center project, Vakıf REIT observed the vision of sustainability, and, tapping into this awareness, introduced environment-responsive buildings focused on energy savings, water efficiency, eco-friendly materials and the means for a quality life. In addition to the use of environment-friendly systems, the project also includes energy-saving factors such as natural light and ventilation thanks to the physical structure of the buildings. Its respect for nature was displayed with its candidacy for the LEED Certificate in the project, which is open to interaction with the outside world. The goal is to obtain a LEED Gold certificate for the building upon the completion of construction.

The need for energy, which has re-emerged as a repercussion of the growing geopolitical risks of our age, has once again underscored the importance of sustainable finance sources in environmental economics. For this purpose, Vakıf Leasing has adopted a market strategy predicated on the support for environment-responsive investments. Accordingly, the Company aims to become a leading leasing company in terms of renewable energy finance, including but not limited to electric car charging stations and rooftop solar energy systems, by providing affordable funds for eco-friendly projects.

Changes in the Affiliate and Subsidiary portfolio;

The entirety of the 33.33% stake we had at Platform Ortak Kartlı Sistemler AŞ, which joined VakıfBank subsidiaries in 2019, was sold to Türkiye Halk Bankası AŞ in June 2022.

Our Bank became a shareholder at İhracatı Geliştirme Anonim Şirketi, a collateral company to provide the guarantee that exporters needed to access finance, with 2.18% of the stake.

Capital investments of the Bank's affiliates continued also in 2022. Vakıf Faktoring, Vakıf Leasing, Vakıf Yatırım, and Vakıf REIT undertook a capital increase through bonus issues. Meanwhile, Vakıf Gayrimenkul Değerleme proceeded with a capital increase through rights issues, raising its capital from TL 30 million to TL 60 million, and Vakıf Pazarlama increased its capital from TL 30,241,438.80 to TL 100 million with a capital increase through rights issues.

Affiliates and Subsidiaries

AFFILIATES

VakıfBank International AG

Capital
EUR 100,000,000
VakıfBank Capital Share
100.00%
Year of Foundation
1999

Vakıf Leasing

Capital
TL 600,000,000
VakıfBank Capital Share
62.05%
Year of Foundation
1988

Vakıf Faktoring

Capital
TL 450,000,000
VakıfBank Capital Share
92.10%
Year of Foundation
1998

Vakıf Yatırım

Capital
TL 250,000,000
VakıfBank Capital Share
99.50%
Year of Foundation
1996

Vakıf YatırımOrtaklığı

Capital
TL 30,000,000
VakıfBank Capital Share
33.77%
Year of Foundation
1991

Vakıf GYO

Capital
TL 1,145,000,000
VakıfBank Capital Share
49.65%
Year of Foundation
1996

TAKSİM INTERNATIONAL GROUP HOTELS

Capital
TL 350,000,000
VakıfBank Capital Share
52.43%
Year of Foundation
1966

Vakıf GayrimenkulDeğerleme

Capital
TL 60,000,000
VakıfBank Capital Share
97.14%
Year of Foundation
1995

Vakıf Pazarlama

Capital
TL 100,000,000
VakıfBank Capital Share
96.73%
Year of Foundation
1993

Vakıf Enerji ve Madencilik

Capital
TL 85,000,223
VakıfBank Capital Share
67.27%
Year of Foundation
2001

Vakıf PayS

Capital
TL 100,000,000
VakıfBank Capital Share
100.00%
Year of Foundation
2021

SUBSIDIARIES

Kıbrıs Vakıflar Bankası Ltd.
Capital
TL 100,000,000
VakıfBank Capital Share
15.00%
Year of Foundation
1982

Roketsan Roket Sanayii ve Ticaret AŞ
Capital
TL 1,005,841,568
VakıfBank Capital Share
9.93%
Year of Foundation
1988

Bankalararası Kart Merkezi AŞ
Capital
TL 177,492,990
VakıfBank Capital Share
4.75%
Year of Foundation
1990

Türkiye Sınai Kalkınma Bankası AŞ
Capital
TL 2,800,000,000
VakıfBank Capital Share
8.38%
Year of Foundation
1950

KKB Kredi Kayıt Bürosu AŞ
Capital
TL 7,425,000
VakıfBank Capital Share
9.09%
Year of Foundation
1995

Istanbul Takas ve Saklama Bankası AŞ
Capital
TL 600,000,000
VakıfBank Capital Share
4.37%
Year of Foundation
1991

Kredi Garanti Fonu AŞ
Capital
TL 513,134,229
VakıfBank Capital Share
1.49%
Year of Foundation
1991

Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ
Capital
TL 340,000,000
VakıfBank Capital Share
33.33%
Year of Foundation
1998

Türkiye Ürün İhtisas Borsası AŞ
Capital
TL 50,000,000
VakıfBank Capital Share
3.00%
Year of Foundation
2018

Güçbirliği Holding AŞ
Capital
TL 30,000,000
VakıfBank Capital Share
0.07%
Year of Foundation
1995

JCR Avrasya Derecelendirme AŞ
Capital
TL 30,000,000
VakıfBank Capital Share
2.86%
Year of Foundation
2007

Birleşik İpotek Finansmanı AŞ
Capital
TL 50,000,000
VakıfBank Capital Share
8.33%
Year of Foundation
2020

İzmir Enternasyonal Otelcilik AŞ
Capital
TL 120,000
VakıfBank Capital Share
5.00%
Year of Foundation
1987

Tasfiye Halinde World Vakıf UBB Ltd.
Capital
USD 500,000
VakıfBank Capital Share
83.00%
Year of Foundation
1993



Our Human Capital

Material Topics & SDGs

Employee Engagement and Satisfaction

SDG 4, SDG 5, SDG 8, SDG 10

Equal Opportunity and Diversity

SDG 5, SDG 8, SDG 10

Capacity Building and Talent Management

SDG 5, SDG 8, SDG 10

Ratio of Female Employees

√ 50.51

Female Employees' Average Seniority in Years

11 years

Average Training Time per Employee (Hours)

√ 46.54

RISKS

- Employee complaints regarding performance management and remuneration processes
- Failure to ensure the effectiveness of occupational health and safety practices
- Dissatisfaction among employees regarding equal opportunities and diversity issues
- Problems in organizational backup plans for critical positions
- Increasing competencies with new training and development programs

OPPORTUNITIES

- Being preferred by new graduates
- Increasing employee engagement and satisfaction with in-house activities
- Proactive risk management approach
- A work environment that preserves the balance of work-family life so that employees can benefit from career opportunities equally
- Filling top positions through the in-bank promotion process
- Increasing competencies with new training and development programs
- Promoting personal development

GRI 3-3

GRI 3-3

Employee Engagement and Satisfaction

WE CREATE EMPLOYEE JOURNEY MAPS TO OFFER THE BEST END-TO-END EXPERIENCE TO OUR PEOPLE.

In 2022, we deployed Employee Experience screens where we analyze data provided by them as part of our analytical HR activities. It is thanks to these analyses that we know, see, and understand our people better and take action accordingly.



The most important asset we have is people. This understanding guides us in our efforts to boost employee engagement and satisfaction. Within this scope, we conducted our annual Employee Engagement Survey also this year to enhance employee experience at the Bank.

Our Employee Engagement Survey helps us measure employee engagement, satisfaction with their job, ways of doing business, and work-life balance, in addition to their perception of the Bank's brand, performance, remuneration, career, reward, and recognition systems. We then analyze the data obtained from the survey and formulate road maps to improve the matters expressed in the survey. 13,316 employees from among our Bank's personnel, as well as the staff of Vakıf Finansal Kiralama A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Gayrimenkul Değerleme A.Ş., Vakıf Pazarlama San. ve Tic A.Ş. and Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. under the umbrella of VakıfBank Finance Group have participated in the 2022 edition of our employee engagement survey. We continue our efforts non-stop to plan actions and monitor improvement in light of the data obtained from the survey.

We are aware that high employee engagement also contributes to a low employee turnover rate. Our employee turnover rate was 2.89 and our voluntary employee turnover rate was 2.66 in this period. We will determine the areas where our employees want investment, their sentiments and thoughts, and the issues they want to be improved by studying the satisfaction variables that impact engagement within the scope of the research, and we will make progress in these areas. In addition, we aim to increase employee engagement and satisfaction by closely following employee opinions and thoughts through the platforms that we have implemented.

We are always driven by our sensitivity toward employees' happiness. Backed by our approach focused on employee experience, we continue introducing practices aimed at contributing to their engagement and satisfaction, boosting their motivation, and making them feel the privilege of being a VakıfBank employee. In 2022, we deployed **Employee Experience** screens where we analyze data provided by them as part of our analytical HR activities. It is thanks to these analyses that we know, see, and understand our people better and take action accordingly.

We create **employee journey maps** to evaluate employees' perception of our Bank, improve their experiences, increase our points of keeping in touch with them, and offer the best end-to-end experience to them. We have created **14 employee journey maps** in 2022. Thanks to employee journey maps, we look into their experience acquired throughout their life cycle at our Bank to identify win points and pain points before developing our action plans.

One cardinal goal for us is to pursue an employee-focused approach, stand by employees for every step they take, and to prioritize their expectations and needs in parallel with changing trends of business life. In 2022, we held one on one experience talks with our employees as we intended to be in close contact with them in our communications. We continue **Employee Experience visits** with a perspective built on employee-oriented improvement and communications.

We think that one of the important factors affecting employee satisfaction is the quality and efficiency of the relationship they establish with other departments in the same organization. We value measuring and evaluating employee satisfaction in terms of the service employees receive from Headquarters units, executing the processes between units with which we have business relations more accurately and quickly, increasing the Bank's internal customer satisfaction, differentiating the Bank from its rivals, and supporting the Bank's continued development. We have attained 79.54% participation in the Internal Customer Satisfaction Survey conducted in 2022 for the effective management of employee satisfaction. The internal customer satisfaction score stood at 74 in this period.

Our employees can communicate ideas and suggestions that they think will add value to our Bank through the Suggestion Platform. We also continue to work towards the implementation of suggestions. Through the Suggestion Platform, we directly designed 39 out of 3,343 suggestions submitted by our employees in 2022. We also subjected 577 suggestions to a feasibility study. In addition to our Suggestion Platform, we consider employee suggestions and views we collect during the discussions we held. This way, we develop new projects tailored to customers' views, requests, and expectations in light of the data we derive. In the upcoming period, we plan to produce projects that will contribute more to sustainability, expand our in-house social responsibility projects, benefit more people, and continue our collaboration with volunteering ambassadors by increasing our colleagues' participation in our projects.

As part of the effective management of human resources, which constitute the most important component of our Bank, we have taken the requirements of coming periods into account for all functions and conducted comprehensive studies throughout the year by tapping into various methods including one on one meetings, data analyses, measurement, and assessment to ensure optimization and address varying and changing permanent staff requirements across units. We have also reached the final stage of our efforts for daily AI-backed calculations of the number of permanent staff at branches.

We have undertaken Internal Social Responsibility activities in collaboration with **"Goodwill Ambassadors"** made up of 100 staff who work voluntarily in these activities.

We organized activities in education, environment, arts, and sports in 2022 as part of our internal communication strategy to support our employees in contributing to social life. Under the **Goodwill Box**, a volunteering movement we initiated, we addressed the needs of students in village schools in different cities; and their needs from stationery to clothing, from sports equipment to musical instruments were met.

2.89
√ Employee Turnover Rate

11.11
√ Average Year of Seniority

SDG 4, SDG 5, SDG 8, SDG 10

GRI 3-3, 403-6

GRI 3-3, 403-6

Employee Engagement and Satisfaction

WE CARRY OUT INTERNAL SOCIAL RESPONSIBILITY ACTIVITIES WITH OUR GOODWILL AMBASSADORS.

Our Goodwill Ambassadors wrote five sustainability-themed children's books after they attended social responsibility courses and a book-writing workshop.

We acknowledge that there is a positive relationship between our colleagues' and our customers' happiness. Therefore, we continued to actively use our internal communication channels as in every period, to make them smile and feel valued.

We have also organized **VMeets** events through online meeting applications to inform our Bank staff on issues such as banking, innovation, leadership, administratorship, personal integrity, Türkiye, and the World agenda.

We offer a business environment where employees will feel happy and safe to ensure that they look confidently to the future and experience the privilege of being a VakıfBank fellow. In the upcoming period, we plan to produce projects that will contribute more to sustainability, expand our in-house social responsibility projects, benefit more people, and identify our volunteer ambassadors by increasing our colleague's participation in our projects.

2022 events

- Our Goodwill Ambassadors attended social responsibility courses and a book-writing workshop, after which they penned **five sustainability-themed childrens' books certified by pedagogs** aimed at children aged 4+ and 6+.
- On March 8, International Women's Day, we conducted water marbling (Ebru) and breathing therapy sessions for disadvantaged women.
- Together with Goodwill Ambassadors, we paid two visits to the **Hüsnü Ayık Care Center** affiliated with TOFD (Spinal Cord Paralytics Association of Türkiye). We presented knee blankets as gifts and visited them during the religious holidays.
- During the week for the elderly, we visited the **Darülaceze** society with Goodwill Ambassadors. We presented the gifts that our colleagues collected to the residents of Darülaceze.
- As a long-running project, we procured cleaning and daily needs of animal shelters with the contributions of our colleagues, animal food first and foremost.
- We managed to help **eight people in need have a wheelchair with the collection of over 3.5 tons of plastic lids** by employees in support of the plastic campaign conducted by **TOFD (Spinal Cord Paralytics Association of Türkiye).**
- Thanks to the contributions we raised from employees, we planted seedlings for **three forests** as part of the project named "a VakıfBank forest every year".
- We have invited **Umut Kafe** (Hope Cafe) every month to sell products in our Bank in support of KAÇUV.
- 16 social clubs, established to help employees develop and demonstrate their artistic and sports skills, continued their activities. These clubs include theater, water marbling, Turkish Classical Music, Turkish Folk Music, Polyphonic Music, Football, Basketball, Chess, Folk Dances, and Healthy Life clubs in Istanbul, Ankara, and İzmir.
- In addition, employees in various corporate tournaments and organizations represented VakıfBank in different areas, such as swimming and chess.
- We organized five concerts, one theater play, and a water marbling exhibition thanks to our employees' clubs. Water marbling pieces and bookmarks that employees in water marbling clubs created were donated to KAÇUV while putting them on sale to employees from all over Türkiye on the occasion of our "Anniversary". This way, we have raised resources to support the traditional art of water marbling as well as the treatment, education, and families of pediatric cancer patients via KAÇUV.
- Running for good at the 2022 Istanbul Half-Marathon and Istanbul Marathon, VakıfBank employees collected considerable contributions for various non-governmental organizations, such as **Darüşşafaka and KAÇUV**.
- Under the **E-Waste** campaign we initiated, we disposed of 2,700 kg of e-waste via TUBİSAD and recycled them for charity to Darüşşafaka in 2022.
- The new year dreams of 400 children in need, reached out through the **AİP (Urgent Need Platform) Association,** were realized by the employees of VakıfBank.
- At the end of the year, we organized the sales event for KAÇUV, Darüşşafaka, and AİP at our Head Office. We supported these organizations with the gifts our employees purchased at these events.

SDG 4, SDG 5, SDG 8, SDG 10

GRI 3-3, 403-6

Human Rights, Equal Opportunity, and Diversity

WE PROVIDE EQUAL OPPORTUNITY AND RIGHTS TO EMPLOYEES.

At VakıfBank, we exert our best efforts to deliver on the requirements of the Labor Code, the United Nations Universal Declaration of Human Rights, the key principles of the International Labor Organization, as well as other international treaties of which Türkiye is a state party.

50.51% √

Ratio of Female Employees

√ It has been subjected to limited assurance by the Independent Audit Firm.

49.49%

Ratio of Male Employees

Within the framework of our sustainable banking approach, our goal is to establish a modern workplace that respects human rights and disseminate this understanding to raise employees', customers', and stakeholders' awareness.

At VakıfBank, we exert our best efforts to deliver on the requirements of the Labor Code, the United Nations Universal Declaration of Human Rights, the key principles of the International Labor Organization, as well as other international treaties of which Türkiye is a state party. Pursuant to our Human Rights Policy, we do not finance those operations prohibited or restricted under national laws and international treaties that Türkiye is a party to. We also do not extend funds to the operations or projects of individuals and organizations determined to have employed children or violated human rights. Accordingly, we demonstrate an inclusive and fair approach for all by protecting and promoting human rights. We place human rights at the heart of everything that we do, from operations and supply chains to our relations with stakeholders.

We provide equal opportunity and rights to employees in parallel with the importance we attribute to equal opportunity and diversity. In this regard, we take the United Nations Universal Declaration of Human Rights principles, United Nations Sustainable Development Goals (SDGs), and the International Labor Organization (ILO) as guides in our human resources practices that value people.

We are a signatory of the United Nations Women's Empowerment Principles (WEPs).

As we are also a signatory of the **Equality at Work Declaration** pioneered by the Turkish Ministry of Family, Labor, and Social Services in collaboration with the World Economic Forum, we support women's participation in all aspects of social and economic life actively and enjoy equal rights. We also encourage women's participation in labor, as can be seen with the women employed at our institution, while taking necessary measures to guarantee their health, safety, and well-being, and striving to maintain a working environment underpinned by equality and peace of labor. Accordingly, 50.51% of our employees are women at our Bank, and the ratio of women at executive levels is 23.6% as of 2022.

We take care to provide equal opportunities among our employees in both recruitment and career development applications. While **female employees** constitute **54.1%** of our employees who rose to a higher title in 2022, we aim to ensure that our female employees, who are mothers, continue their career path after maternity leave and offer them to benefit from the career opportunities equally, thus ensuring a work environment that maintains their work-family life balance. In this context, **99.8%** of 471 female employees **who had maternity leave** in 2022 **returned to work.**

SDG 5, SDG 8, SDG 10

GRI 3-3, 401-2, 404-3

Human Rights, Equal Opportunity, and Diversity

FEMALE EMPLOYEES REPRESENTED 54.1% OF ALL THE STAFF PROMOTED TO A HIGHER TITLE IN 2022.



In addition to maternity leave, we also offer our female employees the option to take up to one year of unpaid leave and to work part-time until their children are five years old. In 2022, 402 female employees who requested unpaid leave due to childbirth took advantage of the right to unpaid additional leave granted by our Bank in addition to the legal period of 16 weeks. In cases where employees' unpaid leave exceeds six months due to childbirth, health, etc., we provide the same ratio to them when remuneration is raised. Moreover, in the provinces with 150 and more female employees, we provide daycare assistance to all our male and female staff who have nursery children. With all of our practices in this regard, we aim to offer mothers the opportunity to continue their careers from where they have left, after their maternity leave.

Our principles include creating an inclusive working environment for all and preventing all forms of discrimination on the grounds of, inter alia, ethnicity, age, disability, social status, or familial situation in working conditions and assignments. **We offer employees equal opportunity and rights.** In this respect, the elimination of discrimination, marginalization, and prejudices in the daily functioning of the institution is closely linked with the tone and words chosen in communication.

Our comprehensive policies and procedures as well as practices reinforce our approach aimed at a working environment free of any discrimination against employees on the basis of their personal traits and inclusion in relations with business partners and society. The **Harassment and Violence Procedure** we issued in this fiscal period is intended to help us preserve a pressure- and violence-free working environment underpinned by respect and trust, prevent all forms of harassment and violence that may take place within the institution, and define a road map that will be followed to tackle such incidents.

GRI 3-3, 401-2, 404-3

Remuneration and Benefits

WE IMPLEMENT A WAGE POLICY BASED ON MERIT, ADOPTING A CORPORATE CULTURE, COMPETITIVE, REWARDING AND BALANCED IN TERMS OF PERFORMANCE GOALS, WHILE ALSO ENCOURAGING SUSTAINABLE SUCCESS, MOTIVATION, AND FAIRNESS.

In 2022, the ratio of employees working under a collective bargaining agreement was 84%.

We determine our remuneration policy within the bank following the risk and responsibility assumed at all levels, pay fair remuneration, and provide fringe benefits by considering our employees' fundamental rights.

We determine the wages of our managers and employees at all levels by regarding the effective remuneration policy and budget possibilities of the Bank, the job description and responsibility level of the employees, individual performance, competencies, and compliance with the internal and external legislation of the Bank based on our bank's compliance with ethical values, internal balances, and strategic goals. We pay our employees "principal wage," which is the primary wage excluding fringe benefits such as compensation, allowances, subsidies, etc., and "executive seniority fees" for employees who are executive candidates and employees who are in the position of manager. We also pay additional duty indemnity to our employees, taking into account the roles and responsibilities they undertake. Additionally, we observe sectoral developments, analyze data, and evaluate our sector's position according to the banking sector wage survey results carried by independent institutions.

Furthermore, we determine wage and salary increases for our in-scope employees with the Collective Bargaining Agreement made with the Bank Finance and Insurance Employees Union and our employees who are out of scope with the board of directors' decision. **In 2022, the ratio of employees under the scope of a CBA is 84%.**

Apart from wages, we offer opportunities related to basic needs such as bonuses, performance bonuses, dividends, health insurance, and various leaves. In doing so, we implement a wage policy based on merit, adopting a corporate culture, competitive, rewarding and balanced in terms of performance goals, while also encouraging sustainable success, motivation, and fairness. We also contribute to our employees within the Employer Contributed Private Pension Plan framework and the opportunity to be included in the private pension system. We raise our daily food allowance in line with the conditions of the day and make sure employees have better conditions in access to lunch services.

Taking Türkiye's economic conditions into account, we introduced a raise, slated for November 2022, above the ratio specified in the collective bargaining agreement, enabling employees' income to be impacted by inflation at a lower degree. In addition, we cover the heating costs of employees, a practice we initiated in December 2022.

GRI 3-3, 401-2, 403-6

Safe Working Environment

WE HAVE MADE OUR INTEGRATED MANAGEMENT SYSTEM SUSTAINABLE.

We organize in-class and e-learning training to raise awareness about occupational health and safety across the Bank.

With our Occupational Health and Safety (OHS) Policy, we consider offering our employees a safe and healthy work environment as one of our fundamental responsibilities. This framework adopts the essential requirement to comply with International OHS Standards and legal requirements. We succeeded to be the first bank in Türkiye to establish the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) and to receive the certificate after the Integrated Certification Audit by obtaining the ISO 45001 Occupational Health and Safety and Management System certificate. We successfully passed the 2022 interim audits and ensured the sustainability of the Integrated Management System.

For OHS-related matters, we work in coordination with the Career Management and Employee Experience Department. Our Bank's Occupational Health and Safety Policy is available at https://www.vakifbank.com.tr/Default.aspx?pageID=2788

We guide all employees, including the staff at our Bank, as part of support services under the Occupational Health and Safety Policy. We take European Statistics on Accidents at Work-ESAW methods as a reference to track OHS performance indicators. We regularly provide in-class and e-learning training to raise OHS awareness across the Bank. We ensure that every newly recruited employee joins a one-day OHS in-class course within the scope of orientation training. In 2022, we provided in-class OHS training to a total of 210 participants. In addition, the Occupational Health and Safety Data Bank, which we have prepared for our employees, is among our publications on the corporate portal.

We mapped our OHS risks with a proactive risk management approach. We categorized them over approximately 120 control issues in our annual branch-department visits. Thus, we identify risks in advance and take the necessary measures. Accordingly, we prepared a Risk Assessment Report and Emergency Plan for 369 branches and departments in 2022. Thus, we have completed the Risk Assessment Report and Emergency Plan in all our departments and branches except for 594 branch units. Within the scope of our service procurement, we care about OHS processes, and we supervise 100% of all our employees as part of our practices, including our subcontractor workers. We aim to maintain 100% compliance with the control issues at all locations in the upcoming period and realized over 120 items once every year by maintaining the Integrated Management System's continuity (ISO 9001-ISO 14001-ISO 45001).

Regarding Intrusion Alarm, Fire Warning, and Security Camera Systems; we continued our activities of installation and elimination of malfunctions in existing systems and their regular maintenance, meeting the needs for new fire extinguishers, replacing the necessary ones with new ones and their regular maintenance in new branch openings and branch renovations in line with the reports of workplace safety specialists regarding "fire safety". Within the scope of the improvement and development of electronic security measures; to eliminate the risk of the alarm system being disabled as a result of the failure to enter the alarm password during the closing of our branches or forgetting to enter the password, we started the application of sending an e-mail to the branch manager and text message to the branch security guard.

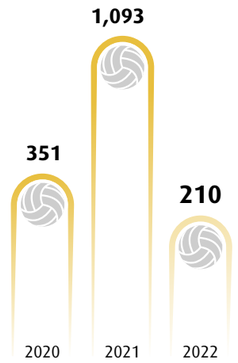
We migrated the job request processes concerning physical security (security guard), electronic security (alarm and security cameras), and fire extinguishers to the system so that requests are met more effectively and quickly. To ensure that the installation, maintenance and repair, and progress payment control processes of the electronic security system are systematically, flawlessly, and rapidly carried out, we made improvements and advancements to the software installed at our bank's locations in line with user feedback.

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

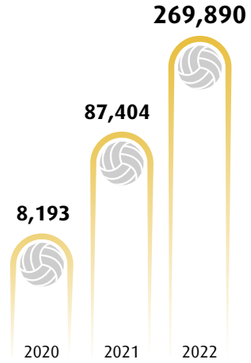
WE ACT AS A GUIDE FOR ALL EMPLOYEES WITH OUR OCCUPATIONAL HEALTH AND SAFETY POLICY.

Number of Employees Participating in OHS Training

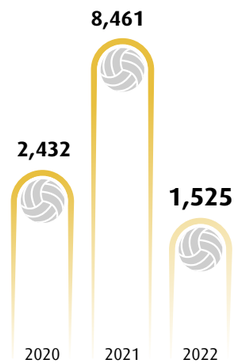
Number of Employees Participating in OHS Training - In-Class



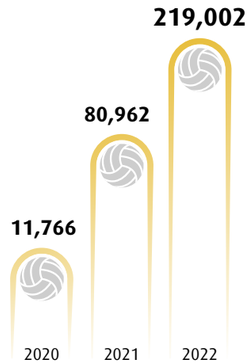
Number of OHS Training Beneficiaries - Online



Total OHS Training Hours - In Class



Total OHS Training Hours - Online



** The Occupational Health and Safety Training we offer online consists of 26 training sessions.*

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Capacity Building and Talent Management

WE ARE A BANK THAT TRAINS ITS OWN EXECUTIVES.

At VakıfBank, we ensure that corporate strategic goals are transformed into individual goals with the Performance Management System to provide for our employees' corporate and personal development with an innovative approach and continuous learning, increase solidarity and cooperation, and support their focus on corporate strategies.

100% √

The Ratio of Filling Top Positions with In-Bank Promotion

√ It has been subjected to limited assurance by the Independent Audit Firm.

In a period when everything is changing rapidly, our Bank has adopted the philosophy of continuous development with a human-centered approach to achieve our strategic goals, keep up with the change and gain a competitive advantage. We are taking steps on a path that boosts employees' motivation by considering their needs and expectations in line with our human resources policy.

In this context, we seek to manage our human resources effectively and efficiently, meet our employees' personal development needs, and support our Bank's corporate development through the career management studies we conduct.

At VakıfBank, we ensure that corporate strategic goals are transformed into individual goals with the Performance Management System to provide for our employees' corporate and personal development with an innovative approach and continuous learning, increase solidarity and cooperation, and support their focus on corporate strategies.

We continue to improve our employees' competencies to reach our goals and become the sector's pioneer. Our performance evaluation system makes a behavioral-based competency assessment for our employees' career planning once a year and analyzes their training and development needs based on the evaluations. While implementing this system, we support continuous change and development with the innovations we make every year so that our managers can make a healthy evaluation and advance the process with an objective approach.

In 2022, we included all our bank employees in our performance system and completed a successful period in which our employees made a difference with their performance. We presented performance achievement awards to our employees by evaluating individual performance objectively and transparently.

2,073 of our employees were promoted to a higher title as a result of the assessment of the provisions governing promotions of the Regulation About Career and Wage Management System and the Regulation About Specialized Staff. As part of our career planning efforts in line with our vision as a bank that trains its own executives, we promoted a total of 12% of our employees, 54% women and 46% men among them, to higher positions.

We continue such efforts aimed at identifying employees with a manager potential to play a key role in the Bank's future, providing a fair competitive environment in career development, supporting their skills and competencies with training and development programs, and utilizing such skills effectively and efficiently. As a result of the work we have carried out this year, we are making a transition to a promotion model in our career planning system where personal competencies and performance will play a more salient role.

SDG 5, SDG 8, SDG 10

GRI 3-3, 404-3



While developing our performance system, we work to ensure that our data is processed with advanced algorithms and used effectively with artificial intelligence technology with a progressive analytical approach for use of technological opportunities in our targeting methodology. As part of our digitalization journey, we have completed our activities in 2022 by strengthening our system's technical infrastructure, including the entire performance management system, and providing our users with reporting screens that offer them the chance for interactive and straightforward use. In this respect, we have deployed the Corporate Performance Management System on three key modules including Regional Directorate and Branch Performance Module, Employee-Based Unit Performance Module, and Competency Management Module, to measure and monitor all employees' performance.

Our goal is to complete the organizational succession software and implement it in 2023 in an attempt to facilitate business continuity, determine the future requirements for managers from today onwards, and ensure an easier tracking method for employees who meet such requirements.

With the Human Resources Reserve Management Project, we aim to ensure business continuity throughout our Bank and to reduce the dependence of processes on individuals to avoid any disruptions in ordinary and extraordinary situations. In 2023, we will also create a structure enabling us to monitor the Successor Management app, which is defined in our Career and Wage Management System, via the Bank's Human Resources module.

Thanks to this project;

- Critical jobs will be defined,
- We will ensure that employees in charge of critical jobs and their successors are determined and are followed up on the system,
- We will create programs to enhance relevant employees' competencies,
- With creating a manager backup system, the entire backup system will be monitored and manageable.

Additionally, in line with our organizational goals, we effectively conduct our Bank's Norm Staff activities to provide an optimum employment number according to the workload. In addition, we closely monitor such employees by creating talent pools to meet the workforce needed in the short-, medium-, and long-term with high-performance and potential employees within our Bank.

Changes within the organizational layout of the Head Office in 2022:

- We have introduced a change in the organizational structuring of the Allocation Management Departments to ensure prompt and healthy meeting of loan allocation requests, the creation of effective allocation management, and the implementation of a common allocation policy.
- We have created the Retail Sales Officer role for an appointment at Branches to ensure effective on-site management of the retail segment.
- We have established two Regional Directorates in parallel with the current conditions and requirements.

GRI 3-3, 404-3

Employee Development and Training

WE ARE MAKING THE PERSONAL AND PROFESSIONAL DEVELOPMENT OF OUR EMPLOYEES MORE COLORFUL THROUGH TECHNOLOGY APPS SUCH AS DIGITAL LIBRARIES AND PODCASTS.

We support and promote employees' occupational, technical, and personal development and thus contribute to sustainable business efficiency in line with the human resources policies that our Bank pursues. We provide in-class, live virtual classroom, e-learning, and video-based training on the subjects determined as a result of the training needs analysis conducted as part of the competencies expected from our employees.

We provide training programs under five main headings:

- "Basic Training Programs" for new recruits,
- "Development Programs" aimed at contributing to employees' personal and occupational/ technical development based on their roles
- "Manager Development Programs" aimed at increasing the managerial, professional, and technical competencies of employees in executive positions,
- "Information Technologies Training Programs" will support the employees' relevant business processes working in the information technologies departments and contribute to their professional development.
- "Online Training Programs" include a wide range of e-learning training developed in the fields of professional/technical, individual/ managerial competence development, legal obligations, and social responsibility/hobby.

In our training processes, we use a mixed-learning model that also includes the next generation of digital learning experiences. We collaborate with universities and training companies in the design of educational programs. To monitor and evaluate the development of our employees, we conduct an evaluation test on the training portal at the end of the training and measure the training results.

In addition, taking one step ahead of standard training models, we have deployed the AI-based **V-Coach** project aimed at providing the support/training any employee may need in that particular instant, i.e. during the task that they are performing, on the customized Core Banking Application Screen they are using. We developed an AI-based model to help employees unlock their potential, boost performance, and make sure their learnings are lasting.

Owing to this project, the Bank was deemed worthy of:

- A second place (Silver Award) in the Future Workforce category at Qorus Awards, a global contest where banking sector nominees from 57 countries contend.
- First place (Gold Award) in the Corporate Innovation category at PSM Awards 2022.
- Third place in the "Future of Work" category at IDC Future Enterprise Awards.

Training duration per employee increased by 40% in 2022.

We increased the duration of our training courses per employee by 40%, ensuring employee participation in 46.5 hours of training courses delivered on average made up of 12 hours of in-class and 34.5 hours of digital courses.
To make sure Head Office employees track development in their field and assist them in continuous development, we facilitated some 1,000 employees' participation in courses, conferences, and seminars organized by external organizations and institutions, primarily including the Banks Association of Türkiye (TBB) and Interbank Card Center (BKM).

We Launched our Digital Library

We have launched the Digital Library that carries book summaries, articles, and audiobooks as well as podcasts accessible by employees 24/7 to support our learning culture in addition to the training and development opportunities our Bank offers to employees.

We will focus on employees' learning and support their development by tapping into customized developed journeys and refresher practices in 2023. We will also diversify digital learning channels with e-learning, video courses, and live virtual classes, contributing to employees through hybrid learning models.

OUR HIGHLIGHTED EDUCATIONAL PRACTICES IN 2022

Sustainability

We organized various training courses with different target groups as part of our strategic goal for sustainability.

- We delivered the "Stress Management" e-course to help employees stay away from the stress caused by their work and private lives on World Stress Awareness Day.
- As part of the Green Housing Project, a deal struck between the Bank and the French Development Agency (AFD), we delivered Green Housing courses to employees who deliver services in this field to raise their awareness on sustainability, energy efficiency, benefits of green housing, and the green housing loan to be offered to customers.
- We facilitated the participation of employees, who have specialized in sustainability, in Sustainability Certification Programs and courses to assist them with their continuous development.
- We delivered various sustainability courses and thus helped employees raise their awareness on this topic.
  - Sustainability Basics and Advanced Sustainability for Banking
  - ISO 9001 Quality Management System
  - ISO 14001 Environmental Management System
  - ISO 45001 Occupational Health and Safety Management System
  - Zero Waste
  - Code of Conduct
  - Approach for Disability - Sign Language
  - Integrated Management System and Auditor

Data and Analytics School

We undertake activities aimed at improving employees' data analytics skills with the Data and Analytics School. Accordingly, we have organized courses at different levels by considering employees' differing levels of preparedness.

- Aiming to introduce an understanding of using and making sense of data while working with it, and improve their data literacy levels, we designed a **Data Awareness Digital Development Program** and rolled it out for all employees.
- We designed a digital development program for SQL, which is a frequently used tool for data analytics, and provided it to employees.
- To enhance the skills of employees working at big data-intensive functions, we provided training courses on, first and foremost, Python and SAS software.
- To promote the widespread use of tools supportive of data-driven decision-making processes, we have organized dashboard creation and data visualization courses and workshops where employees can work on their questions with experts.

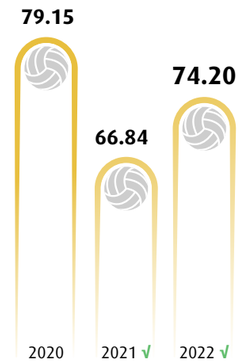
Certification and Development Programs

- The **New Executive Development Program**, made up of four modules on orientation, branch management, management skills, and managing business and designed for delivery over time was supported by digital materials consisting of Harvard Business articles and podcasts to help improve newly-appointed executives' managerial and technical competencies.
- We continued the **"Product Demand Design Development Program"** that we designed to help employees working on the process of new product and service design speak the same language as IT units. We increased the number of employees we trained in this field by 60%.
- We collaborated with Frankfurt School in organizing courses aimed at improving employees' capabilities related to agricultural banking.
- We continued with the TFRS Development Program designed in coordination with Boğaziçi University and enabled employees to obtain internationally-recognized expertise certifications.
- 317 employees successfully passed the development program we designed to help field employees specialize in foreign trade.

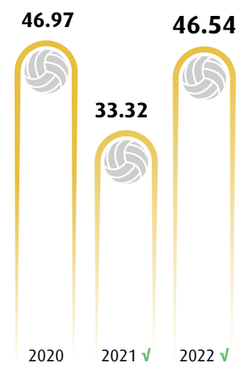
Other Good Practices

- We organized courses and workshops to raise the awareness of Goodwill Ambassadors who voluntarily take part in the Bank's CSR projects and help them develop themselves in this particular field.
- We delivered training on data security, customer data protection, and compliance with legal regulations to enhance stakeholders' awareness of information security.
- In 2022, we offered internship opportunities to some 900 university students under the Presidential Internship Mobilization Project. Interns were trained and got to know the banking sector and our Bank during this period.
- In 2022, we delivered intensive virtual class courses to help portfolio managers keep their knowledge of new products and services fresh.
- We vocalized our course book on banking regulations and practices and offered it to employees in the form of a podcast episode.
- We facilitated access to global content providers and digital platforms for employees working at IT functions to support their training and development journeys.

Share of Digital Training in Total Hours of Training



Average Training Hours per Employee



√ It has been subjected to limited assurance by the Independent Audit Firm.

GRI 3-3, 403-5, 404-2

Recruitment of Young Talents

WE ASSIST YOUNG MINDS TO EXPRESS THEMSELVES MORE ACCURATELY BY PROVIDING THEM WITH THE EXPERIENCE OF INTERVIEWS CONSISTING OF STRUCTURED QUESTIONS.

In 2022, we employed 659 new employees. As of year-end, our employees' number reached 16.961 with the recruitments we made throughout the year.

In recruitment processes, we aim to carry out our activities effectively with our optimum number of employees and employ young and competent candidates who will bring dynamism to our Bank. Accordingly, to meet our Bank's increasing workload and the need for employees in IT departments, in 2022, we recruited 659 new employees. As of year-end, our employees' number reached 16.961 with the recruitments we made throughout the year.

We have prioritized ensuring that the onboarding and adaptation process for new recruits is carried out more effectively. Through our Onboarding Representatives, we seek to facilitate the onboarding and adaptation of our new employees, increase employee belonging throughout the organization, and better convey the Bank's corporate culture, mission, and objectives to newly recruited employees.

Meanwhile, we have participated in national career events with a view to introducing young talents to our Bank and providing information about our career and internship opportunities in 2022. Intending to enhance our Bank's visibility, explore new talents, provide information on our internship processes, present our career opportunities, and earn new graduates for our Bank, we attended exhibitions organized and led by the valuable universities of Türkiye including Ondokuz Mayıs University, Karadeniz Technical University, Atatürk University, Fırat University, Gaziantep University, Çukurova University, Erciyes University, Süleyman Demirel University, Ege University, Tekirdağ Namık Kemal University, and Bolu Abant İzzet Baysal University.

In addition, we attended a series of events in a variety of cities including Gaziantep, Konya, Antalya, Adana, Kayseri, Samsun, Erzurum, Diyarbakır, Van, and Istanbul as part of the **"Government Incentives Promotion Days"** organized under the auspices of the Presidential Directorate of Communications. At these events, we carried out interview simulations to help students acquire interview experience and assist them with dealing with their anxiety. Offering the experience of an interview made up of structured questions, we then provided them with feedback on how they could more effectively express themselves and convey their competencies to interviewers.

In addition, we granted internships in our departments/branches to help university students gain work experience and some insight into the banking profession. As part of the "**National Internship Mobilization Program,"**Mobilization Program, carried out under the coordination of the Human Resources Office of the Presidency of Türkiye, we recruited our intern students from among the candidates who applied to the "Career Gate" platform. We approved the application of **865** students to do internships at our Bank's Departments/Branches for the internship calendars we have created on the Career Gate, with the work we have carried out as part of the "National Internship Mobilization Program."

At the end of **Bootcamp**, which we organized for the first time this year, we offered the candidates selected by the Bank the chance to start their software careers under the roof of VakıfBank. This way, we presented an important opportunity for young people wishing to lead a career in the field of software.



GRI 3-3



Our Natural Capital

Material Topics & SDGs

Climate Change and Environmental Performance of the Bank

SDG 13

ISO 14001 Certified Locations

All Bank Locations

Energy Consumption per Employee

3.87 MWh✓

Water Consumption per Employee

12.80 cubic meters

✓ It has been subjected to limited assurance by the Independent Audit Firm.

RISKS

- Increase in unit costs and consumption amounts of energy resources
- Use of natural resources and the increase in the amount of waste
- The negative impact of unconscious use of natural resources on climate change

OPPORTUNITIES

- Reducing the carbon footprint by controlling the consumption of natural resources
- Limiting the use of natural resources and the amount of waste with training courses on climate change and energy efficiency
- Digital transformation reduces the use of natural resources
- Making a positive contribution to climate change with original projects

Climate Change and Environmental Performance of the Bank

THE IMPACTS OF CLIMATE CHANGE ARE ESSENTIAL RISKS FOR US. THIS IS THE REASON WE STRIVE TO PLAY AN ACTIVE ROLE IN THE TRANSITION TO A LOW-CARBON ECONOMY BY EFFECTIVELY MANAGING THE RISKS.

We took part in CDP's Water Security Program for the first time in 2022, and scored B-.

We continue to increase our environmental, social, and managerial performance and integrate sustainability into our corporate strategy for a more livable future by realizing our banking activities at international sustainability standards. We are aware of climate change's effects, which is the most crucial challenge of our age, operations, and financing. In this context, we consider the impacts of climate change as essential risks, and we aim to play an active role in the transition to a low-carbon economy by effectively managing the risks.

In 2019, we were the first Turkish public institution to join the Science-Based Targets Initiative pioneered by many leading organizations and declared our carbon reduction commitment. At VakıfBank, we maintain efforts to measure the Bank's GHG emissions and set targets in parallel with the target of keeping the temperature rise at a maximum of 1.5°C as stipulated in the Paris Climate Agreement. We also continue our activities to annually track emission values and goals. In addition, we are working to achieve the annual reduction targets set by our Board of Directors in this process.

- 2% Electricity consumption per square meter
- 2% Natural gas consumption per square meter
- 2% Domestic water consumption per capita
- 2% Paper use per capita
- 2% Total reduction of carbon and greenhouse gas emissions

In addition, we report our climate change strategies, risks, and performance to the CDP, as well as present our results to our investors and the general public. We maintained our B level performance grade in 2022 within the context of the CDP Climate Change program, which we have been reporting on since 2015. Meanwhile, in an attempt to manage water-related risks and increase awareness, we took part in CDP's Water Security Program for the first time. Reporting our performance, we scored B-.

We are creating an infrastructure for future CDP disclosures to establish a complete, consistent, accurate, and transparent verification process compliant with operations where water consumption and quantities of water sources can be calculated, verified, and targets achieved. In this respect, we are preparing a "Water Footprint Inventory Report" in accordance with "ISO 14046 Water Footprint – Principles, Requirements and Guidelines".

We have 9 full-time employees at our Environmental Management Department, established in 2015 by the resolution of the Board of Directors. In this context, we monitor our environmental performance with an electronic database system and through this system, we track the monthly energy, waste, and water data entries of Headquarters and all of our branches and effectively manage our greenhouse gas emissions and energy consumption. The Environmental Management Service not only regularly monitors this data but also audits it and directs all our departments to reduce natural resource consumption and greenhouse gas emissions.

We also prefer to use products with high efficiency to reduce consumption. We use central heating and cooling systems, energy-efficient servers, A-class inverter air conditioners, and energy-efficient products in this context. We use LED systems in lighting and turn off computers and phones centrally after specified hours. Our intention for the coming period is to adopt a treatment and fountain system at branches to eliminate the use of 5-gallon water bottles and other bottled water of all sizes as part of our efforts toward sustainable banking. This way, we will reduce the consumption of plastics and raise awareness of climate change.

SDG 13

GRI 3-3, 201-2

Since 2021, we attained a 17% reduction in the emissions resulting from company vehicles, 500 of which were hybrid, provided by our Bank to employees. Owing to all these practices, we save energy and track and report our carbon emissions in compliance with the GHG Data Collection and Calculation Regulation. Our goal for 2023 is to implement the ISO 50001 Energy Efficiency Management System at all locations and obtain an international accreditation and certification to reduce energy consumption and embed this process into our Bank's policies.

In the 2021-2022 audit period, as in the previous years, we obtained the ISO 14001:2015 Environmental Management System certificate to certify that we manage the direct environmental impact of our banking activities in compliance with international standards. We have enabled all VakıfBank employees to work in ISO 14001-certified buildings. We monitor the documentation for ISO 14001 Environmental Management System on the electronic database we developed in 2022 for Paper-free Banking activities.

Each year, we perform internal audits by the Audit Board and external audits through independent external auditors in all our locations. In nonconformity during the audits, we create a corrective action form and work to solve the problem. With our procedures and the Environmental Management System, we provide coordination and effectiveness in our work.

- Waste Control Procedure
- Assessment Environmental Dimensions and Control Plans Procedure
- Internal Audit Procedure
- Detection of Non-Compliance and Corrective Actions Procedure
- Determination and Follow-Up of Legal and Other Requirements Procedure
- Management Review Procedure

In order to reduce our environmental impact, we also consider the management of our wastes, separate our hazardous wastes, and conduct studies to reduce the amount of waste generated per person. We have completed the management of hazardous and non-hazardous waste and reached compliance with national and international regulations. We sort recyclable and hazardous waste and guarantee their disposal without harming the environment. Besides, we continue to increase our recycling rate by keeping recycling bins in all our locations.

We are aware that the financing of sustainable development in the combat against climate change takes an important place. This is the reason we prioritize renewable energy investments and provide finance to sustainable energy investments and projects. In 2022, we provided funds worth more than TL 3.6 billion to 80 renewable energy projects representing a total installed capacity of 1,365 MW. In the coming period, we will continue to provide financial support to renewable energy and resource efficiency projects.

In 2022, we became a carbon-neutral bank by balancing the surplus Scope 1 and 2 GHG emissions as we verified with an ISO 14064 certification. As we previously targeted, we joined I-REC, an international certification system demonstrating power generation based on renewables in 2022. **In this period, our electricity consumption was based fully on renewables (except electricity consumed in foreign operations). You may find our environmental data** here**.**

To raise our employees' energy efficiency and climate change awareness, we provide them with training courses and develop environmentally sensitive behavioral models in areas such as energy saving and separation of waste at source both within and outside the Bank.

Sustainability training activities conducted for more effective adoption of the sustainability vision by the employees were accelerated in 2022. 8,057 employees attended sustainability-themed e-learning courses in this period.

Accordingly, we delivered 36,029 hours of online sustainability courses and 8,261 hours of online environmental courses to employees in 2022. In addition, we certified 1,450 employees as of the end of 2022 as part of our training courses under the ISO 9001 Quality Management System and ISO 14001 Environmental Management System. We currently have at least one certified staff member at 920 branches. In 2022, we assigned an E-ISO 14001 Environmental Management System course that 4,915 employees took. We finalized the Zero Waste certification activities as part of the synonymous project being conducted by the Ministry of Environment, Urbanization, and Climate Change. 10,472 employees took the E-Zero Waste Training under the Zero Waste project.

Under the E-Waste campaign, we initiated as a corporate social responsibility project, we disposed of 2,700 kg of e-waste via TUBİSAD and recycled them for charity to Darüşşafaka in 2022.

In addition, during this period, we managed to help 8 people in need have a wheelchair with the collection of approximately 3.5 tons of plastic lids by employees in support of the plastic campaign conducted by TOFD (Spinal Cord Paralytics Association of Türkiye).

With the contributions of employees, we planted seedlings for three forests as part of the "a VakıfBank forest for every year" project.

You can access our Environmental Policy document, which we created within the scope of our sustainability efforts to continuously improve our environmental performance to protect the environment and ensure the continuity of natural resources at https://www.vakifbank.com.tr/Default.aspx?pageID=2793

Renewable Energy Type-2022	Number of Projects Funded	Funding Amount for Projects (TL)	Installed Power (MW)
BIOGAS	0	0	0
BIOMASS	1	5,500,000	5
SPP	74	3,206,330,092	1,237
HPP	1	2,000,000	0
GPP	2	50,091,548	12
WPP	2	370,056,000	111
Grand Total	**80 √**	**3,633,977,641 √**	**1,365 √**

GRI 3-3, 201-2

√ It has been subjected to limited assurance by the Independent Audit Firm.



Corporate Governance

WE ACT IN COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES, WHILE ADOPTING THE PRINCIPLES OF EQUALITY, TRANSPARENCY, ACCOUNTABILITY, AND RESPONSIBILITY, AND OBSERVE APPLICABLE LEGAL REGULATIONS IN OUR OPERATIONS TO CREATE SUSTAINABLE VALUE.

Material Topics & SDGs

Corporate Governance

SDG 8

Risk Management

SDG 8

Compliance and Audit

SDG 8

We continue our activities in compliance with the Corporate Governance Principles in order to protect all stakeholders, mainly shareholders, to act in the interests of stakeholders, and to create sustainable value for our country while growing. While adopting the principles of equality, transparency, accountability, and responsibility, we observe the banking legislation, capital market regulations, the Turkish Commercial Code, and other relevant regulations in our operations. In this context, we carry out Corporate Governance Compliance Reporting and prepare Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) annually.

We have described in detail our environmental, social, and governance (ESG) efforts in 2021 under the Sustainability Principles Compliance Framework introduced upon the Communique Amending the Capital Markets Board's Corporate Governance Communique no. II.17.1 published in the Official Gazette on October 2, 2020. Pursuant to the decision of the Capital Markets Board no. 34/977 on June 23, 2020, disclosures required from affiliates whose shares are traded on BIST Stars, BIST Main, and BIST SubMarket under the sustainability principles compliance framework shall use the Sustainability Report template via the Public Disclosure Platform (KAP), which will be effective as of the reporting to be made regarding 2022. VakıfBank made necessary disclosures on KAP related to this decision. We have also utilized the Sustainability Report Template in the Integrated Annual Report.

We believe that corporate governance is through managing risks with a proactive approach in accordance with legal legislation and international standards, preventing situations that may cause a conflict of interest and ethical banking practices that increase transparency. We share the information and documents that should be presented to stakeholders transparently in the Investor Relations section of our website. Along with the financial risks that affect or may affect our institution; we also monitor non-financial risks, such as reputational risks and environmental risks, including climate change, and manage these risks in line with national legislation and international regulations.

In addition to being against all kinds of bribery and corruption, we are determined to comply with the relevant laws, regulations, and principles. Issues such as laundering proceeds of crime and fighting financing of terrorism and preventing the use of the financial system by criminals are also among the main areas that we focus on.

You may find detailed information about Corporate Governance on our website at https://www.vakifbank.com.tr/corporate-governance.aspx?pageID=1304

GRI 3-3

Summary Report of the Board of Directors

Dear Shareholders,

Commodity and energy prices surged in the face of mounting geographical and economic risks that the war between Russia and Ukraine posed in 2022. Supply chain disruptions and price hikes resulted in an inflationist trend in the global economy, affecting growth figures adversely. To help keep inflation under control, central banks implemented tight monetary policies, which in turn, caused a slowdown in global economic activity. During this period, although the US Federal Reserve (FED) has slowed down the pace of interest rate hikes in line with market expectations, the policy interest rate has reached its highest level since 2007. In addition, not making a change in its inflation targets, FED announced its plans to continue with rate hikes. However, unnecessary easing of financial conditions may curb efforts to bring price stability, according to the Bank's statements. Meanwhile, struck by the concerns over inflation, the European Central Bank (ECB) began interest rate hikes and adopted monetary tightening policies in 2022, only to slow down the pace at which it increased rates towards the end of the year. However, interest rate hikes and monetary tightening are expected to continue in 2023. Preliminary data shows that the US economy grew by 2.1% and Eurozone by 3.5% in 2022 in line with these developments. Bank of Japan (BoJ) aimed at bringing more flexibility to its monetary policies by widening its target band for the yield curve of 10-year bonds, unlike the tightening policies of other developed economies' central banks.

In 2022, Türkiye's economy maintained its solid growth owing to domestic demand despite changing market conditions and shrinking foreign demand. Household spending was the driving force for growth. Preliminary data announced shows that Türkiye's economy will conclude the year with a 5% growth despite a limited deceleration during the year.

As always, the Turkish banking sector continued with its activities with no interruption whatsoever. Keeping up with technology advancements, and rapidly responding to new regulations introduced, the sector provided unfaltering support to Türkiye's economy. The total asset size of the sector increased by 55.7% in 2022 reaching TL 14,344 billion. The support provided to Türkiye's economy through cash and non-cash loans amounted to TL 10.226 billion. In this period, the equity of the sector rose by 97.1% to TL 1,407 billion. The capital adequacy ratio of the sector, on the other hand, reached 19.5% in 2022.

In 2022, VakıfBank continued to stand by its customers by providing solid support to the national economy. Our assets surged by 66.9% to TL 1,681 billion. During this period, loans again made the most crucial contribution to asset growth. Our performing loans increased by 62.7% and reached TL 933 billion. Commercial loans increased by 68.2% to TL 755 billion, and consumer loans increased by 42.9% to TL 178 billion.

Increasing its total deposits by 90.8% to TL 1.128 billion, our Bank increased its demand deposits by 76.6% and time deposits by 95.5%. In addition to deposits, with new funds amounting to USD 3.3 billion sourced from international markets, the funding structure was diversified.

Increasing its shareholders' equity by 105.9% to approximately TL 107 billion in 2022, our Bank's net profit for the period reached TL 24 billion 17 million. During this period, our capital adequacy ratio was 15.19%.

We thank our customers, employees, and shareholders for their contribution to the results we achieved in 2022.

Yours sincerely,

TÜRKİYE VAKIFLAR BANKASI T.A.O.
BOARD OF DIRECTORS

SDG 8

Board of Directors



Mustafa SAYDAM - Chairman of the Board
Born in Ağrı in 1966, Mustafa Saydam graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1990. He started his career at Vakıfbank in 1993 with the title of Assistant Auditor. After serving as an Auditor from 1996 to 1999, he served as an Assistant Manager and Manager in various branches and units. He worked at the Human Resources Department of Vakıfbank between 2005 and 2010 and as the Chairman of the Audit Board between 2010 and 2013. In October 2013, Saydam was appointed as the Executive Vice President of VakıfBank and held this position until January 2019. Having served as the Deputy General Manager at Vakıf Emeklilik and Board Member at Vakıf Pazarlama, Saydam was elected as a Board Member on March 26, 2021, at the 67th Ordinary General Assembly of VakıfBank and as the Chairman of the Board of Directors at the Board of Directors Meeting held on the same day. Mustafa SAYDAM, who is married with two children, speaks English.



Dr. Cemil Ragıp ERTEM - Deputy Chairman
Dr. Ertem graduated from Dokuz Eylül University, Faculty of Economics. He received his master's degree and Ph.D. in finance and economics from Istanbul University, Faculty of Economics. He was a lecturer at Istanbul University and THK University on the knowledge economy, economy-politics, alternative growth, and monetary theory. Dr. Ertem has authored many articles in the fields of economy-politics, economic policies, and monetary policies. For many years, he was a columnist and a TV commentator on economics in various media outlets and newspapers. He is the winner of the 2011 "MÜSİAD Best Economics Writer" award. He has authored four books: "Endings and Beginnings", "New World Order-Wiki Leaks", "60 Days that Shook the World", and "The River that Found Its Bed" (Political Economy of the Erdogan Era). He is currently the Chief Economic Adviser to Türkiye's President Recep Tayyip Erdoğan and a member of the Presidential Economic Policy Board. He was elected as a Member of the Board of Directors of VakıfBank on August 13, 2018. He has been the Deputy Chairman of the Board of Directors since June 12, 2020, when he was elected at the Board of Directors Meeting.



Abdi Serdar ÜSTÜNSALİH - CEO -Executive Board Member
Mr. Üstünsalih was born in 1963 in Trabzon, and began his career in 1991 at Vakıfbank. He served as the manager of various branches and departments at VakıfBank. He then officiated as the Head of IT, Retail Banking, Banking Operations, and Basic Banking Application Development departments. He was assigned as the Executive Vice President in July 2018 at VakıfBank, and he is continuing as General Manager and managing member of the Board of Directors since May 27, 2019. Üstünsalih is also a Board Member at Türkiye Sınai Kalkınma Bankası A.Ş and Deputy Chairman of the Board of Directors at the Banks' Association of Türkiye. Abdi Serdar ÜSTÜNSALİH is married with two children. He has also served in many foundations and associations.

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Board of Directors



Abdülkadir AKSU – Independent Board Member
Born in 1944 in Diyarbakır, Abdülkadir Aksu completed his primary education at Diyarbakır Republican Primary School and his secondary education at Ziya Gökalp High School. He started his higher education at Ankara University, Faculty of Political Sciences in 1962. After his graduation, he started to work as Intern District Governor in Diyarbakır and then served in Ergani District Governorship, as District Director of Sinan in Bismil District, and as Deputy District Governor in districts such as Genç, Akçadağ, and Doğanşehir. He was appointed as the District Governor of Kınık in 1970. After his military service, he served as the District Governor of the Sarıkaya district of Yozgat, the Police Chief of Malatya, the Deputy Governor of Kahramanmaraş, the Central Police Chief, and the Deputy General Director of the General Directorate of Security, respectively, from 1973 to 1980. On August 29, 1980, he was appointed as the Governor of Rize and also held the offices of Governor and Mayor simultaneously for a short time. After serving as the Central Governor, he served as the Governor of Gaziantep between 1984 and 1987. Elected as the "Bureaucrat of the Year" in 1985, Aksu is also a statesman who has been granted the "Politician of the Year" award dozens of times.

On November 29, 1987, he was elected as the 18th term Diyarbakır Deputy from the Mainland Party and became Deputy Chairman of the Parliament Group of the Mainland Party in December 1987. He was appointed as the Minister of Interior in the 46th Government of the Republic on March 31, 1989; and continued this duty until June 23, 1991, in the 47th Government of the Republic. On December 24, 1995, he was elected as Deputy Chairman of the Mainland Party Parliament Group again, shortly after he entered the Parliament as a Diyarbakır Deputy from the same party. He was appointed as the State Minister position responsible for the South Eastern Anatolia Project in the 53rd Government of the Republic. Aksu joined the Welfare Party on August 16, 1996, and served as a member of the General Administrative Board and Vice President of this party. AKSU continued politics in the Virtue Party after the Welfare Party was dissolved by the Constitutional Court. Abdülkadir Aksu has been one of the founders of the AK Party by continuing with a new enthusiasm and new dreams with Recep Tayyip Erdogan, whom he has great confidence in politics. After serving as the Vice President in charge of Local Governments in this party, he was elected as a deputy from the Istanbul 3rd Region in the elections held on 3 November 2002. He served as the Ministry of the Interior during the 58th and 59th Cabinets and as the Deputy Chairman of the AK Party, responsible for Political and Legal Affairs between 2009-2012.

Abdulkadir AKSU was elected as the Chairman of the Board of Directors of VakıfBank in May 2019 and held the position until March 2021, and he was elected as an independent member at the 67th Ordinary General Assembly of VakıfBank.



Dr. Adnan ERTEM – Board Member
Dr. Ertem (born in 1965) completed his secondary education in Erzurum. He graduated from Istanbul University, Faculty of Political Sciences and Department of Public Administration in 1987 and got his Ph.D. in the field of sociology in 1997. Beginning his career as an Assistant Auditor at the General Directorate of Foundations in 1988, Dr. Ertem was appointed as Auditor in 1991 and Chief Auditor in 2002. Between 2002 and 2007, he served as the Regional Director at the Istanbul Regional Directorate of Foundations. Between 2007 and 2010, he held the position of Deputy Undersecretary of the Turkish Prime Ministry, following this position, he served as the General Manager of the General Directorate of Foundations between October 14, 2010, and December 26, 2019. Dr. Ertem was appointed as the Deputy Minister of the Ministry of Family, Labor, and Social Services in December 2019. On April 21, 2021, since the Ministry in question was divided into the Ministry of Family and Social Services and the Ministry of Labor and Social Security, Dr. Adnan ERTEM continues to serve as the Deputy Minister of Labor and Social Security. Since October 27, 2010, he has been a Board Member of VakıfBank. Dr. Ertem is also a member of the Corporate Governance Committee and Remuneration Committee and a substitute member of the Credit Committee. He is married with two children.

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Şahin UĞUR - Board Member
Şahin Uğur completed his primary and secondary education in Malatya and Erzurum and graduated from Atatürk University, Faculty of Business Administration, Department of Business Management in 1979. He started his career at VakıfBank in 1984 and served as Deputy Manager, Manager, and Head until 2004, and then served as Executive Vice President between 2004 and 2013. Following that, Mr. Uğur served as a Board Member at VakıfBank International AG Vienna, Güneş Sigorta A.Ş., Taksim Otelcilik, Atakule GYO A.Ş., Vakıf Menkul Kıymetler A.Ş., Vakıf GYO A.Ş. which are subsidiaries of VakıfBank. Şahin Uğur, who has been a member of the VakıfBank Board of Directors since 9 June 2017, is also a Member of the Remuneration Committee and Credit Committee.



Prof. Dr. Mehmet Hüseyin BİLGİN - Independent Board Member
Mehmet Hüseyin Bilgin who was born in Siirt in 1973, graduated from the Faculty of Economics of Istanbul University and completed his MA studies in the Department of Labor Economics of the same university, followed by a Ph.D. in Abant İzzet Baysal University's Department of Economics. Mr. Bilgin worked at various universities in Türkiye and abroad and served as the head of the department. Mr. Bilgin became an assistant professor in 2000, an associate professor in macroeconomics in 2005, and a professor in the Department of International Economic Integration in 2011. He continues to work at Istanbul Medeniyet University, Faculty of Political Sciences, and also serves as the Chairman of the Board of the Istanbul Economic Research Association.

Having an executive role in various international and national professional organizations, Mr. Bilgin has many articles published in journals scanned in international scientific indices, studies presented at international conferences, professional books published, and numerous national articles and works performed at national conferences. Having been deemed worthy of some national awards for his works, Bilgin gave many seminars and speeches at foreign universities and international conferences as an invitee. He is also in the editorial management and various boards of some international journals with high-impact factor and within the scope of SSCI. Mr. Bilgin ranks 26th in Türkiye in the RePEc economists ranking as of November 2022 (7th in terms of his work in the last 10 years). Holding a certified public accountant's license, Bilgin was elected an Independent Board Member at VakıfBank's Ordinary General Assembly meeting held on March 25, 2022.

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Board of Directors



Haydar Kemal KURT - Independent Board Member
Haydar Kemal Kurt, who was born in 1963 in Isparta, graduated from Istanbul University's Faculty of Law in 1984. He worked as a freelance lawyer from 1986 to 2007. He served as an Alderman in Istanbul Metropolitan Municipality and Güngören Municipality and as the Chairman of the Law Commission of Istanbul Metropolitan Municipality from 2004 to 2007. In 2007, he was elected as the 23rd Term Isparta Deputy for the Turkish Grand National Assembly and worked as a member of the Constitution Commission. Haydar Kemal Kurt was appointed as a Member of the Board of Directors at the VakıfBank Ordinary General Assembly held on March 25, 2022. Mr. Kurt is married with three children.



Sadık YAKUT - Board Member
Mr. Yakut was born in Kayseri/Büyükkaramanlı in February 3, 1956. He was graduated from Istanbul University, Faculty of Law. He served as a public prosecutor in Halfeti, Çamardı, Savaştepe and Giresun. He served as Investigative Judge and Head of Department within the Ministry of Justice General Directorate of Prisons and Detention Houses. He resigned and became a deputy candidate while he was working as the Ankara Public Prosecutor. He entered the parliament in the 1999 elections as Kayseri Deputy from the Nationalist Movement Party. He served as Group Board Member for his party and Constitutional Committee Member. He served as a Board Member of Gençlerbirliği Sports Club as well. Sadık Yakut, a Founding Member of the Justice and Development Party, served as the Vice President of this party. In the 22nd, 23rd, and 24th terms, he served as the Justice and Development Party Kayseri Deputy and Vice President of the Turkish Grand National Assembly. Mr. Yakut was elected as a Board Member of VakıfBank on May 27, 2019. He is also a member of the Audit Committee and Corporate Governance Committee. He is married with 3 children.

GRI 2-17, 405-1

Board of Auditors



Mehmet Emin BAYSA - Member of the Audit Board
Mehmet Emin Baysa graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration, completed his master's degree in Public Administration, and received training from the National Security Academy. On May 29, 2000, he started his civil service as a District Governor Candidate for the Ministry of Interior. He has served as Deputy Auditor in the Customs Audit Board, Deputy Auditor, Auditor, Chief Auditor, and Deputy Chairman of the Audit Board of the Prime Ministry since August 2001, he served as the Head of the Prime Ministry Foreign Relations and the Head of the Audit Board of the Prime Ministry. Mehmet Emin Baysa, who was appointed as a member of the Presidency State Audit Board on August 3, 2018, is still carrying out this duty. He was elected as a Member of VakıfBank's Audit Board on March 25, 2022.



Hasan TÜRE - Member of the Audit Board
Born in Kızılcahamam/Ankara in 1963, Mr. Türe graduated from Anadolu University's Business Administration Department. He began his professional life as an Intern Officer at VakıfBank in 1990. Since 2002, he served as the Manager of Vezirköprü Branch/ Samsun, Kırşehir Branch, Manager and Board Member of VakıfBank Personnel Private Social Security Services Fund as well as the Board Member at the subsidiaries of VakıfBank, respectively. Mr. Türe retired from VakıfBank on February 28, 2014. He still serves as a Board Member of Yenimahalle/ Ankara Social Assistance and Solidarity Foundation and also various non-governmental organizations operating in Ankara. Mr. Türe was elected as a member of the Audit Board at the Ordinary General Assembly of VakıfBank held on June 9, 2017. He is married with two children.

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Executive Management



Abdi Serdar ÜSTÜNSALİH
(Departments Reporting to General Manager: Lending Policies and Processes Implementation Department, Secure Banking Department, Board of Directors Affairs Directorate, Private Secretariat)
Mr. Üstünsalih was born in 1963 in Trabzon, and began his career in 1991 at Vakıfbank. He served as the manager of various branches and departments at VakıfBank. He then officiated as the Head of IT, Retail Banking, Banking Operations, and Basic Banking Application Development departments. He was assigned as the Executive Vice President in July 2018 at VakıfBank, and he is continuing as General Manager and managing member of the Board of Directors since May 27, 2019. Üstünsalih is also a Board Member at Türkiye Sınai Kalkınma Bankası A.Ş and Deputy Chairman of the Board of Directors at the Banks' Association of Türkiye. Abdi Serdar ÜSTÜNSALİH is married with two children. He has also served in many foundations and associations.



Metin Recep ZAFER
(Departments Reporting to the Executive Vice President of IT Technologies and Operations: R&D, Marketing and Infrastructure Software Development Department, Basic Banking Software Development Department, Digital Channels, Business Intelligence and Payment Systems Software Development Department, System Management Department, IT System and Software Support Department, IT Planning and Coordination Department, Banking Operations Department, Credit, Customer and Account Operations Department, Treasury Operations Department, Foreign Operations Department)
Metin Recep ZAFER was born in 1970 and graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Economics. He also completed his postgraduate and Ph.D. degrees at Marmara University. Mr. Zafer began his banking career in 1992 and served as assistant associate, auditor, and branch manager at various banks. He was appointed as the Executive Vice President at T. Vakıflar Bankası T.A.O. on June 13, 2006. He is fluent in English.



Muhammet Lütfü ÇELEBİ
(Departments Reporting to the Executive Vice President of Human Resources and Corporate Development: Human Resources Department, Corporate Development, Performance Management, and Academy Department)
Mr. Çelebi graduated from Istanbul University, Faculty of Economics and Administrative Sciences, Department of Economics in 1992. He started his career at T. Vakıflar Bankası T.A.O. in 1995 as an Assistant Auditor. After working as an Auditor between 1998 and 2001, he worked as an assistant manager and manager in various branches/departments of the Bank. Between 2011 and 2013, he served as the President of the Retail Banking Department. On 04.10.2013, he was appointed as the Executive Vice President of T. Vakıflar Bankası T.A.O. He is also the Chairman of the Board of Directors at Vakıf Faktoring A.Ş..



Şuayyip İLBİLGİ
(Departments Affiliated to the Executive Vice President of Financial Management, Strategy and Subsidiaries: General Accounting and Financial Operations, Strategy and Planning, Subsidiaries and Affiliates)
Şuayyip İLBİLGİ was born in 1972 in Ceyhan and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Economics in 1994. He started his career as an Assistant Specialist in T. Vakıflar Bankası T.A.O. in 1996. He served as a Manager at the Treasury Department between 2007 and 2010, and then in 2010, he served as the President of the Treasury Department. He was appointed as the Executive Vice President of T. Vakıflar Bankası T.A.O. on 01.08.2017.



Mikail HIDIR
(Departments Reporting to the Executive Vice President of Law and Legal Proceedings: Chief Legal Counsel, Legal Affairs Department, Credit Risk Liquidation Department)
Mr. Hıdır, born in 1979 in Kepsut/Balıkesir, graduated from Ankara University, Faculty of Law in 2000 and worked as a lawyer for some time. In 2003, he began his career as an Assistant Auditor at T. Vakıflar Bankası T.A.O. After working as an Auditor, Mr. Hıdır held the positions of Credit Risk Liquidation Manager, Compliance Manager, Head of Credit Monitoring, Legal Proceedings, Head of Internal Audit, and Executive Vice President at Güneş Sigorta A.Ş. Mr. Hıdır was appointed as the Executive Vice President on December 13, 2018. He is fluent in English.



Hazım AKYOL
(Departments Reporting to the Executive Vice President of Loan Allocation Management: Corporate Loans Allocation Management Department, Commercial Loans Allocation Management 1 Department, Commercial Loans Allocation Management 2 Department, Retail and SME Loans Allocation Management Department, Specialized Loans Management Department)
Mr. Akyol, born in Aksaray in 1969, graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1990. He began his banking career as an Assistant Auditor at T. Vakıflar Bankası T.A.O. in 1993. Following his role as an auditor, Mr. Akyol worked chronologically as Assistant Manager of the Commercial Loans Department and as Manager of Bursa, Kavaklıdere/Ankara, Kızılay/Ankara Branches, Corporate Marketing Manager of Ankara Regional Directorate and Emek/Ankara Branch, respectively. Following those roles, Mr. Akyol was promoted to Senior Vice President position of Institutional Payroll Department and Ankara Corporate Centre Branch. He has also been a Member of the Board of Directors of various T. Vakıflar Bankası T.A.O subsidiaries. On 31.05.2019, he was appointed as the Executive Vice President of T. Vakıflar Bankası T.A.O.

Executive Management



Alaattin ŞİMŞEK
(Departments Reporting to the Executive Vice President of Corporate, Commercial, SME, and Retail Banking Marketing: Corporate Banking Marketing Department, Commercial Banking Marketing Department, SME Banking Marketing Department, Retail Banking Marketing Department, Cash Management, Product Development and Foreign Trade Marketing Department, Corporate Branches)
Mr. Şimşek, born in Araklı/Trabzon in 1972, graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration in 1994. He began his career as an Assistant Auditor at T. Vakıflar Bankası T.A.O. in 1995. Following his role as an auditor, he worked chronologically as Assistant Manager of the Blacksea Regional Directorate, as Manager of the Trabzon Branch, and as Regional Manager of the Eastern Anatolia Regional Directorate. At the Head Office level, Mr. Şimşek served as the Head of the Support Services and Credit Monitoring Departments. Before he was appointed as the Executive Vice President at Vakıf Yatırım Menkul Değerler A.Ş., Mr. Şimşek also served as the Regional Manager in different regions including Trakya, the third, fifth, and sixth regions of Istanbul, respectively. On May 31, 2019, he was appointed as the Executive Vice President at T. Vakıflar Bankası T.A.O.



Ferkan MERDAN
(Departments Reporting to the Executive Vice President of Digital Banking, Customer Experience, and Corporate Communication: Digital Banking and Distribution Channels Department, Corporate Communication Department, Customer Experience and Management Department, Payment Systems Services Department)
Mr. Ferkan MERDAN, born in Kayseri in 1973, graduated from Istanbul University, Faculty of Political Sciences, and Department of Finance in 1996. Mr. Merdan has a masters' degree from the University of Turkish Aeronautical Association, Institute of Social Sciences, and Department of Business Administration. Ferkan MERDAN started his banking career at Ziraat Bank's Banking School in 1996 and then started working as an Assistant Auditor at the Audit Board of T. Vakıflar Bankası T.A.O. in 1999. He served as an Assistant Auditor and then Auditor on the Audit Board between 1999 and 2006, as Manager at the Financial Control Department between 2006 and 2015, and as Chairman of the General Accounting and Financial Affairs Directorate between 2015 and 2019. Mr. Merdan was appointed as the Executive Vice President at T. Vakıflar Bankası T.A.O. on May 31, 2019.



Muhammed Onay ÖZKAN
(Departments Reporting to the Executive Vice President of Treasury Management and International Banking: Treasury Management Department, International Banking and Investor Relations Department, Treasury Middle Office)
Mr. Muhammed Onay ÖZKAN, born in Van in 1977, graduated from Ankara University, Faculty of Political Sciences, and Department of Finance in 1999. He started his banking career as an Assistant Auditor at T. Vakıflar Bankası T.A.O. in 2000. He worked as an Auditor between 2000-2007, as Dealingroom Deputy Manager between 2007- 2011, Dealingroom Manager between 2011-2012, and Asset and Liability Management Manager between 2012-2017. He served as Senior Vice President at the Treasury Management Department of T. Vakıflar Bankası T.A.O. between 2017-2019. Mr. Merdan was appointed as the Executive Vice President at T. Vakıflar Bankası T.A.O. on May 31, 2019.



Arif ÇOKÇETİN
(Departments Reporting to the Executive Vice President of Credit Monitoring, Financial Appraisal, and Rating: Credit Risk Planning and Monitoring Department, Financial Appraisal and Rating Department)
Arif Çokçetin, who is a graduate of Istanbul University, Faculty of Political Sciences, Department of Finance, worked in the Ministry of Finance for a while, followed by titles at VakıfBank since 1996 including Financial Analyst, Manager, and Department Head. On July 13, 2020, he was appointed as the Executive Vice President.



Kadir KARATAŞ
(Departments Reporting to the Executive Vice President of Support Services: Support Services Department)
Kadir KARATAŞ graduated from Bolu Abant Izzet Baysal University, Department of Business Administration, and completed his master's degree at Yıldız Technical University. Since 1996, he has been working as a Financial Analyst, Controller, Manager, Regional Manager, and Head of various departments and branches at VakıfBank. He was appointed as the Executive Vice President on August 13, 2020.



Mustafa TURAN
(Departments Reporting to the Executive Vice President of Retail, Deposit Marketing, and Payment Systems: Retail Banking Marketing Department, Deposit Management and Marketing Department, Payment Systems Marketing Department)
Graduated from Istanbul Technical University, Faculty of Business Administration, Department of Business Engineering, Mustafa Turan has been working in various departments at VakıfBank since 2003 with the titles of Auditor, Manager, and Head. He was the General Manager of Borrowing at the Ministry of Treasury and Finance from 01.09.2019 to 20.12.2021. He was appointed as the Executive Vice President on 14.07.2021. He has been working as the Executive Vice President since December 20, 2021.

Internal Control Systems Executives

Mustafa EMRE
Head of the Audit Board
Mustafa Emre graduated from Hacettepe University, Department of Mathematics, and started his banking career as an Assistant Auditor at the Audit Board in 2003. After that, he was appointed as an Auditor in 2006 and Deputy Chairman of the Audit Board in 2013. He has been working as the Chairman of the Audit Board since 31.07.2017.

Özhan BİLGİN
Head of Risk Management
Özhan Bilgin graduated from Gazi University, Faculty of Engineering and Architecture, Department of Industrial Engineering and started his career in VakıfBank in 2005. After working in the Risk Management Department for 10 years, he continued his career as a Deputy Director in 2015 and Director in 2016 in the newly established Market Risk Management Department. Since 2019, he has been the Head of Risk Management at VakıfBank. He took part in the working groups established within the Banks Association of Türkiye during the transition of the Turkish banking sector to Basel-II in 2012 and in the Regulatory Consistency Assessment Program ("RCAP") efforts, which resulted in full compliance with the regulations, of the Basel Committee in 2016. He completed his Master's degree in Finance from Işık University in 2021. He holds Derivative Instruments, Capital Market Activities Level 3, Corporate Governance Rating, and Credit Rating Certificates issued by the CMB. He is married with one child.

Ali ÇALIŞ
Head of Internal Control
Ali Çalış, who graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Finance, started his banking career as an Assistant Auditor at the Audit Board in 1996. He worked as an Auditor in 1999, and since 2005, he has been working as a Manager at various Branches. He served as a Deputy Chairman at the Audit Board in 2010 and was subsequently appointed as Head of Support Services Department in 2011 and Head of Cash Management Marketing Department in 2018. He has been serving as the Head of Internal Control Department since June 24, 2019.

Ramazan SIRYOL
Head of Compliance and Regulation
Ramazan Sıryol graduated from Istanbul University, Faculty of Economics, Department of Finance, and started his banking career as an Assistant Auditor at the Audit Board in 1993. Since 1999, he has been working as a Manager in various branches. He was appointed as the Head of the Internal Control Department in 2008 and held this position until 2017. He later worked as the Head of Administrative Affairs and Regional Director. As of 18.01.2021, he continues his duty as the Head of Compliance and Legislation. He has also been appointed as the Bank's Financial Group Compliance officer.

Financial Rights

The Chairman, Deputy Chairman, and Members of the Board of Directors receive a salary that is determined by the General Assembly annually. Within this scope, the gross amount (including remuneration, travel allowance, accommodation, representation expenses, and other real and material rights) paid to the members of the Board of Directors, members of the Audit Board, and senior executives is TL 74.1 million in 2022. We state this matter in Article 8 of the Ordinary General Assembly minutes and publish it on our website. However, considering the banking sector practice, we do not disclose the remuneration and all the benefits provided to the members of the Board of Directors and executives with administrative responsibilities on an individual basis. We determine fixed and performance-based payments to senior management and other employees in line with the principles set out in our Bank's Remuneration Policy and publish the relevant document in Turkish and English on our corporate website.

On the other hand, the Bank has imposed a limitation on the loans to be extended to the members of our Board of Directors and our executives in accordance with Article 50 of the Banking Law. In this context, our Bank did not lend money or extend loans to any member of the Board of Directors. The conditions of any member of the Board of Directors have not been improved, a loan has not been extended through a third party and no collateral has been given by the Bank.

In addition, in accordance with Articles 395 and 396 of the Turkish Commercial Law, members of the Board of Directors are permitted at the general assembly. There is no activity that took place within the scope of the permission granted in 2022.

GRI 2-21

Committee Structures and Policies

As an important indicator of the governance structure, we designed our senior management structure in compliance with the Corporate Governance Principles. Our Board of Directors, which is the highest managing body that directs our strategies and policies, consists of nine members in total, including the Chairman, Deputy Chairman, General Manager, and six members, and three of them are independent members in accordance with the Corporate Governance Principles. Our Board of Directors consists of nonexecutive members, except the General Manager, and the duties of the General Manager and the Chairman of the Board of Directors are carried out by different people.

The committees that we have formed to carry out active operations for all corporate governance activities, continue their duties within the framework of the working principles specified in the Bank's Articles of Incorporation. Our management committees which operate for the purpose of policy formulation, determination of strategy, monitoring compliance with action plans, and performance evaluation;

- Board of Directors
- Credit Committee
- Audit Committee
- Corporate Governance Committee
- Remuneration Committee
- Asset & Liability Management Committee
- Ethical Principles and Ethics Commission
- Sustainability Committee

You can find detailed information about our Committees at https://www.vakifbank.com.tr/committees.aspx?pageID=2528

In addition to the aforementioned committees, with a view to securing efforts towards the Bank's vision and mission in line with the corporate governance approach, and to facilitating sound and smooth decision-making processes, there are Information Systems Strategy and Steering Committee, Demand Prioritization and Steering Subcommittee, Information Security Committee, Information Systems Continuity Committee, Emergency and Contingency Committees, Savings Committee, Capital Committee, New Product Development Committee, Market Risk Management Committee, Credit Risk Management Committee, Treasury Foreign Exchange Position and Stop Loss Limits Management Committee, Digital Transformation Committee, Suggestion Evaluation Committee, R&D Management Committee, R&D Executive Committee, Operational Risk Management Committee, Banking Improvement and Development Committee, Expense Management Evaluation Committee, TFRS 9 Senior Steering Committee, TFRS 9 Committee, Customer Request Evaluation Committee, Crisis Communication Committee, External Fraud Risk Committee, and the Data Governance Committee, Information Sharing Committee, and Sustainability Committee.

Our policy documents created within the framework of corporate governance;

- Disclosure Policy
- Ethical Principles Policy
- Profit Distribution Policy
- Anti-Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Donation and Aid Policy
- Human Rights and Employee Rights Policy
- Occupational Health and Safety Policy
- Remuneration Policy
- Indemnity Policy
- Privacy Policy
- Cookies Policy
- Environmental Policy
- Sustainability Policy
- Customer Satisfaction Policy
- Supplier Selection and Compliance Policy
- Equal Opportunity Policy
- Environmental and Social Impacts Management Policy in Lending Processes
- Social Responsibility

GRI 2-9, 2-23, 2-24

Committees

CREDIT COMMITTEE

VakıfBank Credit Committee is comprised of two permanent members and two substitute members, in addition to General Manager. Permanent members are Mustafa Saydam and Şahin Uğur. Dr. Adnan Erdem and Dr. Cemil Ragıp Ertem are substitute members.

The functions of the Credit Committee are as follows:

- Performing the tasks stipulated in the Banking Law in accordance with the principles set forth by the Board of Directors,
- Soliciting the written recommendation of the Head Office in lending decisions, and providing financial analysis and intelligence reports about those applying for loans with respect to recommendations for loans in which account status documentation is mandatory,
- Providing any type of information that may be requested by any of the members of the Board of Directors about the Committee's activities and cooperating in the performance of any checks and controls since the Committee's activities are overseen by the Board of Directors.

AUDIT COMMITTEE

Abdülkadir Aksu and Sadık Yakut were elected to the Audit Committee that was established to assist VakıfBank's Board of Directors in carrying out its auditing and oversight responsibilities.

The Audit Committee has assumed the following duties and functions:

- Overseeing the effectiveness and adequacy of the internal control, risk management, and internal audit systems of the Bank; functioning of these systems as well as the accounting and reporting systems in accordance with applicable laws and regulations; and maintaining the integrity of the information generated by these systems on behalf of the Board of Directors;
- Performing the preliminary assessments required for the selection of the independent audit companies by the Board of Directors;
- Monitoring the activities of the independent audit companies selected by the Board of Directors on a regular basis;
- Ensuring the consolidated functioning and coordination of the internal audit functions of the institutions subject to consolidated audit;
- Receiving regular reports from the departments in charge of internal audit, internal control, and risk management systems, and from independent audit companies on the functioning of their roles.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee of VakıfBank is composed of Board Members Abdülkadir Aksu, Dr. Adnan Ertem, Sadık Yakut, Ali Tahan, Head of International Banking and Investor Relations, and Korhan Turgut, Head of General Accounting and Financial Affairs. The Corporate Governance Committee is responsible for overseeing the Bank's compliance with the Corporate Governance Principles.

The Corporate Governance Committee is in charge of performing the following tasks:

- Overseeing the degree of compliance with the Corporate Governance Principles within the Bank and determining the reasons in case of non-compliance as well as determining the negative impacts resulting from incomplete adherence to these principles and recommending corrective actions to be taken in respect thereof,
- Formulating methods that will provide transparency in the identification of the candidates for the Board of Directors to be recommended to the Board of Directors,
- Undertaking research and developing recommendations about the number of executives in senior management positions,
- Formulating recommendations and monitoring the implementations related to the principles and practices for performance evaluation and compensation of the members of the Board of Directors and the executives,
- Providing recommendations to the Board of Directors pertaining to the persons to be appointed to the Bank's senior management positions consisting of Executive Vice Presidents and equivalents,
- Investigating the independence of the members of the Board of Directors and uncovering any conflicts of interest,
- Providing assessments and recommendations pertaining to the structure and operating principles of the committees reporting to the Board of Directors.

REMUNERATION COMMITTEE

VakıfBank's Remuneration Committee was established upon the Board decision numbered 82893 dated January 26, 2012, pursuant to Principle 6 of the Corporate Governance Principles as amended by the "Regulation Amending the Regulation on Corporate Governance Principles of Banks" promulgated in the Official Gazette numbered 27959 dated June 9, 2011. Şahin Uğur and Dr. Adnan Ertem are the Members of the Committee.

The Remuneration Committee:

- Evaluates remuneration policies and practices in the context of risk management, and report its recommendations to the Board of Directors annually.
- This Committee develops its recommendations regarding remuneration of the members of the Board of Directors and senior executives by taking the Bank's long-term objectives into consideration. Moreover, it establishes remuneration criteria to be used in relation to the respective performance of both the Bank and members of Board of Directors; and recommends the Board on remuneration to be paid to members and senior executives in the light of the extent to which such criteria are met.

ASSET & LIABILITY MANAGEMENT COMMITTEE

The Asset & Liability Management Committee convenes on a weekly basis to evaluate economic and market developments and to discuss the possible impacts of these developments on the Bank's balance sheet. In this context, actions are taken to preserve the quality of the asset and steer the development of the balance sheet in line with the growth strategies planned by the Bank in a way of managing the funding cost and structural risks on foreign exchange, interest rate, liquidity and credit risks at the optimal level within the thresholds set by applicable law. In order to maintain effective liquidity and funding management, the Committee monitors borrowings and credit extensions that bring short-term cash inflows and outflows and evaluates measures and actions that will inform on liquidity/fund-raising and extensions in accordance with the Bank's primary objectives and strategies.

The Committee is also in charge of evaluating alignment of the tasks performed by respective departments with the growth strategies embraced by the Bank; monitoring and analyzing profitability and net interest income; and taking actions to update policies, procedures, regulations and other documents. In addition, the Committee regularly reviews the efforts and practices related to the decisions taken in previous meetings.

Moreover, it reviews legal authorities' decisions with an actual or probable effect on the Bank' operations; and by tracking those novelties introduced by evolving technologies, it defines agenda items to decide on so that the Bank takes proactive actions. When necessary, the Committee meets on short notice and evaluates extraordinary liquidity and funding issues and/or the events occurring in the markets and enables measures to be taken promptly.

Chaired by General Manager, the Committee is composed of Executive Vice Presidents, the Head of Strategy and Planning, the Head of Risk Management, the Head of International Banking and Investor Relations, and the Manager of the Economic Research Department.

ETHICAL PRINCIPLES AND ETHICS COMMISSION

VakıfBank's Ethics Commission was established by the decision of the Board of Directors on July 4, 2019, in accordance with the Operating Procedures and Principles of Internal Committees of VakıfBank.

The Commission is composed of the Executive Vice President of Human Resources and Corporate Development, who chairs it, in addition to the Chairman of the Inspection Board, Head of Internal Control, Chief Legal Advisor, Head of Human Resources, Head of Corporate Development, Performance Management and Academy, Head of Strategy and Planning, Head of Compliance and Regulation.

The duties and authorities of the Commission are indicated below.

- Determining the framework of ethical behavior principles to be observed by employees in carrying out their duties,
- Evaluating the reports of alleged violations of ethical conduct principles conveyed ex-officio or in person,
- Evaluating the reports filed as to whether ethical conduct principles have been violated and notifying, in writing, the result of the evaluation to relevant authorities,
- Conducting or securing efforts to instill a culture of ethics into the Bank and providing support to activities to be carried out to this end.

The commission convenes at least every three months.

SUSTAINABILITY COMMITTEE

VakıfBank Sustainability Committee was established by the decision of the Board of Directors dated 30.12.2021 in accordance with the Operating Procedures and Principles of Internal Committees of VakıfBank. Chaired by General Manager, it is composed of one independent Board Member elected by the Board of Directors, Executive Vice President of Financial Management, Strategy, and Affiliates, Executive Vice President of Corporate, Commercial, and SME and Retail Banking Marketing, Executive Vice President of Support Services, Executive Vice President of Digital Banking, Executive Vice President of Customer Experience and Corporate Communications, Executive Vice President of Treasury Management and International Banking, Executive Vice President of Credit Allocation Management, Executive Vice President of Human Resources and Corporate Development, Executive Vice President of Retail Deposit Marketing and Payment Systems, Head of International Banking and Investor Relations, Head of Strategy and Planning, Head of Risk Management, Head of Support Services and Head of Specialized Loans Management. The Sustainability Committee determines the Bank's sustainability strategy and policy and ensures that the necessary actions are taken in this regard. It is the highest-level decision-making body of the bank in terms of sustainability.

The Corporate Governance Committee is in charge of performing the following tasks:

- Creating the Bank's sustainability strategy and policies,
- Determining the sustainability targets of the Bank, creating action plans prepared in accordance with the established targets, and ensuring the coordination of the activities carried out,
- Ensuring the follow-up of sustainability studies and ensuring the strengthening of the sustainability performance of the Bank,
- Ensuring the integration of sustainability into all business units and processes,
- Deciding the important issues discussed at the Sustainability Subcommittee and communicated to the Committee,
- Providing suggestions on making the necessary organizational changes to carry out the Bank's sustainability activities effectively and efficiently,
- Reviewing the Bank's sustainability reports, ensuring their preparation, and submitting them for the approval of the Board of Directors,
- Ensuring that the risks and opportunities arising from climate change, especially carbon, and water, are identified, prioritized, and managed,
- Following the national and international legislation related to the environmental and social risks that are important in the Bank's lending process,
- Providing suggestions on collaborations that the Bank can become a member of and support in the field of sustainability.

Meeting Time and Frequency:
The Committee convenes under the Chairmanship of the General Manager. If the Chairman is unable to attend the meeting, the Executive Vice President of Treasury Management and International Banking chairs the meeting and meets when the secretariat deems it necessary, at least twice a year.

MEETING SCHEDULE OF THE COMMITTEES AND ATTENDANCE AT MEETINGS

Board of Directors
It generally convenes every 15 days, but more frequently in case of emergencies. The Board of Directors convened 62 times and adopted 1,468 resolutions in 2022.

Credit Committee
It generally convenes every 15 days and holds extraordinary meetings in case of emergencies. Meeting time is determined based on the number of agenda items received by the meeting secretariat and their urgency. The Committee convened 38 times and adopted 433 resolutions in 2022.

Corporate Governance Committee
It convenes on the dates specified by the Committee Chairman; generally, every three months or at least twice a year, but not to exceed six months between meetings. The Committee convened three times and adopted three resolutions in 2022.

Remuneration Committee
It convenes at least once a year. The Committee convened two times and adopted two resolutions in 2022.

Audit Committee
The Committee convened 21 times and adopted 77 resolutions in 2022.

Asset & Liability Management Committee
Generally meeting weekly, the Committee convened 44 times in 2022.

Ethical Principles and Ethics Commission
The Committee convened one time in 2022.

Sustainability Committee
The Committee convened two times in 2022.

GRI 2-12, 2-13, 2-14, 2-15, 2-16, 2-18, 2-19, 2-20, 2-21

GRI 2-12, 2-13, 2-14, 2-15, 2-16, 2-18, 2-19, 2-20, 2-21

Outsourced Support Services

VakıfBank procures support services from various companies in order to increase service quality and maximize customer satisfaction, pursuant to the Banking Law numbered 5411 and Communiqué on Bylaw Regarding Procurement of Support Services by the Banks dated 05.11.2011 and numbered 28106.

Services procured from the following enterprises in the fields of private security and cash transportation under Law numbered 5188 on Procurement of Private Security Services, information systems, various campaigns, merchant authentication, call center services within the scope of improving our Bank's registries, retail marketing, and data logging activities, valuable paper printing, human resources, and mortgage transactions, provided that management, access, control, audit and update thereof are at discretion of our Bank.

Private Security and Cash Transportation Services Procured from Companies under Law Numbered 5188 on Private Security Services:

- Loomis Güvenlik Hizmetleri A.Ş.
- Desmer Güvenlik Hizmetleri A.Ş.
- Bakkaloğlu Özel Güvenlik Ltd. Şti.
- PYS Güvenlik A.Ş.

IT Systems and Software Services:
- Bilişim Bilgisayar Hizmetleri Ltd. Şti.
- Diebold Nixdorf Teknoloji A.Ş.
- Experian Bilgi Hizmetleri Ltd. Şti.
- ICS Financial Systems Ltd.
- Infina Yazılım A.Ş.
- Innova Bilişim Çözümleri A.Ş.
- Key İnternet Hizmetleri Bilgisayar Yazılım Don. Mühendislik Müş. San. ve Tic. Ltd. Şti.
- Kobil Bilgisayar Enerji ve Elektrik Sistemleri San Tic. Ltd. Şti.
- Kredi Kayıt Bürosu A.Ş.
- Mapa Global Bilgisayar Yazılım Danışmanlık Sanayi Ltd. Şti.
- Pronet Güvenlik Hizmetleri A.Ş.
- Riskaktif Danışmanlık Eğitim Yazılım San Tic. Ltd. Şti.
- Suntec Business Solutions FZE
- Troy TRM Enformasyon ve Yazılım Ltd. Şti.
- Veripark Yazılım A.Ş.
- Verifone Elektronik ve Danışmanlık Ltd. Şti.
- 6Kare Bilgi Teknolojileri A.Ş.
- DSM Turkey Teknoloji Hizmetleri A.Ş.

Call Center Services:
- CMC İletişim Bilgisayar Reklam ve Dan. Hiz. San. ve Tic. A.Ş.
- Assisst Rehberlik ve Müşteri Hizmetleri A.Ş.
- Global Bilgi Pazarlama Danışma ve Çağrı Merkezi Hizmetleri A.Ş.
- Metis Bilgisayar Sistemleri San. ve Tic. A.Ş.

Retail Marketing and Data Entry Services:
- T.C. Posta ve Telgraf Teşkilatı Genel Müdürlüğü
- Mastercard Europe SA
- 18 car dealers
- 8 Educational Institutions

Printing of Negotiable Instruments:
- MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri San. ve Tic. A.Ş.

Outsourcing:
- Vakıf Pazarlama Sanayi ve Ticaret A.Ş.
- OBSS Bilişim Bilgisayar Hiz. Dan. San. ve Tic. Ltd. Şti.

Credit Card Distribution Services:
- Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.

Printing of Deposit and Credit Card Account Statements:
- Postkom Basım Posta ve İletişim Hizmetleri A.Ş.

Physical Archive Services:
- Reisswolf Doküman Yönetimi Hizmetleri A.Ş.

Receiving Consumer Loan Requests via Car Dealers for New Cars:
- Öztek Motorlu Araçlar Tic. A.Ş
- Uğuroto Otomotiv Tic. A.Ş.
- Hizel Otomotiv İnş.Teks.Turz.Otelcilik San. ve Tic. A. Ş
- Koçmak Otomotiv İnşaat Enerji San. ve Tic. Ltd. Şti.
- Ilıcak Otomotiv Ticaret ve Sanayi Ltd.Şti.
- Şampiyon Akaryakıt Madencilik İnşaat Otomotiv Sanayi ve Ticaret Ltd. Şti.
- Muhittinoğlu Otomotiv San. ve Tic. Ltd Şti.
- Cangarlar Otomotiv İnşaat Ticaret A.Ş.
- Oruçlar Otomotiv İnşaat San. ve Tic. Ltd. Şt

Receiving Loan Applications as part of the School Collection System:

- Beşiktaş Eğitim Hizmetleri A.Ş.
- Bahçeşehir Okulları Güneydoğu Eğitim Hizmetleri A.Ş.
- Özer Kaya Temel Eğitim Kurumları A.Ş.
- Bahçeşehir Eskişehir Okulları A.Ş.
- Bahçeşehir Okulları A.Ş.
- Özel Samsun Eğitim Sentezi İnş. San. ve Tic. A.Ş.
- Bahçeşehir Eğitim Kurumları A.Ş.
- Arı İnovasyon ve Bilim Eğitim Hizm. A.Ş.

Transactions with the Bank's Risk Group

The details of the transactions with the Bank's risk group in 2022 and explanations thereon are presented in the annual report in the footnote numbered VII to Section 5 of the Independent Auditor's Report on Unconsolidated Financial Statements.

Corporate Governance Principles Compliance Report

SECTION I- DECLARATION OF CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

Türkiye Vakıflar Bankası T.A.O. ("VakıfBank" or "Bank") are bound by the Corporate Governance Principles established by the Banking Legislation, the Capital Market Legislation and the Turkish Commercial Code and relevant regulations and pays maximum attention to the implementation of these principles. VakıfBank embraces the principles of equality, transparency, accountability, righteousness, clarity, and responsibility as stipulated in the Corporate Governance Principles ("Principles") published by the Capital Markets Board ("CMB").

The Bank carried out its activities in the field of Corporate Governance in accordance with Corporate Governance Principles included in the Annex of the Corporate Governance Communiqué No II-17.1 published in the Official Gazette dated 3 January 2014 and numbered 28871 and the CMB's regulations on the issue in 2022. The Bank is in full compliance with the following principles that must be implemented by banks (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5. 12.), (4.5.13.), (4.6.2.) and (4.6.3.).

Although it is aimed to fully comply with the non-compulsory Corporate Governance Principles, the main principles that have not yet been complied with are stated below and detailed information on the subject is included in the relevant sections. Until today, there has not been any conflict of interest between the stakeholders arising from non-compliance with the principles. Necessary studies are being carried out to comply with non-compulsory principles.

- As for Principle 4.2.8, Executive Financial Liability Insurance has been taken out with a limit of USD 10,000,000 from May 27, 2022, to May 5, 2023, for damages that Board Members may cause due to their negligence while performing their tasks.
- As for Principle 4.3.9, no target or ratio for female members on VakıfBank's Board has been set to date. There is no woman among the nine board members elected at the 68th Ordinary General Assembly on March 28, 2022, and no conflict of interest has arisen to date among stakeholders regarding the fact that the ratio specified in the advisory Corporate Governance Principle has not been attained.
- Regarding principle no. 4.4.7, no restrictions have been imposed on the appointment of board members to any other place other than the Bank. The members of the Board of Directors of the Bank have been given permission on matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code, and this issue was submitted to the information and approval of the shareholders with a separate agenda item at the 68th Ordinary General Assembly held in 2022.
- Regarding the principle 4.5.5, the members of the committee are elected in accordance with the principles specified by the Capital Markets Board Corporate Governance Principles and the Banking Regulation and Supervision Agency; and some Board Members serve on more than one committee. These members aim to increase coordination between committees.
- Regarding principle 4.6.1, no special evaluation has been carried out at the board level for performance evaluation. However, it is planned to work on evaluating the performances of the members of the Board of Directors in the coming years.
- Regarding principle 4.6.5, in parallel with the general practices in the sector, wages are not shared on an individual basis and the total payments made to the members of the board of directors are shared at the Ordinary General Assembly and in the Integrated Annual Report.

The Corporate Governance Committee, which is responsible for investigating to what extent the corporate governance principles are implemented at the Bank, determining the reasons for not being implemented, determining the negativities that develop as a result of not being fully implemented, and recommending the taking of remedial measures within the framework of the Regulation on Corporate Governance Principles of Banks published by the Banking Regulation and Supervision Agency and the Corporate Governance Communiqué published by the Capital Markets Board, convened 3 times in 2022 with the participation of all members. The Board of Directors deemed the work carried out by the Corporate Governance Committee in 2022 effective, appropriate, sufficient, and in compliance with the legislation.

SECTION II- SHAREHOLDERS

2.1 Investor Relations Department

The duties of the Investor Relations Department are fulfilled by Ali Tahan, Head of International Banking and Investor Relations, and Zeynep Nihan Dincel, Investor Relations Manager, under the management of Executive Vice President Muhammed Onay ÖZKAN.

Conducting relations with foreign and institutional investors, rating agencies, and shareholders, the Investor Relations Department informs and reports to the Board of Directors regarding all activities carried out and submits presentations periodically.

GRI 2-10, 2-11, 3-3

Corporate Governance Principles Compliance Report

Investor Relations Department

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The main duties and responsibilities of the Investor Relations Department are as follows;

- Managing relations with existing and potential foreign investors, local institutional investors and rating agencies,
- Maintaining the relations with brokerage companies' analysts who prepare reports regarding the Bank,
- Attending meetings organized in Türkiye and abroad on behalf of VakıfBank,
- Preparing quarterly presentations regarding results of the financial statements and making teleconferences,
- Preparing corporate presentations and similar types of meeting tools that publicize the Bank by arranging various target-driven publicity and informative meetings,
- Keeping the "Investor Relations" page up-to-date that includes Turkish and English content on the Bank's website,
- Working in coordination with the relevant Head Office units to prepare and update Corporate Governance Principles Compliance Report, Corporate Governance Compliance Report (URF), and Corporate Governance Information Form (KYBF),
- Contributing to the preparation of the Bank's annual and interim activity reports,
- Working in coordination with the relevant Head Office units during the preparation of the Bank's Sustainability Report,
- Responding to the written and verbal information requests of the shareholders regarding the partnership, excluding the information that is confidential and trade secret and has not yet been disclosed to the public,
- Ensuring that the records regarding the shareholders are kept up to date and stored securely,
- Ensuring that all the Bank's information and environmental, social and governance policies are up-to-date,
- Announcement of material event disclosures required to be made within the scope of the capital market legislation and the relevant legislation that the Bank is obliged to comply with, through the Public Disclosure Platform,
- The Bank's sustainability strategy is composed of efforts to ensure that sustainability activities are carried out in line with the Bank's priority areas and goals; its ranking on sustainability indices is maintained; relations with sustainability rating firms are managed, and the Bank's sustainability performance is enhanced,
- Conducting joint efforts with different units in sustainability-related areas; and undertaking activities in collaboration with the Integrated Management System Working Group (which was formed in 2022 to guarantee the continuity of the integrated management system and monitor potential new management standards for the Bank's environmental and social impacts), Climate Risks and Environmental Social Risk Management System Working Group (formed to run climate change-related efforts in coordination with the establishment of an environmental and social risk system), and the Working Group formed to attain CEPs and follow up good practices in this area,
- And ensuring the necessary coordination for the establishment and continuity of the Quality and Environmental Management System defined by the Corporate Governance Committee within the Bank.

In 2022, Investor Relations Department:

- Information requests submitted by the shareholders were answered.
- Attended 12 domestic and foreign investors' conferences and webinars. In addition, online and face to face meetings were held during which over 300 domestic and foreign institutional investors were met.
- Four teleconferences were organized on the results of the financial statements and their records were published on the English website.
- Annual regular evaluation meetings were held with rating agencies (Moody's, Fitch, and JCR).
- Close contact was established with all analysts who prepared reports about the bank, accurate and reliable information was provided to the analysts during the preparation of the reports, and feedback was given to the analysts regarding the reports they prepared.
- Continuous communication with fixed-income securities investors continued. Documentation studies of the Medium-Term Bond Issuance Program (GMTN) have been carried out.
As the bank with the most sustainability-themed sources in its funding structure, VakıfBank renewed its sustainability-themed syndication loan worth USD 1 billion with a ratio of over 100% in May 2022. Striving to improve sustainability performance criteria whilst identifying new road maps, VakıfBank set a target to provide at least 90% of it's electricity consumption from renewable energy. Another goal is to build the Bank's Head Office Building at Istanbul Finance Center as an environment-friendly building and obtain LEED-Gold certification. In November 2022, VakıfBank renewed ts syndication loan worth USD 560.3 million with the highest ratio among commercial banks. An overview of 2022 shows that VakıfBank renewed all its syndication loans, worth USD 1.5 billion in total, with the highest ratio of 97%. The key performance criteria for the Bank's second sustainable syndication loan of the year aim to minimize the use of plastics at all bank locations through the implementation of water purification systems in all branches of the Bank. The other performance criteria under the loan is a 2% annual reduction in total GHG emissions.
- 400 million Euro raised from abroad based on sustainability criteria has constituted the highest sustainability-themed secured funding deal among Turkish banks.
- The Sustainability Committee, which is the highest authority responsible for determining the Bank's sustainability strategy and policy and taking actions in this respect, and the Sustainability Subcommittee, which is responsible for putting the Bank's sustainability strategy into practice and implementing the decisions taken by the Committee, have been established under this committee. It was decided that the Sustainability Subcommittee could create sub-working groups responsible for different areas of expertise and functions if necessary.
- On February 13, 2017, the Bank swapped the USD 227.6 million tranche of the bonds issued in 2012 subject to the provisions of Basel II-compliant subordinated debts with Basel III-compliant, 10-year bonds which featured the option of early amortization at the end of year 5. In 2022, the Bank decided to opt for such early amortization. With this transaction, we created quite a positive impact in terms of the Bank and the Turkish banking sector before investors.
- The secretariat operations of the Sustainability Working Group have been carried out.
- Partnerships have been carried out with other relevant head office units of the Bank for the development of sustainable banking practices.
- Reports raising awareness within the Bank about the possible effects of sustainability on the banking sector have been prepared.
- Relations with national/international organizations and initiatives have been carried out within the scope of the Bank's environmental, social, and governance activities.
- Relations have been carried out uninterruptedly for its continuity on BIST Sustainability Index and FTSE4Good Emerging Markets Index, where the Bank is listed.
- The Progress Reports in relation to the Global Compact, the largest sustainability initiative on a global scale, and the United Nations Women's Empowerment Principles (UN WEPs) have been prepared.
- The Bank was selected for Bloomberg GEI with a higher ranking and for the fourth time this year, maintaining its presence on the index in 2023.
- After a dedicated study in the evaluation methodology of Sustainalytics, one of the leading independent global firms in providing sustainable banking, environmental, social, and corporate governance research, and rating services to investors, the Bank's ESG risk rating has been improved from 19.8 (low risk) to 19.1 (low risk). With this score, the Bank preserved its successful position as one of the banks with the lowest risk score.
- We report our climate change strategy, governance, risk management, carbon emissions, and our goals in these areas to the Carbon Disclosure Platform's (CDP) Climate Change Program, and thus present our performance to investors and the public. Under CDP Climate Change Program, to which we have been reporting since 2015, we have maintained our performance score of "B" since 2021. As of 2022, we started efforts related to CDP Water Security Program, where we scored a "B- ".
- The S&P Global CSA survey has been responded to.
- In order to keep the Bank's environmental, social, and governance policies up-to-date, the necessary coordination has been established with the relevant departments.
- In addition to attaining the title of Carbon Neutral Bank, which it holds since 2020, VakıfBank made a transition to 100% renewable energy, obtaining a globally-recognized I-REC certification thanks to its operations in 2022 as part of its sustainability efforts.
- The Bank secured the continuity of the ISO:9001-2015 Quality Management System established in 2017 to cover all operations of the Bank. After adopting the full scope of the ISO:14001-2015 Environmental Management System and ISO 45001 Occupational Health and Safety System in 2020, the Bank continued with these systems in 2022, as well. The plan for 2023 is to integrate the Bank with the ISO 50001 Energy Management System.

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- CEPs activities initiated in 2022 under the 200 million Euro "Green Housing Project" with the French Development Agency (AFD) were finalized in 2022. The Sustainability Committee passed a decision to have over 51% female employees among new recruits. A "Management Skills Development Program" was established for promoted female/male colleagues. As part of this program involving the Bank's IT team leaders, 132 managers were provided with courses on leadership, delegation, managerial attitude, adult relations, and feedback. Alternative spots for breastfeeding were examined at branches and dedicated rooms were created in those branches where it was viable. There are seven branches equipped with breastfeeding rooms meeting minimum standards, and the plan is to continue with these efforts in 2023. The Procedure for No Harassment and Violence at Work has been established and communicated to employees on the intranet. Reports of any incidents that constitute a violation of this procedure are submitted to the Ethics Reporting Line. The Ethics Committee is in charge of addressing these reports.
- VakıfBank became the first Turkish public institution in 2019 to promote the commitment to reduce carbon emissions by joining the Science Based Targets initiative. In 2021, the Science Based Targets initiative published its draft public opinion regarding the basics of setting net zero targets in the finance sector. In 2022, we have set our science-based targets for carbon emission reduction and submitted our application to SBTi.

2.2 Exercise of Shareholders' Right to Information

Questions directed to the Investor Relations Department, except for confidential and trade secret information, are answered either by telephone or in writing by contacting the most authorized person.

The questions addressed to the Investor Relations Department are answered, except the ones that interfere with confidential business information, by contacting with the most authorized person. Information and developments that interest the shareholders such as stock transactions, capital increases, dividend transactions, General Assembly meetings, financial statements, and disclosure of material matters, are regularly communicated with the related parties via websites, newspaper ads, mails, or phone calls. Mentioned developments and information are shared with the investors located abroad via e-mail. Moreover, information requests made within the activity period by the domestic shareholders about the status of their stocks, conversion transactions of the existing shares and stock sharing transactions upon death are responded in writing.

Information and explanations concerning the shareholders are published on the corporate website in Turkish and English.

Turkish investor relations link:
http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657

English investor relations link:
http://www.vakifbank.com.tr/investor-relations.aspx?pageID=625

These websites include; corporate information, Bank's Articles of Incorporation and the Law on VakıfBank, General Assembly information documents, profit distribution chart, General Assembly Internal directive, attendance lists, brief minutes, periodic financial statements and integrated reports, credit rating scores given by credit rating agencies, Corporate Governance reports, sustainability information, stock data, press releases and announcements about the developments in the Bank. These websites also include the disclosure of material matters on publicly announced developments in relation to VakıfBank via Public Disclosure Platform.

VakıfBank implements the provisions of Turkish Commercial Code in relation to appointment of a private auditor; this issue has not been provided in a separate article within the Articles of Incorporation. There was no request for appointment of a special auditor during the year 2022. VakıfBank is subject to audit periodically.

2.3 General Assembly Meetings

The Ordinary General Assembly Meeting was held at the Bank's Head Office in 2022. The 68th Ordinary General Assembly Meeting was held on March 25, 2022, and the participation level was 92.14%.

"Regulation on The General Assemblies of The Joint Stock Companies That Will Be Made in Electronic Environment" and "Communiqué on The General Assembly System That Will Be Used in The General Assemblies of The Joint Stock Companies." In this context, stakeholders had the opportunity to participate in the General Assembly meeting electronically, made suggestions, expressed their opinions, and had the opportunity to vote.

In order to inform the shareholders prior to General Assembly Meetings, the call for General Assembly, the agenda, the sample of the proxy letter, and other attached documents were publicly announced in conformity with the relevant legislation via the Public Disclosure Platform, Turkish Trade Registry Gazette, Electronic General Assembly System and at least on two newspapers (published nationwide) selected by the Board of Directors and the said documents were published in Turkish and English. A minimum of 21 days prior (meeting and call dates excluded), a call for a General Assembly is made in the Central Registry Agency system for the e-General Assembly service that enables participating, making proposals and statements, and voting at the Bank's General Assembly Meeting on electronic platform. Moreover, these documents are sent to the shareholders whose up-to-date addresses are listed on the Bank's records.

The 2021 annual report issued for the General Assembly, including the Bank's balance sheet and profit/loss statements for the 2021 accounting period, the Board of Director's annual report, the auditor's report, and the independent external audit company report, was made available before the General Assembly meeting within the timelines set out in the related regulation for the Bank shareholders' information and review via VakıfBank corporate website, Central Registry Agency system, Electronic General Assembly System, Head Office, and all branches of the Bank. Furthermore, in case of shareholders' request, Bank's branch staff will be providing them with copies of the call for the General Assembly, agenda, and power of attorney samples. Shareholders, entitled to attend the General Assembly, who completed the necessary procedures did attend the Ordinary General Assembly Meeting held in 2022.

In the announcement and invitation letters published before the General Assembly;

- Date, time and location of the meeting,
- Agenda of the meeting,
- The body inviting shareholders to the meeting (e.g. Bank's Board of Directors
- The locations where the integrated annual report, balance sheet, and profit/loss account statements are available for review by shareholders in case of ordinary meeting announcements (Head Office, branches, Central Registry Agency system, Electronic General Assembly System, and corporate website)
- Sample power of attorney for shareholders who will not attend the meeting in person

The issued Integrated Annual Report includes information such as; information regarding the activities of the Bank, information regarding the senior management, the Bank's balance sheets, balance sheet footnotes, independent audit report, audit board report, Board of Directors' proposal for profit distribution, Corporate Governance Principles Compliance Report, ratings of the rating agencies, etc. Upon request, the Investor Relations Department provides shareholders with a copy of the Integrated Annual Report before or after the General Assembly meeting.

No media members participated in the 68th Ordinary General Assembly of the Bank.

At the Bank's General Meetings, all shareholders have the right to take the floor, express opinions, and ask questions on issues related to the agenda, regardless of their share rates. At the Ordinary General Assembly meeting held in 2022, there were no items requested to be put on the agenda by the shareholders.

Within the scope of Corporate Governance Principle No 1.3.5, all questions asked during the General Assembly meetings and the answers given to these questions are made available on the Bank's website within 30 days following the General Assembly. In the wishes and closing section, which is the 14th agenda item of the Ordinary General Assembly Meeting held on March 25, 2022, the shareholders were given the right to ask questions and speak regarding all agenda items, and the stakeholders conveyed their opinions and suggestions. During the meeting, Mr. Ünal Koçer asked why the Bank did not distribute profit to shareholders. The question was addressed by our General Manager Mr. Abdi Serdar Üstünsalih, who said this decision was taken to strengthen the Bank's equity structure.

The questions asked by the shareholders who attend the Ordinary General Assembly Meeting both physically and electronically, the wishes, thoughts, and dissenting opinions they declare, and the answers given by the Meeting's Council regarding these issues are included in detail in the minutes of the General Assembly. (68. Olağan Genel Kurul Tutanak.pdf (vakifbank.com.tr) Following the General Assembly, minutes and the annexes of the General Assembly meeting are announced to the public and the shareholders via Public Disclosure Platform, Turkish Trade Registry Gazette, e-Company Information Portal, and Electronic General Assembly System, and furthermore on the Bank's website.

The amount of aid and donation made by the Bank within the period was declared at the General Assembly Meeting. Summary of the General Assembly Meeting includes information about this issue.

In 2022, there was no matter left to the General Assembly for resolution due to the majority of the independent Members of the Board of Directors not casting an affirmative vote.

Shareholders (who control the management of the Company), Board of Directors members, managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Bank or its associate companies which may lead to conflicts of interest. Furthermore, the aforementioned individuals did not make any transaction, related to a commercial business that is within the scope of the Bank's or its associate companies' field of activity, for their own account or for the account of others, or did not become unlimited partners in other companies carrying out similar commercial businesses.

2.4 Voting and Minority Rights

The provisions regarding voting rights of the shareholders and the use of these rights are stipulated in Article 17 of VakıfBank's Articles of Incorporation. As per the Article 19 of the VakıfBank Articles of Incorporation, shareholders (A), (B) and (C) have the privilege to nominate in the election of the Board of Directors.

VakıfBank's shares are divided into (A), (B), (C) and (D) groups. Nominal values and voting rights of the share certificates in all classes are equal. Group (D) consists of publicly traded shares.

Shareholders use their voting rights in the General Assembly in proportion to the total nominal value of their shares. Every ten shareholder or representative of this amount has one voting right in the general assembly. Those who have more than ten shares have the right to vote regardless of the limitation in terms of the amount mentioned above. Regarding voting by proxy, the regulations of the Capital Markets Board are complied with.

There is no company with which VakıfBank is mutually affiliated and there is no vote cast for this reason in the 68th Ordinary General Assembly. The use of minority rights is subject to the Turkish Commercial Code, the Capital Markets Law, the relevant legislation, and the communiqué and resolutions of the CMB.

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2.5 Dividend Rights
There is no provision in the VakıfBank Articles of Incorporation that stipulates the privileges in participating in profit sharing. The principles regarding the profit distribution VakıfBank's share are explained in Article 35 of the Articles of Incorporation.

Each year, the Board of Directors of VakıfBank submits its proposal on profit distribution to the General Assembly and to the Shareholders' information via the Integrated Annual Report prior to the General Assembly meeting. The proposal of the Board of Directors regarding profit distribution is discussed and resolved at the General Assembly. Profit distribution procedures were completed within the legal timeframe in line with the decision taken by the General Assembly about distributing 2021 Profit and necessary notifications were made to the public authorities. Furthermore, the relevant decision was publicly announced on the same day via Public Disclosure Platform.

In the profit distribution, a balanced policy is pursued between the benefits of the shareholders and the partnership.

With the aim of complying with the Corporate Governance Principle Numbered 1.6.1., in 2014, the Board of Directors of the Bank created a "Profit Distribution Policy" and published the document in Turkish and English on the corporate website. Profit Distribution Policy was presented to the approval of the shareholders at the Ordinary General Assembly Meeting held in 2015. Thus, full compliance with the relevant principle was achieved.

2.6 Transfer of Shares
All Bank shares are registered shares and divided into Class (A), (B), (C) and (D) groups.

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

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

In the material event disclosure published by the Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as TL 4.98 for a share with a nominal value of 1 TL and that the paid-in capital will be increased from TL 2,500,000,000 to TL 3,905,622,490 as a result of the capital increase.

The shares with a nominal value of TL 1,405,622,490, issued by the Bank, were sold to the Türkiye Wealth Fund through a wholesale transaction on the stock market on May 20, 2020, with the total sales revenue of TL 7,000,000,000, at a price of 4.98 TL for the share with a nominal value of 1 TL the capital increase transactions have been completed.

With the decision of the Bank's Board of Directors dated February 9, 2022, it was decided to increase the paid-in capital of TL 3.905.622.490 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by making a cash capital increase, which will generate a total sales revenue of TL 13.400.000.000 in total (dedicated and cash). 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 Trading Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Türkiye Wealth Fund, without public offering, and by dedicated sales method.

In the material event disclosure published by the Bank on February 25, 2022, it was announced that the sales price of the shares to be issued was determined as TL 4.18 for a share with a nominal value of 1 TL and that the paid-in capital will be increased from TL 3.905.622.490 to TL 7.111.364.117 as a result of the capital increase.

The shares with a nominal value of TL 3.205.741.627, issued by the Bank, were sold to the Türkiye Wealth Fund through a wholesale transaction and by dedicated sales method on the stock market on March 9, 2022, with a total sales revenue of TL 13.400.000.000, for 4.18 TL for the share with a nominal value of 1 TL and the capital increase transactions have been completed.

Upon this transaction, the Türkiye Wealth Fund acquired 64.85% of the Bank's stake and the Ministry of Treasury and Finance acquired 20.57% of the Bank's stake. In addition, according to the Bank's current shareholding structure, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı has a share of 5.66%, and other annexed foundations and other real and legal persons 0.06%. 8.86% of the Bank's shares are publicly-held.

The Bank's Articles of Incorporation do not include any provisions to restrict the transfer of Class (B) shares held by other attendant foundations and of Class (C) and (D) shares.

However, as per Article 6 of the Articles of Incorporation, VakıfBank Board of Directors is authorized to convert from Class (B) shares held by annexed foundations (subject to permission by the General Directorate of Foundations) and Class (C) shares held by real and legal persons into Class (D) shares at the request of the Shareholders.

SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Banks's Website and its Content
The Bank has two separate websites; that are regularly updated and published in accordance with the Corporate Governance Principles in Turkish (www.vakifbank.com.tr) and English (http://www.vakifbank.com.tr/English.aspx?pageID=977)

The links of Investor relations website in Turkish and in English as presented below;

Investor Relations Website in Turkish:
http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657

Investor Relations Website in English:
http://www.vakifbank.com.tr/investor-relations.aspx?pageID=625

These websites include; information about the Members of the Board of Directors and Senior Management, VakıfBank's organizational structure, committees and partnership structure, the Bank's record of registration, financial information and integrated annual reports for the last 5 years minimum, credit ratings given by credit rating agencies, the Corporate Governance Compliance Reports, information regarding sustainability and the sustainability reports of the Bank, stock data, analyst list, presentations for investors, Bank's Articles of Incorporation and the Law on VakıfBank, General Assembly Internal Directive, list of attendants, General Assembly brief minutes, capital increase and dividend ratios, code of ethics, all environmental, social, and governance policies of the Bank, information on Medium-Term Bonds and Mortgage Covered Bond Program, and announcements regarding the developments in the Bank. These websites also include the disclosure of material matters on publicly announced developments about VakıfBank via Public Disclosure Platform. The Bank's corporate websites do not include information and announcement that may have an impact on using shareholders' rights. Interactive Analysis Function offers the opportunity to make comparative analysis of VakıfBank shares and indices in local and foreign currencies.

Bank's website is in compliance with The CMB's Corporate Governance Communiqué (II-17.1; date: 03.01.2014) principles numbered (2.1.1), numbered (2.1.2), numbered (2.1.3), and numbered (2.1.4) regarding corporate websites. The announcements made by the Bank via Public Disclosure Platform are translated into English and published on the website. Furthermore, the Bank ensures that the English version is consistent with the Turkish version and is prepared in a manner that will be correct, complete, direct, comprehensible, and sufficient enough for the persons who will make use of the announcement to make a decision.

3.2 Integrated Annual Report
The Bank's Integrated Annual Report is being issued within the scope of the Banking Regulation and Supervision Agency's Regulation on the Principles and Procedures of Preparation and Publication of Annual Report by Banks. Bank's Annual Report is in compliance with the 8th article of the CMB's Corporate Governance Communiqué (II-17.1; date: 03.01.2014) principles numbered (2.2.1) and numbered (2.2.2) regarding Annual Report.

SECTION IV- STAKEHOLDERS

4.1 Disclosure of Information to Stakeholders
Stakeholders are informed regularly about the issues deemed necessary through press releases, press conferences, interviews, annual reports, news on the website, announcements and various meetings.

In order to ensure an accurate and reliable flow of information, the Investor Relations Department prepares presentations regarding the financial statements disclosed each quarter, shares these presentations with the investors via website and e-mail, and also announces them through live teleconferences. The Department, by attending the investor meetings organized by the investment companies, shares the developments related with the Bank and the sector and answers any type of related question and request over the phone or via e-mail on a daily basis. On the Bank's website; necessary technical infrastructure was built in the "Sorun Çözelim" section for the Bank customers' information requests, comments or complaints about the Bank's services and products. Information requests, suggestions and complaints of customers about the Bank's products and services as well as the problems of customers are resolved by all relevant departments of the Bank in the most effective manner.

To facilitate stakeholders' access to information, making it easier to report the Bank's transactions that contradict the laws and ethical principles to the Corporate Governance Committee, and find out opinions and suggestions on sustainability, the following mailing groups were established:

investorrelations@vakifbank.com.tr
yatirimciiliskileri@vakifbank.com.tr
vbsurdurulebilirlik@vakifbank.com.tr

These mailing groups are presented to the stakeholders in the Investor Relations section of the Bank's corporate website.

In addition, an Information System Portal called Our Place ("Bizim Yerimiz") has been created to provide information to employees. The Information System Portal was built in order to provide information to Bank employees. All announcements are made on this intranet portal that is an internal information sharing system. At different locations employees can have immediate and effective access to the information they are looking for due to the fact that all internal information is available on the system. In this manner, as employee satisfaction increases, time and energy loss is prevented, as well. The opinions and suggestions of the employees are taken into consideration and studies are carried out within this scope. Employees forward opinions and suggestions they think will create value for the portal via the Contact Us section.

The opinions and suggestions of the employees are taken into consideration and studies are carried out within this scope. Employees convey their ideas and suggestions that they think will add value to the Bank through the Suggestion Platform.

One of the important factors affecting employee satisfaction is the quality and efficiency of the relationship that the employee establishes with other units in the organization in which he/she is included. We attach importance to measuring and evaluating the satisfaction of employees from the services they receive from Headquarters units, conducting the processes between business units more accurately and faster, increasing internal customer satisfaction in the Bank and differentiating the Bank in the sector, Bank's prominence in competition and supporting its continuous development. To effectively manage employee satisfaction, a high level of participation was achieved in the Internal Customer Satisfaction Survey conducted in 2022, and the internal customer satisfaction score was 74.

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Our Employee Engagement Survey helps the Bank measure employee engagement, satisfaction with their job, ways of doing business, and work-life balance, in addition to their perception of the Bank's brand, performance, remuneration, career, reward, and recognition systems. The Bank then analyzes the data obtained from the survey and formulates road maps to improve the matters expressed in the survey. 13,316 employees from among the Bank's personnel, as well as the staff of Vakıf Finansal Kiralama A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Gayrimenkul Değerleme A.Ş., Vakıf Pazarlama San. ve Tic A.Ş. and Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. under the roof of VakıfBank Finance Group have participated in the 2022 edition of the employee engagement survey.

In cases where the staff is infected with Covid-19, employees have been granted administrative leave for their quarantine periods as the health of customers and employees is prioritized.

VakıfBank holds the Management Summit, Internal Systems Summit, and Strategy and Performance Meetings attended by its managers every term. At this summit, the Bank's current status, performance, and expectations for the next period are discussed in line with the Corporate Strategic Goals.

The oversight of the existing control mechanisms for the compliance of the transactions performed by VakıfBank with the relevant legislation, banking practices, Bank's internal policies, and ethical principles, is done by the Compliance Directorate with the coordination of the Inspection Board, Internal Control Department, Risk Management Department and Compliance and Legislation Department. The scope of the compliance function consists of tracking compliance risks that may arise from international regulations, in foreign branches and consolidated partnerships of VakıfBank, and performing necessary tasks to continuously raise compliance awareness and culture within the Bank. The Audit Committee is directly informed about the results of the activities carried out regarding the compliance function.

4.2 Stakeholder Participation in Management

The Bank takes utmost care of its employees and all the stakeholders and thereby aiming to meet the expectations of its internal and external customers by improving the quality of its products and services: In order to achieve this aim, it designs all its systems in a manner that they can be continuously improved.

VakıfBank pays utmost attention that its employees play an effective role in the development stage of new products and services. Employees are given the chance to express their ideas on process improvement and new product development by entering their suggestions via the Suggestion Platform on our core banking app, VIT. The presented suggestions, after being evaluated by the departments of the Head Office, can be brought to the project stage.

If necessary, the Bank also provides information to the stakeholders who are not Bank employees, about the issues that concern them via the Bank's website, call center, branches, social media, phone, and other communication channels.
In order to ensure customer satisfaction, the Customer Satisfaction and Solution Center Department provides the necessary work within the Bank. All requests, suggestions, complaints, or positive feedback regarding the Bank's products and services can be communicated to the Bank through the Bank's website, internet banking, mobile banking, customer contact center, the Banks Association of Türkiye, BRSA, CİMER, branches, and social media. Additionally, customers can perform all banking transactions through a direct call to VakıfBank 24/7 Customer Contact Center at 0850 222 0 724.

4.3 Human Resources Policy

Within the scope of the sustainability efforts, the "Human Rights and Employee Rights Policy" fulfills the requisites of the principle numbered 3.3.1. of the Corporate Governance Communiqué (II-17.1) was made available for the information of the stakeholders on the corporate website.

VakıfBank has adopted a human resources policy that places humans at the heart of its existing HR practices, values humans, and promotes employees' work-private life balance. In line with the current human resources approach, the Bank aims to create proactive employees who are recruited, trained, developed, and assigned appropriate roles/duties in compliance with their abilities, according to their qualifications and competencies, to perform talent management most effectively and that have a high level of banking professional knowledge and duty awareness, and make them adopt the Bank's goals and vision. The main principles of the Human Rights and Employee Rights Policy carried out by the Bank are given as follows:

- Creating and maintaining a working environment to increase the motivation and efficiency of the Bank employee,
- Providing a working environment where all staff enjoy equal opportunities and labor peace prevails without regard to gender,
- Maintaining a permanent working environment open to communication at all levels,
- Evaluating employees' success and performance at work, encourage them, maintaining their morale and motivation at the highest level,
- Considering the material and moral interests of the employees and pursuing, maintaining, and developing a fair wage policy where equal wages are paid for equal jobs,
- Contributing to the personal development of the employees and helping them reach their career goals while increasing their engagement with the Bank and strengthening their sense of belonging through internal/external training programs,
- Taking necessary measures to increase the health, safety, and welfare of the female/male employees, and increase their engagement with the Bank,
- Providing the employees with opportunities to get title promotions on the basis of female male equality, and contributing to improving their management and leadership skills with the new responsibilities given,
- Monitoring current and future HR practices and developments, and integrating current HR practices and policies into the Bank's system,
- Providing equal opportunity to candidates in recruitment processes, and making sure they are placed in positions fit for their skills and potential in line with their behavioral competencies.

The criteria for the employees to be employed at the Bank are specified in the Bank Personnel Directive. The recruitment process is carried out in line with the principles stipulated in the relevant legislation, taking long-term strategic targets of the Bank and the permanent staff of branches and departments into consideration. In recruitment processes, VakıfBank aims to employ visionary and qualified candidates who are open to self-improvement and able to spot the opportunities that arise in the sector for the Bank.

Recruitment at the Bank is made mainly by the titles of Officer, Assistant Associate in the Banking profession group, and by titles of Assistant Auditor and Assistant Controller in the audit group. In addition, VakıfBank also employs personnel in IT Assistant Associate, Engineer, Architect, and Lawyer titles to work in business departments outside the banking area such as IT Centers, Legal Departments, etc. that require specialties. As for recruitment for specialized staff, the Bank takes behavioral competence criteria as a basis to identify the right and qualified candidates fit for corporate culture. Therefore, recruitment and placement processes observe candidates' skills and qualifications. In this respect, a personality inventory test is conducted with candidates who are then evaluated according to their tendencies.

The Bank also aims to strengthen and increase employee engagement through its human resources practices. In this regard, the "Business Compliance Practice Principles" document has been taken as a basis in order to facilitate the adjustment and adaptation of the newly appointed personnel to the Bank and to transfer the corporate culture, vision, mission, and objectives of the Bank to the newly recruited personnel in the best way.

Procedures regarding the change of place of duty at the Bank are carried out in line with the personnel needs of the branches/ departments under the provisions of the Bank Personnel Directive. The permanent staff of the branch/ unit that any staff member requests, as well as requirements of the provincial permanent staff structure and regional permanent staff structure, are taken into account. It is aimed to manage the current human resources effectively and efficiently and to carry out the activities with the optimum number of personnel in the branch/departments in order to sustain the success of the Bank with the changes in the location of the duties.

The Bank also conducts activities for the development and modernization of business processes for human resources and conducts HR business processes through the digital platform (VIT), where the Banking applications are placed and of which the software is the Bank's own. With the screens developed via this platform, HR processes are carried out in a structure where the risks arising from individual/operational errors are minimized without loss of documents and information from end to end.

Considering the lack of permanent staff in the Branches/Departments, the need for authorized employees in the existing/future Branches/ Departments, and probable pensions, resignations, and the like, promotion exams are made in accordance with the relevant clauses of the Bank Personnel Directive and the Career and Salary Management System Regulation that regulate promotions.

The aim is to create a structure based on the specialization of the staff members in line with their competencies and thus to determine their career steps by taking their performance measurements, expertise/experience in the assigned position and training, and certificates into consideration. Making evaluations with an organizational approach that cultivates its managers/executives, monitoring the employee members who have the competencies necessary for the job, and making sure that they are cultivated for executive positions. To this end, efforts are made to increase corporate (employee) engagement and to create an organization where activities are carried out adopting the corporate culture.

The performance process is continuously reviewed and improved as the performance measurements of Head Office Departments, regional directorates, branches, and sales employees are made; performances are fairly and objectively evaluated; bonuses are paid to staff members depending on their performances.

Training programs inside and outside the Bank are carried out to improve the competencies of the staff and to ensure that the employees are specialized in their jobs in line with their career plans through the approach targeting continuous learning, innovation, and perfection. Furthermore, there is special orientation training for novice Assistant Auditors, Assistant Controllers, Assistant Associates, and Officers to build up the corporate culture, and to make sure they adapt themselves to the Bank.

Employees are informed about their job descriptions and distribution as well as performance and awarding principles via documents in the Bank's information systems and notifications/announcements.

The Bank's staff works in accordance with the provisions of private law and is recruited in conformity with the provisions of the Labor Law numbered 4857 currently in effect. Bank employees are "Turkish Bank, Finance and Insurance Company Employees Union" (BASS) members, and thus working conditions of the employees are determined by the collective bargaining agreements between the Bank and the said Union. Currently, the Collective Bargaining Agreement for the 25th term covers the period from May 1, 2021 to April 30, 2023.

Relations between the employees and employer are carried out by the directors and representatives of the abovementioned union. The union representatives forward the requests and complaints of the employees of the Bank about working conditions, personal rights, duties, and responsibilities to the employer and monitor the process. Furthermore, there are union representatives, elected from among the staff working in the Bank's Branches/Departments, (i) who should monitor whether or not the Collective Bargaining Agreement and the laws in force about the union members are implemented in line with their purpose and, (ii) who should verbally or in writing inform the director of that workplace about the insufficiency and discrepancy they detected with regard to these issues. To date, there has not been any complaint from the employees about any discrimination issues. The names, surnames, and duties of the directors of the abovementioned union are given below.

GRI 2-10, 2-11, 3-3

GRI 2-10, 2-11, 3-3

Corporate Governance Principles Compliance Report

NAME AND SURNAME	ROLE
Turgut YILMAZ	President
Mustafa EREN	Secretary General
Nefiye ARSLAN	Secretary General, Finance

4.4 Ethical Principles and Social Responsibility

Pursuant to its objectives of protecting stability and reliability in the banking sector by preventing unfair competition, improving service quality, and maintaining the reputation of the banking profession before the public, VakıfBank, with Board of Directors' resolution numbered 74205, dated February 16, 2006, adopted the Banking Ethical Rules, issued by the Banks Association of Türkiye and has undertaken to comply with these rules.

A decision was made to establish an Ethics Commission and include it in the "VakıfBank Internal Committees' Working Principles and Procedures" to instill a culture of ethics, raise awareness, and evaluate current practices. The "Regulation on Ethical Principles and Ethics Commission's Working Principles and Procedures" was published on December 31, 2019. The Ethical Principles of VakıfBank were established based on the Banking Ethical Rules of the Banks Association of Türkiye, the Principles of Ethical Behavior of Public Officials, and other regulations, and they were adopted at the meeting of the Board of Directors dated 28.01.2021.

VakıfBank Ethical Principles Policy is available on the Bank's website. An Ethics Reporting Line was established to report any incidents that contradict these principles. We do not approve any retaliatory actions for people who report through the Ethics Reporting Hotline, and the evaluation process of reports made through the Ethics Reporting Hotline is carried out in secrecy. In addition to contributing to the solution of existing problems, VakıfBank continues to stand by society by providing maximum support to areas open to improvement.

Corporate Social Responsibility

For 68 years, VakıfBank has had a mindset that aims to always stand by all the segments of society; to reach anyone in need in all circumstances, and to support and produce solutions according to the needs from childhood to retirement, in every period of life, anywhere in Türkiye.

As a bank that has not only focused on the economic results of its activities since its foundation, but has always taken into account its impact on society and nature, it considers sustainable banking as a fundamental element of its strategy. Owing to its sustainability approach embedded in its DNA since the day of its founding, VakıfBank takes the social, ecological, and governance impacts of every step taken and every product and service developed into account.

It has been taking a leading role in the sector on energy efficiency and climate, financial inclusion, supporting production and employment by following the guidance of the United Nations Sustainable Development Goals. It will always be there for our country with its deep-rooted history, competent team to build the banking of the future from today, strong technological infrastructure, intellectual, social, and financial strength.

The Bank classifies activities in the field of corporate social responsibility, which it considers one of the main pillars of sustainable banking, under three main headings: 'education', 'culture', and 'sports'. With the long-term support it provides and the investments made, it prioritizes value creation for our society.

Education

Believing that the dream of a single child will create changes in society and the world, VakıfBank supports children to look at the future much more hopefully by producing projects that support their dreams as a force that is there for them.

In collaboration with the Ministry of National Education, we have touched the lives of 35 thousand of gifted children under the umbrella of the Science and Arts Training Centers (BİLSEM) that enable children to unlock their potential since 2017. In addition to 54 workshops on mechatronics, mind games, and artificial intelligence, VakıfBank undertook the construction of over 170 IT labs and thus will continue touching the lives of children via BİLSEM centers in the future. Under the new MoU signed with the Ministry of National Education in late 2022, VakıfBank will organize 15 new workshops where it will introduce future generations to innovative technologies, and aims to reach 69 workshops in total in 2023 while celebrating its 69th year.

Culture

Acting with the principle of "Ve Benzersiz Kitap/ And Unique Book", VakıfBank Kültür Yayınları (VBKY) commenced cultural publications in 2018. Now it offers books in categories such as literature, history, economics, philosophy, intersections, art, people, and society to our readers within the framework of criteria such as reliable sources, measurable research, and strong and accurate language use.

VBKY strives to enrich and disseminate Türkiye's culture & art life first at the national and then at the universal level. While working to preserve and improve the assets and values that it has been entrusted to protect, VBKY also wishes to transfer them to future generations and thus contributes to many national and international authors from different disciplines in their efforts to reach wider audiences. VBKY has always worked to expand Türkiye's cultural heritage and offer quality works of great value. In four years, the publishing house has managed to reach a selection of over 190 titles, in parallel with its desire to be the publisher of books to be read and cherished for years to come.

Sports

VakıfBank Sports Club, the longest-running social benefit project conducted by VakıfBank, is the most successful club in Türkiye that shows what a Turkish woman can achieve internationally today and makes a significant contribution to the development of Turkish sport.

VakıfBank Sports Club has reached "sustainable" success for 36 seasons while introducing young girls to sports through its volleyball schools and youth development investments. Standing by over three thousand girls through its sports schools in the past six years, VakıfBank has become the first club to open a volleyball school in Europe as it opened VakıfBank Volleyball School in Bosnia-Herzegovina's Sarajevo in 2018. Raising over 100 players from its youth development teams for Turkish sports, VakıfBank Sports Club will accord new accomplishments thanks to its volleyball schools and sportspeople trained in its youth development teams.

VakıfBank Women's Volleyball Team holds the title of "Türkiye's team that won the most trophies in the international arena" with 4 FIVB World Club Championships, 5 CEV Champions League Championships, 1 Top Teams Cup Championship, and 1 Challenge Cup Championship. In addition, it received the title of "Volleyball team that won the most official matches in a row" with its 73-match winning streak between October 23, 2012, and January 22, 2014, and the title of the "Team that won the most FIVB Club World Championships" with its championships in the Club World Championship, and it managed to enter the Guinness World Records twice.

Supporting its employees to contribute to social life in addition to its corporate social responsibility activities, VakıfBank organized activities in the fields of education, environment, arts, and sports with the participation of its employees in 2022 within the scope of its internal communication strategy.

As part of Sustainable Banking, corporate promotion materials (notebooks, calendars, cube notes) were distributed to all employees featuring recycled covers and FCS papers.

The "Welcome Kit" sent to new recruits was renewed and made more technology-friendly and practical. Recyclable products were preferred for sustainable banking (powerbank made of maize starch, kraft paper letter, bamboo flask, etc.).

A team of 10 people was formed consisting of Goodwill Ambassadors to work in collaboration with AFAD in 2022. First-aid training certification requirements and AFAD's mandatory online courses were completed. The necessary equipment was delivered and team courses delivered by AFAD were also finalized. The team is now ready to join rescue groups in coordination with AFAD in cases of disasters.

Thousands of children were reached with the Kindness Moneybox, a volunteering movement initiated to meet the needs of students in village schools in different cities; and their needs from stationery to clothing, from sports equipment to musical instruments were met. It is thanks to this moneybox that VakıfBank employees procured cleaning and other daily materials including food for animal shelters as a long-term project. Goodwill ambassadors in every region distributed the materials to shelters and stray animals. 200 residents of the Darülaceze society were visited during the Seniors' Week and gifts were given to them.

The new year dreams of 400 children in need, reached out through the AİP (Urgent Need Platform) Association, were realized by the employees of VakıfBank.

Running for good at the 2022 Istanbul Half-Marathon and Istanbul Marathon, VakıfBank employees collected contributions for various non-governmental organizations, such as Darüşşafaka and KAÇUV.

Approximately 3.5 tons of plastic lids collected by the employees in support of the plastic campaign conducted by TOFD (Spinal Cord Paralytics Association of Türkiye) helped 8 people in need to have a wheelchair.

"A VakıfBank Forest for each year" is a project as part of which we planted seedlings for three forests in 2022. Seedlings were procured thanks to employees' contributions made in 2021.

Under the E-Waste campaign we initiated, we disposed of 2,700 kg of e-waste via TUBİSAD and recycled them for charity to Darüşşafaka in 2022.

Our Goodwill Ambassadors attended social responsibility courses and a book-writing workshop, after which they penned five sustainability-themed children's books certified by pedagogs aimed at children aged 4+ and 6+

16 social clubs, established to help employees develop and demonstrate their artistic and sports skills, continued their activities. These clubs include theater, water marbling, Turkish Classical Music, Turkish Folk Music, Polyphonic Music, Football, Basketball, Chess, Folk Dances, and Healthy Life clubs in Istanbul, Ankara, and İzmir. In addition, employees in various corporate tournaments and organizations represented VakıfBank in different areas, such as swimming and chess. Employees' clubs organized five concerts, one theater play, and a water marbling exhibition. Water marbling pieces and bookmarks that employees in water marbling clubs created were donated to KAÇUV while putting them on sale for employees from all over Türkiye on the occasion of our "Anniversary". This way, the Bank has raised resources to support the traditional art of water marbling as well as the treatment, education, and families of pediatric cancer patients via KAÇUV.

We host KAÇUV Hope Cafe's vehicle in front of the Head Office every month. To support its sales, colleagues from the departments prepared snacks and put them for sale to our employees.

Yellow ribbons were sent to colleagues on February 15 International Childhood Cancer Day, raising the awareness of both employees and all our customers who see our staff wearing the ribbons for childhood cancer.

At the end of the year, a sales event was organized at our Head Office Building for three NGOs (KAÇUV, Darüşşafaka, and AİP). Gifts that our employees purchased helped support these organizations.

Corporate Governance Principles Compliance Report

SECTION V- BOARD OF DIRECTORS

5.1 Structure and Composition of the Board of Directors

NAME AND SURNAME	ROLE	START DATE	Roles Held Outside the Group
Mustafa SAYDAM	Member of the Board of Directors (A) Chairman of the Board Member of the Credit Committee	26.03.2021 26.03.2021 25.03.2022	
Dr. Cemil Ragıp ERTEM	Member of the Board of Directors Deputy Chairman of the Board of Directors Substitute Member of the Credit Committee	13.08.2018 12.06.2020 25.03.2022	Chief Advisor to President for Economy
Abdi Serdar ÜSTÜNSALİH	General Manager Member of the Board of Directors - Executive Member (A)	27.05.2019	TSKB A.Ş.-Board Member Banks Association of Türkiye -Deputy Chair of the Board
Abdülkadir AKSU	Member of the Board of Directors (A) (Independent) Member of Corporate Governance Committee Member of Audit Committee	27.05.2019 26.03.2021 25.03.2022	
Dr. Adnan ERTEM	Member of the Board of Directors (B) Member of Corporate Governance Committee Remuneration Committee Member Substitute Member of the Credit Committee	28.10.2010 25.03.2022 06.04.2012 12.06.2020	Deputy Minister of Labor and Social Security
Şahin UĞUR	Member of the Board of Directors (C) Member of the Credit Committee Remuneration Committee Member	09.06.2017 12.06.2020 25.03.2022	
Haydar Kemal KURT	Member of the Board of Directors (C)-Independent	25.03.2022	
Prof. Dr. Mehmet Hüseyin BİLGİN	Member of the Board of Directors (D)-Independent	25.03.2022	İstanbul Medeniyet University-Prof. Dr. Faculty Member
Sadık YAKUT	Member of the Board of Directors Member of Corporate Governance Committee Member of Audit Committee	27.05.2019 27.05.2019 25.03.2022	
MEMBER OF THE AUDIT BOARD			
Hasan TÜRE	Member of the Audit Board	09.06.2017	
Mehmet Emin BAYSA	Member of the Audit Board	12.06.2020	

As stated in Article 19 of the Bank's Articles of Incorporation, the board of directors consists of nine members, and nine members of the board of directors were elected at the 68th Ordinary General Assembly Meeting held on March 25, 2022.

Pursuant to the regulations of the Banking Regulation and Supervision Agency, the Chairman of the Board of Directors does not have executive tasks and duties. General Manager Abdi Serdar ÜSTÜNSALİH is an executive member of the Board of Directors. There are no other executive members in the Board of Directors except the General Manager. The term of office of the members of the Board of Directors is three years. Résumés of the Members of the Board of Directors are available at http://www.vakifbank.com.tr/yonetim-kurulu-uyeleri.aspx?pageID=300 and https://www.vakifbank.com.tr/board-of-directors-and-statutory-auditors.aspx?pageID=2526

The number of independent board members is set as three pursuant to the regulations of the Capital Markets Board on Corporate Governance Principles. Abdülkadir AKSU, Haydar Kemal KURT, and Prof Dr. Mehmet Hüseyin BİLGİN were elected as independent board members at the 68th Ordinary General Assembly held on March 25, 2022. Independent members of the Board of Directors' statements of independence are available, and there is no breach of independence as of the relevant activity period.

Duties of the Members of the Board of Directors outside the Bank within the Group:

NAME AND SURNAME	SUBSIDIARY	ROLE	START DATE
Abdi Serdar ÜSTÜNSALİH	TSKB AŞ.	Board Member	14.06.2019

Member of the Board of Directors Dr. Adnan ERTEM's duty outside VakıfBank and the Group is Deputy Minister of the Ministry of Labor and Social Services.

In addition to his role at VakıfBank, board member Prof. Dr. Mehmet Hüseyin BİLGİN is a member of faculty at İstanbul Medeniyet University.

As for Independent Board Members assuming roles outside the bank, provisions under Articles 395 and 306 of the Turkish Commercial Code (TCC) apply. This matter was discussed under item 9 on the agenda of the 68th Ordinary General Assembly held on March 25, 2022. It was decided by a majority of the votes that shareholders allow Board Members for matters falling under the scope of Articles 395 and 396 of TCC.

5.2 Operating Principles of the Board of Directors

The Board of Directors convenes upon the call of the Chairman of the Board of Directors; in the absence of the Chairman, meets upon the call of the Deputy Chairman when Bank affairs require. It is mandatory that the Board convenes at least once a month (Article 22 of the Bank's Articles of Incorporation). Meeting agendas are prepared according to the memorandums sent from the Head Office departments while various reports the Board of Directors requested from the execution and various issues presented by the Board Members are discussed during the meeting. The agenda and relevant files are presented to the members prior to the meeting.

Information and communication activities for the members of the Board of Directors of the Bank are carried out by the Department of Operations of the Board of Directors. In 2022, 62 Board of Directors meetings were held. Members of the Board of Directors did attend the Board Meetings except in cases they had excuses. Decisions were made unanimously. All questions, opinions and objections of the Members during the Board of Directors Meeting are recorded in the meeting minutes. Each Member of the Board of Directors has one right to vote, and members do not have weighted right to vote and/or negative veto right.

The Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting (22nd article/5th paragraph of the Bank's Articles of Incorporation).

An electronic meeting system was set up to enable the Members of the Board of Directors of the Bank to attend the meetings and to vote on electronic platform.

An Executive Liability Insurance has been taken out with a limit of USD 10,000,000 from May 27, 2022, to May 27, 2023, for damages that Board Members may cause due to their negligence while performing their duties.

5.3. Number, Structure, and Independence of the Committees Formed by the Board of Directors

In order to efficiently and effectively carry out its activities in line with the Banking Law numbered 5411, Banking Regulation and Supervision Agency's "Regulation on Corporate Governance Principles in Banks," Capital Markets Board's Corporate Governance Principles and the Articles of Incorporation of the Bank; the Board of Directors has established Audit Committee, Credit Committee, Corporate Governance Committee, and Remuneration Committee. All of the Members of the Audit Committee are independent members. Because there are no Executive Members except the General Manager, on the Board of Directors, Committee Members are non-executive members. Committees are not entitled to take an executive decision.

Information about the committees is available under the Committee Structures and Policies section in the Corporate Governance Section of the 2022 Integrated Annual Report.

The Board of Directors consists of nine members. Of these, three members of the Class (A) and one member of the Class (B) and two members of the Class (C) are among the candidates that the majority of their class will nominate, one member among the candidates that shareholders will propose by initially taking into account the Class (D)'s preferences, and two members among the candidates that shareholders will propose are elected by the General Assembly. One member elected by the General Assembly considering the preferences of the Class (D) and one member of the Class (A) and (C) are independent members.

Board Members assume duties in more than one committee since the number of the members of the committees of the Board of Directors is greater than the number of the members of the Board of Directors as stipulated in the principles of the Capital Markets Board Corporate Governance Principles and Banking Regulation and Supervision Agency. Committees are composed of a minimum of two members (Bank's Articles of Incorporation Article 19/Paragraph 1).

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5.4 Risk Management and Internal Control Mechanism

Head of Risk Management directly reporting to the Audit Committee that is responsible for carrying out activities for defining, measuring, reporting, monitoring and controlling the risks that the Bank faces. Furthermore, all departments are considered as a part of the risk management system.

Risk Management activities in the Bank are carried out in conformity with the legal legislation, also international best practices are pursued. Within this scope, risk management strategies were set up, as the policies for managing each of the risks were written within the framework of principle of materiality.

The Bank has created a "Risk Appetite Statement" in order to determine the risk level that it is ready to accept with the foresight of the risk capacity that it can handle the risks at a safe level in order to actualize its targets and strategies. The capital-based in the Risk Appetite Statement, liquidity and risk concentrations established in the statement and risk-based limits are regularly monitored.

A capital structure in appropriate with the risk level is closely monitored, as the Bank's resistance against unexpected and negative developments is measured via scenario analysis and stress tests. Besides measuring the legal capital requirement, İSEDES (Internal Capital Adequacy and Assessment Process) activities that include internally evaluating the capital requirement for the risks the Bank faces/will face are also carried out, as the results are evaluated by the senior management.

In addition, as one of the systematically important banks, VakıfBank prepares a plan of measures approved by the Board to determine the measures in advance in cases of any deterioration in the financial structure or in cases of such probability, to improve the effectiveness of supervision/oversight functions and speed up decision-making and implementation processes. This plan is presented to the Banking Regulation and Supervision Agency (BRSA).

Furthermore, Risk Management Department carries out the activities in coordination with the Inspection Board, Internal Control Department, and Compliance and Regulation Department within the scope of the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process". An efficient and effective internal control system was set up in order to; I) carry out the activities of the Bank in conformity with the targets, policies, and strategies set by the senior management and within the framework of existing legal legislation, and II) make sure that risky transactions are controlled in the Bank. In order to ensure the protection of bank assets, to carry out activities in accordance with the Law and other relevant legislation actively and efficiently, to carry out internal policies and rules and in accordance with banking practices, and to enable the reliability, integrity of the accounting and financial reporting system, and timely access to information, the Internal Control Department, which operates under the supervision and control of the Audit Committee; controls the operational procedures for carrying out activities of the Bank, bank's communication channels, information systems, financial reporting systems.

With a risk-oriented perspective, internal control activities are carried out in all domestic and foreign branches of the Bank, head office departments, and consolidated partnerships. Findings and suggestions determined within the scope of internal control activities are shared with the relevant parties through reports and the actions taken are followed up. Furthermore, information technology controls are also performed to check whether or not information system activities are carried out securely and in conformity with the guidelines determined by the Bank.

The Internal Control Department controls the functional classification of tasks and the sharing of powers and responsibilities in order to identify, measure and prevent the Bank's risks. Opinions are presented in order to reduce and manage risks by evaluating the compliance and the possible risks carried by of the projects, procedures and processes formulated by the Bank's business departments with the policies and rules within the Bank, control points are determined, increasing the effectiveness of the control activities, set up and enhancing auto control and systemic control mechanisms in the processes and procedures, and decreasing operational risks are provided.

The adequacy and effectiveness of risk management and internal control systems are audited by the Inspection Board.

With the goals of up-to-date monitoring of the legislation regarding the legal obligations within the scope of the Prevention of Laundering of Proceeds of Crime and Financing of Terrorism and Proliferation of Weapons of Mass Destruction as well as the activities carried out to provide required compliance with the international rules, principles, and fundamentals on the same issue and the legislation concerning banking activities, evaluating the effects of the changes on the Bank's activities and ensuring full and timely compliance with the legislation, activities to monitor and coordinate internal Bank activities are carried out by the Compliance and Regulation Department.

Within this scope, as per the "Regulation On Program of Compliance with The Obligations Regarding Prevention of Laundering of Proceeds of Crime and Financing of Terrorism," in order to ensure that the Bank's obligations are fulfilled; » necessary policies and procedures are structured in the issues of identifying the customers, classifying them into risk categories and monitoring them, informing about the suspicious customer transactions and » controls are made to see if these policies and procedures are implemented or not, » opinion/approval is given for risky sector/ country transactions, » Financial Crimes Investigation Board (MASAK) is informed about the transactions that are considered suspicious in the necessary investigations and evaluations made within the framework of a risk based approach about the potentially suspicious transactions (for the Bank) detected within the scope of monitoring and controlling activities or forwarded via channels like branches etc. to the Compliance and Regulation Department. Compliance-related duties and activities are performed in coordination to prevent laundering the proceeds of crime and financing of terrorism at domestic and foreign branches of the Bank. Compliance-related duties and activities are performed in coordination to prevent laundering the proceeds of crime and financing of terrorism at domestic and foreign branches of the Bank. The activities of the Compliance and Regulation Department are carried out in coordination with the business departments. Within framework of training activities; in-class and online trainings are regularly given to the Bank employee in order to constantly increase the awareness and culture within the Bank about "Prevention of Laundering of Proceeds of Crime and Financing of Terrorism.

The developments regarding the legislation and banking practices related to banking activities are followed up currently by the staff of the Compliance and Regulation Department and the changes that are occurring are interpreted in terms of their effects on the Bank's activities and practices, and the necessary measures to be taken by the subsidiaries of the Bank in relation to the services provided by the Bank and the changes required in the Bank's internal legislation and practices are determined, and is notified to the relevant business departments in writing. By coordinating the works in order to reflect the legislation changes to the Bank's internal legislation and practices, the measures taken by relevant business departments within this scope and actualized practice changes and internal legislation regulations are monitored and controlled regarding the compliance to the legislation within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and necessary measures are taken to provide timely and full compliance with the legislation. In addition, in line with the Regulation, controls are carried out for the compliance of the Bank's new products and services with the legislation.

With the domestic banking regulation, legislation on mutual information exchange agreements for the improvement of international tax compliance signed between OECD countries and the Republic of Türkiye and the United States is followed and business departments in order to ensure compliance with these regulations are directed, the works carried out within this scope of relevant business departments are followed and coordinated.

Within the scope of the obligation as part of which the detailed justifications to be prepared for complying with all the principles contained in the Good Practice Manuals and the principles which are partially implemented or not fully implemented are presented every year together with the submission of the Internal Capital Adequacy Assessment Process (İSEDES) reports to BRSA; the practices of the Bank which is designated as a "Systemically Important Bank" and its policy documents are monitored and controlled to ensure that they are in full compliance with all the principles specified in the Good Practice Manuals. The relevant business units are coordinated to make changes and corrections when necessary.

In addition, compliance of the Bank's branches abroad with the legislation of the countries in which they operate is checked by the personnel assigned in this context in the relevant branches, and reporting is made to the Compliance and Regulation Department regarding compliance.

The Audit Board Department conducts systematic audits for internal control, risk management and compliance systems in accordance with all legal regulations and Bank regulations.

5.5 Company's Strategic Targets

The general strategies of the Bank are determined in line with the expectations on the economy and sector at the meetings chaired by the General Manager with the participation of the top management. Forecasts regarding the annual projection in line with the strategies are evaluated by the management. Consequently, strategies of the Bank, and annual projections are presented by the Strategy and Planning Department to the approval of the Board of Directors. Approved final projections and strategies are sent to the Bank's Executive Vice Presidents and announced to the Bank staff as they are monitored by the relevant departments. Strategies and projections are reviewed at the high-level meetings held by the bank, the degree of achievement of the target and the developments in the sector are evaluated and necessary actions are taken.

5.6 Financial Rights Provided to the Board of Directors

The Chairman, Deputy Chairman, and Members of the Board of Directors receive a salary that is determined by the General Assembly annually. In this context, in 2022, a gross TL 74.1 million was paid to the members of the Board of Directors, Members of the Audit Committee, and Senior Management in terms of wages, travel allowances, accommodation, representation expenses, and other real and material rights.

This issue was specified in the 8th article of the 68th Ordinary General Assembly minutes and the General Assembly minutes were announced on the Bank's website. On the other hand, banking sector practices are also taken into consideration, and remunerations and benefits given to the members of the Board of Directors and executives are not disclosed on an individual basis. Fixed and performance-based payments to the executives and other employees are determined and made within the framework of the Bank's Remuneration Policy principles.

To comply with the principle numbered 4.6.2 of the Corporate Governance Communiqué numbered II-17.1, the "Remuneration Policy " of the Board of Directors of the Bank that entered into effect on 24.02.2014, was submitted for shareholders' information at the 2014 Ordinary General Assembly Meeting. The policy mentioned has been updated in accordance with the "Guide on Best Remuneration Practices at the Banks" published by the BRSA with the no. 65 decision of the Board of Directors dated 30.12.2019 and the document is available in Turkish and in English on the website.

On the other hand, the loans to be extended to the Board Members and Managers by the Bank are limited pursuant to Article 50 of the Banking Law. In this context, the Bank did not lend money or extend loan to any of the Members of Board of Directors. It did not improve the terms for loans or credits that have been given to the Members of the Board of Directors, and neither it extended loans by means of third persons and nor gave any collaterals.

Yours sincerely,

Sadık YAKUT
Member of Corporate Governance Committee

Abdülkadir AKSU
Member of Corporate Governance Committee

Adnan ERTEM
Member of Corporate Governance Committee

Ali TAHAN
Member of Corporate Governance Committee

Korhan TURGUT
Member of Corporate Governance Committee

Statutory Auditors' Report

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

Türkiye Vakıflar Bankası T.A.O. Auditors' Report was prepared in accordance with the Article 31 of Türkiye Vakıflar Bankası T.A.O.

The Bank is open to public scrutiny and periodically audited by the Banking Regulation and Supervision Agency (BRSA) and the Court of Accounts as well as the Independent Auditing Firm pursuant to Article 30 of the Bank's Articles of Incorporation.

In 2022, the Bank
- increased its assets by 67% and reached TL 1,681,060,623 thousand, and increased its loans, which had the most important share in the assets, by 63%, to TL 933,450,970 thousand.
- raised its deposits by 91 % to TL 1,127,701,975 thousand to expand it to the base. In this context, it increased its demand deposits by 77% to TL 257,667,110 thousand; and savings deposits by 56% to TL 376,073,295 thousand.

The Bank's capital adequacy ratio, which profitted TL 24,017,232 thousand in 2022, is at the level of 15.19%.

Providing service with a total of 949 branches and 16,961 employees the Bank continued to support the economy with its strong funding sources and structure. The development of the staff is supported by training courses given by the Bank's Corporate Academy and 789,361 person/hour training was given to employees in 2022.

The financial information regarding the annual activities of the Bank is presented in conformity with the procedures and principles in force under Banking Law numbered 5411, Turkish Commercial Code numbered 6102, Capital Market Law numbered 6362, generally accepted accounting principles, relevant legislation and the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process.

The internal systems departments of the bank consist of the Inspection Board, the Internal Control Department, the Risk Management Department, and the Compliance and Regulation Department. It is observed that,

- Within the framework of the risk-focused audit plan; audit activities are carried out in a way that they include domestic and foreign branches, business units, and consolidated partnerships,
- Procedures regarding the performance of the Bank's activities, information systems, and financial reporting system are checked,
- The risks the bank is exposed to, and the controls related to them and the results of the risk assessment are presented to Audit Committee,
- The risks exposed or anticipated risks are identified on the basis of materiality, and such risks are defined in policies, which then govern the monitoring, calculation, and reporting activities,
- For risks to be identified in further detail, various sensitivity analyses, internal scenario analyses, stress tests, and similar activities are carried out on a daily, weekly, or annual basis,
- Validation and monitoring activities of credit risk parameter models used in the process of internal rating and TFRS 9 provision calculations are conducted throughout the bank,
- Audits and assessments were made to check whether the companies providing the Bank with support services comply with the stipulated terms and conditions,
- Within the scope of compliance checks; the legislation regarding the banking activities and the developments regarding the banking practices are followed up daily and their effects on the banking activities are evaluated, the measures to be taken by the Bank and the changes to be made in the Bank's internal legislation and practices are determined, and the efforts to harmonize with the legislative changes in the Bank are coordinated, the actions taken by the relevant business departments, as well as the new products and services, are monitored and controlled in terms of the compliance with the legislation, efforts to comply with FATCA and CRS legislation is coordinated; corporate policies and procedures regarding risk management, monitoring and control, training and internal auditing, which are enforced within the scope of MASAK legislation are formed.
The transactions carried out at the bank are examined through monitoring and control programs; the results of the analysis are analyzed and necessary notifications are made in line with the reporting obligation, and in this context, it is ensured that all transactions and activities of the Bank are carried out in accordance with the legal regulations regarding the prevention of laundering proceeds of crime and financing of terrorism,
- The Board of Directors Declaration of 2022, which was prepared in accordance with the BRSA's circulars and communiqués and includes evaluations regarding the internal control system, was approved by the Board of Directors and shared with the Independent Auditing Firm.

As a result; it is understood that the internal control, internal audit and risk management systems established by the bank are operated effectively, adequately and appropriately, and the studies and trainings to prevent and detect fraudulent transactions are carried out.

Yours sincerely,

Hasan TÜRE
Member of the
Audit Board

Mehmet Emin BAYSA
Member of the
Audit Board

Statement of Independence of Independent Board Member Prof. Dr. Mehmet Hüseyin Bilgin

- Between VakıfBank, the partnerships where VakıfBank has managerial control or significant influence, partners that hold managerial control in Vakıfbank or have significant influence over VakıfBank and legal entities where these partners have managerial control; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities within the last five years; I did not hold 5% or above of their shares, voting rights or privileged shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- I have not worked in an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which VakıfBank procures goods or services or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, VakıfBank's audit (including tax audit, statutory audit, internal audit), rating and consultancy services within the last five years;
- I have the professional education, knowledge, and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of Directors,
- I will not be a full-time employee of public institutions and organizations upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,
- I am considered a resident of Türkiye according to the Income Tax Law no.193 dated 31/12/1960,
- I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to VakıfBank's operations, maintaining my independence in possible conflicts of interest between VakıfBank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,
- I will make sufficient time for keeping track of VakıfBank's activities and for fully performing my duties on behalf of VakıfBank,
- I have not been a member of the Board of Directors of VakıfBank for more than six years in total within the last decade,
- I did not serve as an Independent Board Member in more than three companies where VakıfBank or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.
- I have not been registered and announced on behalf of the legal person elected as the Member of the Board of Directors.

Respectfully yours,

Statement of Independence of Independent Board Member Haydar Kemal Kurt

- Between VakıfBank, the partnerships where VakıfBank has managerial control or significant influence, partners that hold managerial control in Vakıfbank or have significant influence over VakıfBank and legal entities where these partners have managerial control; and myself, my spouse, and blood or in-law relatives to the second degree, there was no relationship of employment as a manager with major duties and responsibilities within the last five years; I did not hold 5% or above of their shares, voting rights or privileged shares either singlehandedly or collectively; I did not establish significant commercial relations with them,
- I have not worked in an executive position with significant and material tasks and responsibilities or held the seat as a board member or held stocks (equal to or above 5%) in such companies from which VakıfBank procures goods or services or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, VakıfBank's audit (including tax audit, statutory audit, internal audit), rating and consultancy services within the last five years;
- I have the professional education, knowledge, and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of Directors,
- I will not be a full-time employee of public institutions and organizations upon being elected as a member, save for as a faculty member at the university, provided that the applicable legislation shall have not been contradicted with,
- I am considered a resident of Türkiye according to the Income Tax Law no.193 dated 31/12/1960,
- I possess strong ethical standards, professional credibility, and experience that are necessary for making positive contributions to VakıfBank's operations, maintaining my independence in possible conflicts of interest between VakıfBank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders,
- I will make sufficient time for keeping track of VakıfBank's activities and for fully performing my duties on behalf of VakıfBank,
- I have not been a member of the Board of Directors of VakıfBank for more than six years in total within the last decade,
- I did not serve as an Independent Board Member in more than three companies where VakıfBank or its ultimate controlling partners have managerial control nor in more than five companies traded in the stock exchange.
- I have not been registered and announced on behalf of the legal person elected as the Member of the Board of Directors.

Respectfully yours,

Assessment of the Internal Systems and Operations

INTERNAL AUDIT ACTIVITIES

With the Board of Directors authorization, the Audit Board carries out independent and objective assurance and consultancy activities by establishing a systematic, disciplined, and risk-based approach to improve and add value to the Bank's operations. Its primary purpose is to establish and operate the internal audit system, which is to assure the senior management regarding the effectiveness and adequacy of the governance, internal control, and risk management systems, as well as the fact that the Bank's activities are carried out in line with the Banking Law and other relevant legislation and the Bank's strategies, policies, principles, and objectives.

In addition to the units under internal systems, it conducts audits for the purposes of auditing the activities of the Bank's Head Office units, domestic and overseas branches, subsidiaries and affiliates, as well as external service providers in terms of the compliance of their activities with the Banking Law, other laws and regulations, internal legislation, strategies, policies, principles and objectives. Audits are also conducted with a view to reviewing the effectiveness and sufficiency of practices for financial data accuracy and protection of resources, governance, internal control and risk management systems.

In addition, carrying out investigations regarding the personnel's irregular and illegal transactions and the fraud and fraudulent transactions of third parties against the Bank.

Assurance work carried out by the Audit Board is conducted in two different ways: on-site Audit and centralized control. On-site auditing activities are carried out in departments, branches, subsidiaries, affiliates, and individuals and organizations from which support services are provided within the framework of the annual audit plan and prepared in line with the objectives and strategies of the Bank and with a focus on resource planning. Centralized control is carried out by applying information technology-supported remote auditing techniques to detect situations that may pose risks in branches and departments and take measures quickly in line with the risk scenarios established previously.

Internal controls on information systems and banking processes are assessed with a risk-oriented perspective, based on probability, impact, and materiality criteria, and reasonable assurance is given by obtaining audit evidence for the audited controls' effectiveness and adequacy.

The accuracy of the data used in the Internal Capital Adequacy Assessment Process Report, the adequacy of the systems and processes, and whether or not the data, systems, and methods enable accurate information and analyses are audited within the framework of the procedures and principles determined by the Audit Board.

Compliance with the ISO 9001 Quality Management System, 14001 Environmental Management System, ISO 27001 Information Security Management System, and ISO 22301 Business Continuity Management System is assessed in the branches and Head Office departments that are audited within the scope of the annual audit plan.

In the light of the audits, examinations, and investigations conducted by the Audit Board; proposals are made for the correction of any detected issues, for taking measures to prevent similar errors, for improving the processes, and for enhancing the internal control system, while the actions taken regarding these issues are monitored at certain intervals.

The corrective actions taken by the business units on the action dates are checked; if the corrective action is sufficient to eliminate the finding, the finding is closed; if it is not sufficient, the action date is followed. The projects entered by the business units to eliminate the issues determined by the audits are evaluated as to whether the project's scope is sufficient to eliminate the finding. In case of deficiencies or errors, the relevant business unit is informed to ensure its correction.

The auditors provide training to the Bank's staff on various issues that are needed and requested.

Within the framework of the principle of continuous professional development, in-Bank, and non-Bank training that contribute to the professional and personal development of auditors is organized, and training is provided primarily to encourage the acquisition of international certificates.

The Audit Board was awarded the "Certification Awareness Award" for attaching importance to Internal Auditor Certification and the "Continuous Professional Development Awareness Award" for carrying out the work on creating the trained workforce needed by the internal audit profession and developing the profession at the "Awareness Award Ceremony" organized by the Turkish Institute of Internal Audit (TIDE) to raise awareness of internal audit for three consecutive years since 2019.

Auditors are delivered training courses before audits requiring expertise. This way, specialized and experienced teams of auditors are trained and the quality of the audit is raised.

As per the 2022 Internal Audit Program, following audits were conducted: the audit of 361 Branches and 47 Affiliated Branches and 3 Overseas Branches; the audit of 12 Head Office Business Units, 1 Internal Systems Unit, and Departments under these Units; the Audit of 3 Subsidiaries (one in overseas); the audit of 24 Information Systems Processes (pursuant to relevant provisions of the Regulation on Bank's Information Systems and Electronic Banking Services); the audit of 4 Head Office information systems units; the audit of information systems at 5 Subsidiaries (one in overseas); the audit of information systems at 20 service providers of outsourced services; the audit of all Banking Processes; the audit of Internal Capital Adequacy Assessment Process (ICAAP); Compliance Controls for Penetration Test Action Plan; BADES Action Plan Compliance Controls; Information Systems and Banking Processes Audit; Action Plan Compliance Controls; Management Statement Efforts (Information Systems Audit, Banking Processes Audit, Annual Assessment of Service Providers for Outsourced Services); Risk Center Audit; Information and Communication Security Guide Audit; SWIFT Audit; Audits to be Conducted under the Regulation on Determining the Service Level and Quality of Banks' Call Centers; Electronic Banking Services Audit; Audit of TFRS-9 Processes; Audit of the Processes linked with Personal Data Protection Law (General); Audit of Retrospective Vouchers; Audit of the Accuracy of Reports Presented to BRSA; Audit of the Premium Payments Made to SDIF; Audit of New Products-Apps and Services; Compliance Audit for the Bank and its Financial Subsidiaries (Compliance Program Audit); and the Audit of Compliance with ISO 14001 Environmental, ISO 27001 Information Security and ISO 22301 Business Continuity Management System.

INTERNAL CONTROL ACTIVITIES

The Internal Control function is structured to ensure establishment and coordination of a healthy internal control environment; protection of the Bank's assets; effective and efficient performance of the activities in conformity with the Banking Law and relevant legislation, internal policies and rules as well as banking practices, reliability and integrity of the accounting and financial reporting system; and timely accessibility of information. Accordingly, the Bank's domestic and foreign branches, head office departments, and consolidated partnerships are subject to the control plan based on a risk-centered approach.

According to risk conditions, domestic branch controls, carried out by Internal Control Department, are conducted on-site or from the Head Office within the control programs' framework every year. In addition, real-time controls are performed as part of instant control activities for the transactions conducted at branches. Internal control activities in 2022 included all domestic branches of the Bank, three foreign branches and one foreign subsidiary, 35 Head Office units, and five consolidated partnerships.

As part of the Information Systems Internal Control Plan for 2022, the Internal Control Department carried out internal control activities regarding information systems at five units involved in information systems, three foreign branches, and one foreign subsidiary. Periodic controls were also conducted at 31 control points for continuous controls regarding risky activities carried out by information systems units.

Findings and recommendations under all these control activities are reported and shared with the relevant departments as the actions taken are monitored. Internal controls on information systems and banking processes are assessed with a risk-oriented perspective, based on materiality criteria, and reasonable assurance is given by obtaining audit evidence for the audited controls' effectiveness and adequacy.

The Internal Control function controls the distribution of roles and responsibilities and the functional classification of tasks to identify, measure, and prevent the Bank's risks; sets up auto-control mechanisms in all processes, procedures, and projects to be deployed in a manner that will cover potential risks; and establishes and enhances system controls. Activities are carried out to increase the effectiveness of control activities and minimize operational risks. In conformity with the objectives and strategies of the Bank, changing needs, risks, regulations, and technological developments are followed. Necessary adjustments and updates are made to ensure the effectiveness and functioning of the internal control system. Activities continue with the aim of enhancing the internal control culture in the Bank.

COMPLIANCE DEPARTMENT'S ACTIVITIES

Compliance and Regulation Department carries out activities to fulfill the responsibilities stipulated in the Financial Crimes Investigation Board (MASAK) legislation within the scope of the Prevention of Laundering Proceeds of Crime and Financing of Terrorism and Proliferation of Weapons of Mass Destruction, and to comply with international principles and rules on the same. In this context, pursuant to the "Regulation on Compliance with Obligations Related to the Prevention of Laundering Proceeds of Crime and Financing of Terrorism," the necessary policies and procedures are established for the identification, classification based on risk categories, and monitoring of customers, and notification of suspicious customer transactions to ensure that the Bank fulfills its obligations. It is checked whether the policies and procedures in question have been implemented and opinions/approvals are given for the transactions of risky sectors and countries. Necessary investigations and evaluations are carried out within the framework of a risk-based approach about transactions that may be suspicious in the Bank that are transmitted through branch, etc. channels or detected within the scope of monitoring and control activities and the transactions that are deemed to be suspicious are reported to the Financial Crimes Investigation Board (MASAK). For the purpose of sound monitoring of international sanctions by the Bank, the Sanctioned List, which compiles the sanction decisions of international institutions and organizations such as the United Nations, the European Union, OFAC, etc., is used for queries and controls. Compliance-related duties and activities are performed in coordination to prevent the laundering of the proceeds of crime and financing of terrorism at domestic and foreign branches of the Bank. The follow-up of the compliance risks that may arise from the foreign regulations and the control of compliance with these regulations of the foreign branches that are subject to the compliance program established by the Bank in accordance with the legislation of the country in which they operate are carried out by a staff member in respect of each branch. The activities mentioned earlier are carried out in coordination with business units. In-class and online training courses are regularly provided to the Bank's employees to constantly raise awareness and strengthen the culture of preventing the laundering of proceeds of crime and financing of terrorism.

Upon several amendments made in the Financial Crimes Investigation Board (MASAK) regulations, financial institutions operating under a parent institution have been gathered under the umbrella of the Parent Financial Institution, with the entire structure being re-defined as a "Financial Group". Obligations of all institutions under the financial group continue separately, while an additional set of group obligations have been introduced for "Financial Groups".

Under the Türkiye Vakıflar Bankası T.A.O. Financial Group established as per the regulations are our Bank, which is the parent financial institution, and other financial institutions including Vakıf Yatırım Menkul Değerler AŞ, Vakıf Faktoring AŞ, and Vakıf Finansal Kiralama AŞ. Oversight and coordination for the fulfillment of the obligations by the Financial Group rest with the Compliance Department of our Bank, which is the parent financial institution. In this respect, a Financial Group Compliance Policy has been released. Our Bank's Compliance Officer has also been appointed as the Financial Group's Compliance Officer, and the Bank's Deputy Compliance Officer has been appointed as the Financial Group's Deputy Compliance Officer. To act in line with joint, group-wide compliance standards in compliance efforts across the group, the Bank's Compliance Department carries out joint activities with the Compliance Department of the other three financial institutions. In addition, necessary guidance and instructions are provided and financial group compliance obligations are checked.

Assessment of the Internal Systems and Operations

LEGISLATION MONITORING AND EVALUATION ACTIVITIES

The Compliance and Regulation Department carries out activities to effectively and efficiently monitor relevant legislation on banking activities and manages the compliance process.

Recent developments in legislation and banking practices related to banking activities are monitored; the impacts of legislative changes on banking activities are interpreted. Within this scope, the measures to be taken by the Bank and the affiliates of the Bank about the services provided by the Bank and the changes to be made in the Bank's internal legislation and practices are identified, and written information is provided to the relevant departments and it is followed and requested that the necessary measures are taken. Furthermore, relevant departments are informed of draft banking regulations, and thus necessary procedures are initiated before they enter into force.

Tasks for regulatory compliance controls are carried out within the scope of the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process." In this respect, efforts toward alignment with regulatory changes are coordinated. Measures are taken by the relevant department for such changes to be reflected in the Bank's internal procedures and practices. Changes in practices and revised procedures are also monitored and checked in terms of compliance with regulations. This way, revisions and changes deemed necessary are also made. Necessary measures are taken for timely and full compliance with regulations. In addition, controls are run for the compliance of new products and services with these regulations, while coordinated efforts are undertaken to keep internal procedures and instructions up to date.

Notification and coordination processes are run to ensure the Bank participates in the meetings held by the Banks Association of Türkiye. The Bank also joins, together with relevant functions, the Working Groups formed as part of regulatory compliance activities. Participation is ensured in the meetings of Working Groups. When the Association requests the Bank's opinion on a specific subject, ideas are gathered from relevant business units and are evaluated to express a statement on behalf of the Bank. Information on the activities carried out before the Association, regulatory arrangements communicated by the Association, and instructions and information received from the Agency (BRSA) are all disseminated to relevant business units, and actions taken are monitored.

There are agreements in place on exchanging information between the Republic of Türkiye and the United States of America and with OECD countries to enhance international tax compliance. Legislation regarding these agreements is monitored. Relevant business units are assigned to ensure compliance with such legislation. The efforts undertaken by business units are monitored. Measures include those in compliance with the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS).

Within the scope of the obligation as part of which the detailed justifications to be prepared for complying with all the principles contained in the Good Practice Manuals and the principles which are partially implemented or not fully implemented are presented every year together with the submission of the Internal Capital Adequacy Assessment Process (İSEDES) reports to BRSA; the practices of the Bank which is designated as a "Systemically Important Bank" and its policy documents are monitored and controlled to ensure that they are in full compliance with all the principles specified in the Good Practice Manuals. The relevant business units are coordinated to make changes and corrections when necessary.

Besides, our employees assigned at those branches in charge of the matters mentioned earlier and reporting on compliance monitor compliance of foreign branches with the legislation in their respective countries.

In line with the activities of the Department, it is aimed to support the Bank's compliance with the applicable laws and other relevant regulations, the Bank's internal policies and procedures, organizational management and ethical standards, and to protect the Bank's reputation and integrity through compliance with all legal regulations.

To ensure the Bank's full compliance with sustainability-related regulations, to prevent environmental problems such as climate change and uncontrolled waste, the legislative regulations published by the Ministry of Environment, Urbanization, and Climate Change and other relevant institutions and organizations are closely monitored, the relevant departments are informed about the issue, and contribution is made to the 2030 Sustainable Development Goals of the United Nations.

SUMMARY INFORMATION ON IMPORTANT LEGISLATIVE REGULATIONS PUBLISHED IN 2022

Communiqué on Encouraging Conversion to Turkish Lira Deposit and Participation Accounts as well as the Communiqué on Encouraging Conversion from Gold to Turkish Lira Deposit and Participation Accounts were published by CBRT and entered into force in 2021. These communiqués allowed customers who hold FX-denominated accounts to convert their balances to TL, open time-deposit accounts, and protect against FX risks. Initially covering only real persons, such Communiqués have been expanded in terms of scope in 2022 to include legal entities, as well.

The Presidential Decree No. 5206 on Supporting Deposit and Participation Accounts Vis-à-vis Rising FX established the principles and procedures for "FX-Protected TL Time-Deposit Accounts" intended to serve as a new financial alternative to be implemented until December 31, 2022, for those customers who wish to protect their savings against rising FX. An amendment introduced on December 17, 2022, extended the implementation period until December 31, 2023.

The Communiqué on the Deposit and Participation System Accounts for Turkish Citizens Abroad (YUVAM) was published to allow Turkish citizens residing abroad, who are real persons, to convert the FX transferred from abroad to TL, open a time-deposit account, protect against FX risks, and earn the additional returns to be paid by the Central Bank of Türkiye. With amendments introduced to the communiqué afterward, firms based abroad with Turkish citizens residing abroad as investors have been included in the scope of the Communiqué. Another amendment made lifted the requirement of citizenship for eligibility from the provisions of the Communiqué.

The Communiqué on Introducing Physical Assets in Gold to the Financial System was published to stipulate the principles and procedures allowing real and legal persons in Türkiye to, either via authorized jewelers and refineries or directly via the Bank's branches, convert their physical gold assets in their gold accounts to TL-denominated deposit accounts and to benefit from the incentive to be provided to such account holders.

An income tax exception was introduced for the aforementioned deposit products as part of the Liraization Strategy announced by CBRT. The withholding tax applied to income obtained from these products has been set at zero.

A revision was made to the Export Circular obliging exporters to sell at least 40% of their export fees to the banks, and banks to sell these amounts to CBRT and pay, in return, to exporters in TL.

In addition, the Implementation Directive on Exports and FX Generating Services Rediscount Credits was revised. Accordingly, firms wishing to take out rediscount credits are obliged to undertake that they would sell at least 30% of their export income throughout the credit term to the banks and not re-purchase the FX amount sold for one month, provided that the export fee in FX corresponding to the credit amount at minimum is sold.

A revision was made to Corporate Tax Law no. 5520 according to which the exchange difference, derived as a result of conversion from FX and gold-denominated accounts to FX-protected deposit accounts, and earnings from interest income are exempt from taxation.

An amendment was made to the Regulation on the Definition, Qualifications, and Classification of Small and Medium-Sized Enterprises, according to which the turnover threshold set for SMEs was increased from TL 125 million to 250 million.

As for the transition to the Turkish Lira Overnight Reference Rate (TLREF), the Banks Association of Türkiye announced the termination of the Turkish Lira Interbank Offer Rate (TRLIBOR). Accordingly, the final release date for TRLIBOR is June 30, 2022; the announcement of the TRLIBOR/TLREF transition spread rate is July 1, 2022, and the transition of TRLIBOR-indexed transactions to TLREF is July 1, 2022.

An amendment was made to Decree No. 32 on the Protection of the Value of Turkish Lira, according to which payment obligations under FX-denominated property sales contracts, with the exception of vehicle sales, between persons residing in Türkiye shall be paid in TL.

Pursuant to the Communiqué on the Establishment of Securities as published and enacted by CBRT: banks and financial institutions identified by CBRT are now, obliged to keep securities before CBRT for the FX-denominated deposits and precious metal deposit accounts, as well as for the funds generated from FX-denominated repo transactions the qualities of which is to be determined by CBRT on the side of liabilities. On the side of assets, banks and financial institutions are obliged to do the same for securities and TL-denominated cash loans the procedures and principles of which are to be determined by the Central Bank. The obligation to hold securities before the Central Bank includes long-term Government Debt Securities and lease certificates issued by the Treasury Undersecretariat's Asset Leasing Company.

Upon amendments to the Communiqué on Mandatory Provisions, banks, and financing companies were subjected to a mandatory provision corresponding to 10% of their TL-denominated commercial cash loans with the exceptions specified in the Communiqué. This ratio was then increased to 20% and then reduced to 0% for banks. This 0% provision for banks was replaced by 30% securities establishment as per the Communiqué on Securities Establishment.

The general maturity threshold for consumer loans was set to be 36 months for loans of up to TL 50 thousand; 24 months for loans of over TL 50 thousand and below TL 100 thousand; and 12 months for loans of over TL 100 thousand.

Maximum amounts and maturities of vehicle loans and loans extended in exchange for an auto pledge have been re-determined according to the final invoice value and motor insurance value of the vehicle for which the loan was extended.

A regulation was introduced regarding consumer loans to be extended for mortgage and mortgage-guaranteed loans whereby the amount of the loan would vary based on the appraisal value of the house obtained as a guarantee, whether it is new or second-hand, and its energy class.

Assessment of the Internal Systems and Operations

Pursuant to the Advance Loan against Investment Commitment (ALIC) Implementation Directive as amended by CBRT, provisions that restricted the intermediation for ALICs only to development and investment banks were lifted. The total loan cap was increased to TL 150 billion, where the TL 50 billion portion of this cap was allocated to ALICs to be taken out by firms operating in tourism.

Under decisions passed by BRSA as part of macro-precautionary steps to strengthen financial stability:

A decision was passed to not extend a new TL-denominated commercial loan in cash to companies subject to independent audit with the exception of banks and financial institutions if their foreign currency (FX) cash assets correspond to over TL 10 million as of the date of their loan application and such companies' FX cash assets exceed 5% of whichever is greater: their total assets or their net sales revenues in the past 12 months as of their most recent financial statements. Where a transaction that contradicts such a decision is made, the risk weight ratio applied shall be different than the standard ratio in capital adequacy calculation for all TL commercial cash loans extended to such companies, commercial cash loans to be extended as of May 1, 2022, as part of the Regulation on Measuring and Assessing the Capital Adequacy Ratio of Banks except the loans identified as an exemption by BRSA and commercial cash loans in FX and TL extended to persons residing in Türkiye except the banks and financial institutions carrying out derivative transactions with residents abroad.

Banking and insurance transaction tax was increased from 5% to 10% for the funds received in consumer loans.

With a revision made in the Consumer Protection Law no. 6502, a restriction was introduced regarding the offering of insurance and other secondary products and services as a condition for extension in consumer and mortgage loans.

Under the Law of the Istanbul Finance Center no. 7412, the activities to be conducted at Istanbul Finance Center and incentives, discounts, exemptions, and exceptions regarding such activities were regulated.

Pursuant to an amendment made to the Banking Law no. 5411, the scope of deposit insurance was expanded to cover saving deposits and all other deposits except deposits held by public institutions, credit institutions, and financial institutions (up to TL 200 thousand for 2022, TL 400 thousand for 2023).

Regarding Banks' outsourcing activities, BRSA was appointed as the official authority to grant power to support services enterprises and other service providers, as applicable to the nature of service to be procured, and to establish the principles and procedures that such providers shall comply with while delivering these services.

BRSA was appointed as the official authority to grant an operating permit by imposing limitations and restrictions based on banks' areas of activity.

With CBRT's regulation, banks whose total TL-denominated deposits remain below the ratio set by CBRT will be charged varying commission fees.

Pursuant to the amendment to the Regulation on Banks' Consolidated and Unconsolidated Calculation and Implementation of Foreign Currency Net General Position/Equity Standard Ratio, the weekly simple arithmetic average of the absolute values of foreign currency net general position/equity standard ratio was set at 5% at maximum to be effective as of 2023.

Customers whose most recent financial statements audited by independent audit institutions and independent auditors' reports shall be obtained at the stage of credit allocation have been specified by BRSA, to be effective from 2023, as those customers whose total risk in the banking sector is above TL 200 million including the loan requested.

Customers' express and written statement on the nature of payment in all cash transfers from Türkiye to abroad is now mandatory. It is also mandatory for customers to present a supportive document to the bank regarding the nature of transfers the amount of which exceeds the figures specified by CBRT.

The implementation period for reduced withholding tax rates was extended from December 31, 2022, to June 30, 2023, for interest income generated from TL deposit accounts, as well as the income and revenues generated from bonds and bills.

BRSA released a Regulation on the Independent Audit of Information Systems and Business Processes which now govern the principles and procedures applicable for the audits to be conducted by independent audit institutions authorized under this Regulation for the information systems and business processes of those institutions who are subject to the oversight and supervision of BRSA. The Communiqué on the Report regarding Independent Audit of Information Systems and Business Processes established the principles and procedures for the content and form of the independent audit report to be issued under the Regulation on the Independent Audit of Information Systems and Business Processes.

Pursuant to the amendment made in the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism, the transaction cap was increased to TL 85 thousand from TL 75 thousand in identifying persons. The amount was increased from TL 85 thousand to TL 185 thousand in 2023.

Revisions made to Law no. 5520 re-established the corporate tax at 25% for banks, electronic payment, and monetary institutions, authorized foreign exchange agencies, asset management companies, capital market institutions, insurance and reinsurance companies, and pension firms.

The Banking Sector Good Practices Guide for Protection of Personal Data published by the Personal Data Protection Board provides procedures and principles that banks must observe for the protection of personal data, as well as general information on their obligations.

Circular no. 2022/1 Regarding the Regulation on Disclosure of Trade Secrets published by BRSA governs issues such as the obligation of keeping secrets, exceptions for keeping secrets, and general principles regarding the disclosure of confidential information.

According to the revisions made to the Law no. 5834 on Disregarding the Past Records of Bad Checks, Protested Bills and Loans and Other Credit Card Debts, if real persons and legal entities whose principal and/or installment due date was before October 1, 2022, and who failed to make timely payments, and if they later repay all of the remaining due amounts or restructure their debt by July 1, 2023, their records kept at the Risk Center of the Banks' Association of Türkiye will not be taken into consideration by credit institutions and financial institutions in financial transactions conducted with such persons and entities.

CBRT announced the launch of the Safety Layer Service (SİPER) that can be used in all fund transfers. The Service allows information sharing on any illegal transaction risks involving the institution initiating the fund transfer and the receiving institution and helps inform all other participants of the system.

The "GEÇİT" infrastructure was established to enable financial service users to manage their accounts at different payment service providers from a single access point and place payment orders. The system will also help create secure, effective, low-cost, and innovative business models.

OTHER INFORMATION ON THE BANK AND ITS ACTIVITIES

There are no lawsuits filed against the Bank that could affect the Bank's financial status and activities.

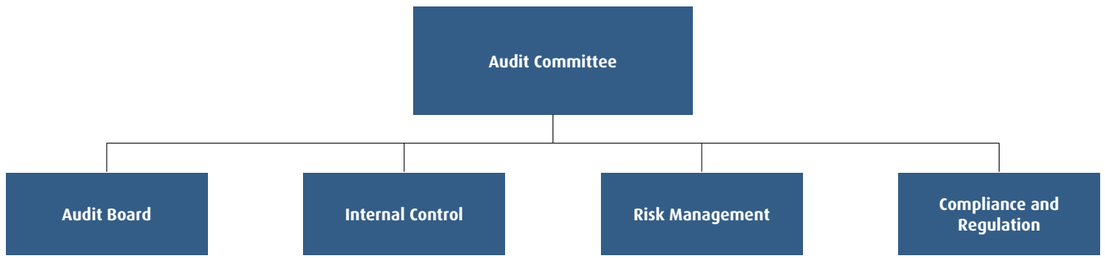
There have been no considerations that could lead to a conflict of interest between the Bank and the institutions from which it receives services such as investment consulting and rating.

There are no lawsuits filed against VakıfBank regarding environmental, social, and corporate governance issues.

GRI 2-15

Risk Management

WE FOCUS ON RISK MANAGEMENT, WHICH IS AMONG OUR MATERIAL TOPICS, IN ACCORDANCE WITH LEGAL REGULATIONS, INTERNATIONAL REGULATIONS AND STANDARDS.



Along with the changing regulations, globalization, and technological developments affect the nature of the banking sector's risks, as in the other sectors. Therefore, adapting to a risk environment that changes faster than ever figures a vital role in long-term sustainable growth. Accordingly, we consider risk management, one of the building blocks for the continuity of banking sector activities, as an important tool to adapt to constantly changing regulations and environments.

We focus on risk management, which is among our material topics, in accordance with legal regulations, international regulations, and standards. We manage risk management and internal control processes through the Audit Board, Internal Control, Risk Management, and Compliance and Regulation Departments, of which the duties and responsibilities are determined under the regulations of the Banking Regulation and Supervision Agency (BRSA) and which are working in harmony, under the supervision and control of the Audit Committee.

The primary responsibility in risk management lies with the Risk Management Department, and IT Compliance Department is assigned to the risks arising from Information Technologies (IT). We also have a Market Risk Management Committee, Credit Risk Management Committee, and Operational Risk Management Committee.

By improving the risk culture throughout the corporation in parallel with the changing operating environment and risk perception, we identified the risks as follows by weighing the materiality principle to contribute to the realization of the mission and vision of our Bank and to ensure its existence healthily, adopting the best risk management practices recognized nationally and internationally.

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Counterparty Credit Risk
- Interest Rate Risk Arising From Banking Accounts
- Residual Risk, Concentration Risk, Sovereign Risk, Reputation Risk, Model Risk, Climate Risk

Policies define these risks, and we carry out monitoring, measuring, and reporting activities within this framework. We make risk calculations based on financial statement projections in accordance with the methods specified for risk types.

In addition, we carry out validation and monitoring activities of credit risk parameter models used in the process of internal rating and TFRS 9 provision calculations throughout the bank.

In line with these risks, we also conduct various sensitivity analyses, internal scenario analyses, stress tests, and related studies to understand the risks in more detail.

In our bank, we conduct stress tests on portfolios and activities, on a solo and consolidated basis, at particular and universal levels. We establish particular stress test applications with sensitivity and scenario analyses particular to a portfolio or activity and universal stress test applications in a way that enables the Bank's risks to be seen from an integrated perspective. Relations between risks are taken into account by the correlation effect, and connections between portfolios are considered with the diversification effect. Depending on their characteristics, risks subject to stress testing are applied daily, weekly, monthly, or annually.

Sensitivity and scenario analyses are made by applying one or several of risk factor shocks that can be exemplified as changes in the general level of interest rates, shifts in the probability of default, decreases in the creditworthiness of counterparties with which our Bank operates, adverse changes in liquid asset values, legislative changes that may affect operations, significant volatility in financial markets, operational loss conditions, increase in activity concentrations, to specific portfolios and activities.

Moreover, we present our determinations and suggestions to the Senior Management by conducting studies on establishing the infrastructure for managing reputational risk, ensuring the strengthening of inadequate and incomplete controls through Impact Analysis studies in which business processes are analyzed. According to the Risk Rating Scale, we determine the risk level by weighing the effects of the risks that are likely to occur under the headings of financial loss, legal liability, customer satisfaction, and reputation. We monitor the implementation of the Audit Committee's and the Board of Directors' decisions regarding the said work results. Additionally, we consider the reputational risk in the "Support Service Risk Analysis Reports" prepared for the support services to be received and the evaluations of new products/services/projects to be implemented in our Bank.

We analyze the risks caused by climate change and continue our studies on this issue. In this context, as a result of our Bank's lending activities, we carry out studies to determine and measure portfolio risks within the framework of both physical risks and transition risks related to climate risks and to measure the effects of physical risks such as excessive rainfall, floods, and droughts related to the places where operational activities are performed.

Technology-related risks are managed from two fronts, the Risk Management Department and Information Security Department. The Information Security Department conducts annual work on IT Risk assessment for the Bank's IT assets, and preparation of IT Risk Asset Inventory, and presents it to the Board of Directors. Annual Emergency Tests are carried out by using the results of service criticality levels obtained from the results of IT risk assessments and Business Impact analyses. With Emergency Tests, risks that may occur in the event of an emergency in Very Critical and Critical services are simulated and tests are carried out.

In addition to these, we have established the Corporate Risk Management Procedure to coordinate and ensure the effectiveness of the procedures and activities set within the framework of the Quality and Environmental Management System to evaluate the internal and external risks that our Bank may encounter and to take necessary measures, as well as to identify the opportunities that may occur due to the conjuncture and to create the awareness required within the entire organization.

Risk Management Policies Applied by Risk Type

Risk management activities continued in 2022 in line with the Bank's risk management policies that were prepared as per national legislation and international practices and approved by the Board of Directors of the Bank.

Risk management practices are implemented through policies, action plans, implementation procedures, and limits determined for the quality and level of the Bank's activities depending on the Bank's risk-return structure. They include identifying, measuring, and reporting incurred risks on an unconsolidated and consolidated basis and monitoring the total capital requirement and liquidity adequacy regarding risk profiles.

Policies and other documents are prepared as per the Banking Regulation and Supervision Agency (BRSA)'s "Regulation on Bank's Internal Systems and Internal Capital Adequacy Assessment Process" and "Good Practice Manuals." They are periodically reviewed and updated if necessary.

In 2022, efforts continued to follow up and monitor national and international regulations regarding risk management & capital adequacy, and relevant developments. In line with economic developments and expectations, daily scenario analyses on the capital adequacy ratio and monitoring and analysis activities for the standard ratio of interest rate risks arising from banking accounts and the liquidity coverage ratio were also carried out in 2022. The stress test reports issued at the end of each month covering all risk factors were regularly reported to the Bank's senior management.

An "Internal Capital Adequacy Assessment Process (ICAAP) Report" was issued and submitted to the Banking Regulation and Supervision Agency in 2022, pursuant to the Regulation on Bank's Internal Systems and Internal Capital Adequacy Assessment Process and "Good Practice Manuals."

In line with the Regulation on Prevention Plans to be Prepared by Systemically Important Banks' issued by BRSA, a 'Prevention Plan Report' was drawn up with the coordination of the Risk Management and Strategy & Planning Departments and with the participation of relevant units and submitted to BRSA.

SDG 8

GRI 3-3

GRI 3-3

Risk Management

The "Risk Appetite Statement" was updated in 2022, which determines the level of risk that the Bank is ready to take based on the risk capacity the Bank is anticipated to bear at a safe level to realize the Bank's objectives and strategies. The Bank, in addition to the capital adequacy ratios, has determined Risk Appetite Levels for the first structural block risks (Credit Risk, Market Risk, Operational Risk, Counterparty Credit Risk) and second structural block risks (Interest Rate Risk in the Banking Book, Liquidity Risk, Concentration Risk and Other Risks) as determined by BRSA in line with Basel regulations. The capital-based in the Risk Appetite Statement, liquidity and risk concentrations established in the statement and risk-based limits are regularly monitored.

Studies to calculate the market risk through the "Value at Risk (VaR)" model and to improve this model continued.

Within the scope of operational risk management, data on operational losses are collected, including subsidiaries and affiliates, to make a consolidated analysis. Operational Risk Analysis reports, which include breakdown and evolution of data regarding losses, continued to be prepared and shared with the Senior Management. Furthermore, impact analysis activities for banking business processes were completed in 2022.

Market Risk

The market risk from trading transactions is measured and monitored using standard methods and internal models in conformity with national and international practices. Market risk is managed in accordance with the "Market Risk Management Policy Document."

Market risk measurement results are calculated monthly on an unconsolidated and consolidated basis by using the standard method under the provisions of the "Regulation on Measuring and Assessing the Capital Adequacy of Banks" and reported to the Bank's senior management and the Banking Regulation and Supervision Agency. The portfolio, which is used in the calculation, is determined under the Bank's Trading Strategy, Policy and Implementation Procedures Document.

Moreover, VaR (Value at Risk) calculations are made on a daily basis and reported accordingly. "Value at Risk" is calculated daily through a unilateral 99% confidence interval by using historical simulation and Monte Carlo simulation. Daily tests are made retrospectively (backtesting) to test the reliability and performance of the model results. Furthermore, scenario analysis and stress tests supportive of the standard method and internal models are performed.

Followed in line with the general limits of the Bank and the early warning signal limit, VaR-based limit implementation is monitored daily to limit the market risk.

Interest Rate Risk

Interest rate risk, which the Bank may be exposed to due to maturity mismatch on its balance sheet, is managed in accordance with the "Interest Rate Risk Management Policy Document."

The standard ratio of interest rate risk from banking accounts is calculated monthly and reported to the Banking Regulation and Supervision Agency. Besides, calculations are also made weekly to track the ratio and take prompt actions. Gap analysis is carried out based on the time left for repricing, and reports are issued on the interest rate risk while duration measurements and sensitivity analyses are periodically performed.

The Bank established and put into practice procedures for interest rate risk appetite. Interest rate risk limits were determined in line with the interest rate risk appetite. Relevant limits are periodically reported to Bank's Senior Management.

Liquidity Risk

The Bank's liquidity risk is managed in accordance with the "Liquidity Risk Management Policy Document." The Bank's liquidity risk management approach is to monitor liquidity risk throughout the day continuously. Accordingly, work is performed to keep cash inflows and outflows in both Turkish Lira and foreign currency always under control, long-term cash flow tables are prepared, and scenario analyses and stress tests based on previous experiences and expectations are performed to determine the Bank's resilience against unexpected crises.

The Bank's liquidity risk appetite was determined, and liquidity risk limits were established accordingly. Relevant limits are periodically reported to Bank's Senior Management.

The Bank manages its liquidity risk as per the Liquidity Contingency Plan, which the Board of Directors approves. The Bank monitors and addresses possible liquidity requirements within the specified action plans framework and analyses existing and potential liquidity gaps.

Operational Risk

Operational risk refers to the prospect of loss resulting from inadequate or failed processes or systems, employee errors, or external events that also cover Legal Risk. The management of operational risks is performed in accordance with the "Operational Risk Framework," established for comprehensive determination and definition of all the significant risks faced by the Bank by categories to serve as a shared terminology containing examples of these risks, and the Bank's "Operational Risk Management Policy Document". The Inspection Board and the Internal Audit function audit operational risks. In managing operational risks, the Bank collects operational risk actual and potential loss data, enabling the standardized approach's implementation. The operational loss data is analyzed to identify the risk factors. The findings are presented to the Bank's internal systems functions and Bank's senior management.

Operational risk data is examined on a consolidated basis. Within this scope, loss data is regularly collected from the Bank's affiliates and saved in the database.

Conducted to analyze business processes, identify ineffective and insufficient controls, and take necessary measures, "impact analysis" efforts for 2022, which applies to all Head Office Units, were finalized.

Risk assessments on new products are carried out within the scope of the "New Product Development Regulation." Moreover, risk assessments regarding the procurement of support services are performed following the "Support Services Procurement Procedures and the Risk Management Program."

"Operational value at risk" figures calculated annually on an unconsolidated and consolidated basis using the key indicator approach are reported to the Bank's top management and BRSA, pursuant to the "Regulation on Measuring and Assessing the Capital Adequacy of Banks".

Credit Risk

Credit risk arises from the partial or complete failure of a counterparty to fulfill its obligations provided for in contractual requirements and is managed within the scope of the "Credit Risk Management Policy Document." The Bank's definition of credit risk covers credit risk in all products and activities, based on the definition of credit in the Banking Law.

The findings obtained from analyses on the composition and concentration of the Bank's loan portfolio (type of loan, currency, sector, borrower, holding, group, subsidiaries), on the portfolio quality (standard loans, non-performing loans, deferred loans, loans under scrutiny, rating distribution of the portfolio) and sovereign risks, as well as data derived from scenario analyses and studies on NPL ratios, are reported to the Bank's senior management in the form of individual and monthly reports.

Credit value at risk, calculated as per the provisions of the "Regulation on Measuring and Assessing the Capital Adequacy of Banks," is monthly reported to the Bank's senior management and BRSA on an unconsolidated and consolidated basis. The Capital Adequacy Standard Ratio is closely monitored within the Bank, calculated daily, and reported to the senior management after the scenario analysis and stress testing.

The ultimate aim of the Bank is to use credit risk internal methods in line with Basel III regulations and international best practices. Within this scope, "Internal Rating Based Approach" (IRB) activities are carried out within the Bank. As part of IRB activities, the Credit Risk Control Department and the Assessment and Rating Directorate work to update the existing credit rating models and develop new models. Policies and procedures are updated by following a risk-based approach during IRB efforts. Furthermore, as it is crucial to use consistent credit rating models with a high-reliability level both within the scope of IDD for internal rating and TFRS 9 for expected credit loss calculations, the Credit Risk Control Department periodically analyses the models' outputs and prepared monitoring reports are submitted to the Bank's senior management.

The Validation Department carries out to determine, by using accuracy, correctness, and consistency measurements, the extent to which the models used within the Bank represent the realizations; to measure how sound the models and other components are and; to make qualitative and quantitative validation on the internal credit rating systems used by the Bank. Validation reports regarding the models are presented to the Bank's Senior Management.

GRI 3-3

GRI 3-3

Risk Management

Sovereign Risk
Sovereign risk is described as the probability of loss exposed by the Bank, which bears the direct and/or indirect risk of the borrowers in the said country in its portfolio, as a result of the failure of borrowers (central government, corporate or other) in a foreign country to fulfill their obligations or avoid from fulfilling the same due to events or uncertainties affecting the economic, social and political conditions.

The Bank manages sovereign risk within the scope of the "Country Risk Management Policy Document" and has defined indirect sovereign risk, central government risk, contagion risk, macroeconomic risk, indirect foreign exchange risk, and transfer risk as the main components of the sovereign risk.

Within the framework of the risk appetite, sovereign risk concentration limits have been established. Reports showing the limit compliance level and measurement results are shared with the Senior Management via monthly reports. Within the framework of the Sovereign Risk Management Policy Document, Country Analysis Reports are issued for the countries where our Bank has taken or plans to take a risk, and shared with relevant units by using domestic and international sources. Besides, within the scope of monthly stress tests, sensitivity analyses are carried out regarding the country's risk. The results are shared with the senior management.

Counterparty Credit Risk
Counterparty credit risk is the risk arising from the possibility that the counterparty may default on amounts owed before the last payment for a transaction that obligates both parties. It is managed pursuant to the "Counterparty Credit Risk Management Policy Document."

In accordance with the provisions of the "Regulation on Measuring and Assessing the Capital Adequacy of Banks," counterparty credit risk amounts calculated using the fair value are calculated based on the portfolios in the trading and banking accounts. These amounts are monthly reported on an unconsolidated and consolidated basis within the scope of capital adequacy calculations to the Bank's senior management and BRSA.

Concentration Risk
Concentration risk arises due to a specific concentration of the Bank's assets, liabilities, and business lines; this risk type is managed pursuant to the "Concentration Risk Management Policy Document."

Concentration risk limits were determined in a manner that will enable the Bank to avoid large risk concentrations, monitor its risks within the scope of its risk appetite, and carry out its activities even under stress conditions.

The Bank establishes limits in managing concentration risks which are monitored and reported to senior management. Limits are controlled regularly and revised as necessary, parallel with economic developments, expectations, and the Bank's objectives and strategies.

Reputation Risk
The Bank manages reputation risk, which is defined as the possibility of loss-making of the Bank due to the negative trust of the Bank, or falling into disrepute as a result of the negative opinions of the parties such as existing or potential customers, partners, competitors and supervisors about the Bank or failure to comply with the current legal regulations, within the scope of "Reputation Risk Management Policy Document".

The "Reputation Risk Management Policy Document" provides guidance in determining policies regarding the identification, evaluation, control, monitoring, reporting, and management of the reputation risk that may arise from the Bank's operations, practices, partners, and employees.

For the measurement and management of reputation risk, which is an abstract concept, the Bank has determined the reputation risk sources and manages the reputation risk through qualitative evaluations conducted within these criteria' framework.

Climate Risk
Climate risk is defined as the potential of negative effects of adverse weather conditions on people, natural systems, and economic sectors.

"Climate Risk Management Policy" guides efforts to establish policies for the definition, assessment, control, monitoring, reporting, and management of climate risk. In 2022, a Climate Risk Policy Document was issued and communicated to all of the staff members.

Climate-related financial risks refer to a group of potential risks that, as a result of climate change, could potentially affect the security and soundness of financial institutions and have broad implications for the banking system in the context of financial stability.

The Bank defines climate risk in terms of physical risks and transition risks. This understanding is adopted while portfolio risks are being identified and measured from the perspective of physical and transition risks related to climate risks as a result of the Bank's lending activities.

The Bank has defined its "Green Asset Ratio", which demonstrates the concentration of green assets in its portfolio, as a key risk parameter for the qualitative assessment of transition risk. Efforts are now being undertaken to issue a guidebook for the preparation of Heat Map Methodologies and the generation of further Green Assets. The Bank is an active participant in the Sustainability Sub-Working Group which operates under the roof of the Banks Association of Türkiye.

Physical damage risk, as well as various scenarios involving rising temperatures and rainfall, are assessed within the scope of climate risk.

Other Risks
The Bank has defined Model Risk, Earthquake Risk, and Residual Risk as other essential risk factors depending on the current risk profile, operating environment, and regulatory or economic environment.

Model Risk is the probability of loss for the Bank caused by the fact that the models used by the Bank in the measurement of risk or the valuation of financial products cannot adequately and accurately reflect the risks to which the Bank is exposed. "Model Risk Management Policy Document" was created by the Bank to reveal the principles and approaches that will form the basis for the model risk management process and to contribute to the sustainability of the risk management activities in the Bank.

Model risk management is a process that starts with the development, implementation, and usage of a sound model and continues with the validation of the model through which a clear framework regarding the boundaries, constraints, and assumptions of the model is determined.

Bank's Residual Risk is determined as "The remaining level of risk after risk management actions and control practices carried out for risk reduction" in the "Operational Risk Management Policy Document" and as "Risks arising from the fact that the credit risk reduction techniques used are not as effective as expected" in the "Credit Risk Management Policy Document".

Residual Risks are considered within the scope of "Impact Analysis" studies to ensure operational risks are taken under control by analyzing business processes at the Bank, determining ineffective, and inadequate controls, and taking necessary measures.

Earthquake Risk is defined as the probability of damage caused by the damage to physical assets and human resources of the Bank due to a potential earthquake and the loss of income due to possible service interruptions after the earthquake.

The intensity and time of earthquakes cannot be determined precisely in advance since they are natural events requiring advanced scientific measurements or are based on a mechanism that is not yet determined by existing scientific possibilities. Thus, the Bank has identified the risk sources in analyzing and managing earthquake risk and manages the earthquake risk through qualitative evaluations performed within these criteria' framework.

GRI 3-3

GRI 3-3

Ethical Principles of Banking

OUR GOOD PRACTICES IN ETHICAL BANKING ARE AT THE CORE OF THE REASSURING BANKING PERCEPTION WE HAVE CREATED WITH OUR STAKEHOLDERS.

In 2022, we provided 156 hours of in-class and 2,121 hours of online training on ethics.

Our good practices in ethical banking are at the core of the reassuring banking perception we have created with our stakeholders. Accordingly, in our activities, we act in compliance with the Corporate Governance Principles and in accordance with the Principles of Banking Ethics established by the Banks Association of Türkiye to regulate the banks' relations with the entire stakeholders' ecosystem.

In 2019, we published the Regulation on Ethical Principles and Ethics Commission's Working Procedures and Principles to establish and develop an ethical culture in our bank, apply ethical principles efficiently, and increase ethical awareness. In 2020, we created our Ethical Principles Policy. The Ethical Principles Policy, which is accessible on our internal portal for all employees, is also open to the public on the website of our Bank. As a consequence of the rapidly expanding use of social media in the digitalizing world, we announced the social media ethical principles to our Bank's organization in 2021 to protect the neutrality of our Bank's services and the trust in our Bank.

We have ethics reporting channels where our employees and the public can submit their complaints in case of any situation contrary to the Ethical Principles. Our ethics reporting line can be reached via e-mail at **etikihbar@vakifbank.com.tr, ethics@vakifbank.com.tr,** and via phone at **0850 955 38 45.** All reports submitted to our ethics reporting channels are handled confidentially. We do not make any difference in the transactions made regarding the anonymous applications. We evaluate the reports objectively and impartially. As a result of the investigation, we ensure that the necessary measures are taken by including the related parties subject to violations. We take care to carefully evaluate and resolve all notifications submitted as soon as possible. Additionally, we do not approve of any retaliatory action that people who report to our Ethics Hotline will be faced with these reports.

In addition to our employees, our customers can also convey their complaints and notifications on ethical issues through the **Contact Us (Sorun Çözelim)** and **Ethics Hotline** section on our Bank's corporate website, our call center, our internet and mobile applications, our branches, and our Head Office contact address. Reports received through the ethics hotline are examined based on their nature and the reporting person is contacted as soon as possible and informed about the process.

The plan for 2023 is to more frequently provide information on **"VakıfBank's Ethical Principles" and "Ethical Behavior"** and reinforce this understanding through training courses to raise employees' awareness of ethics. All our employees can access VakıfBank's Ethical Principles Policy on our corporate website and the Bank information system screen on our intranet.

We provide training on our VakıfBank's Ethical Principles to our newly hired employees within the scope of orientation training, and we also offer this training to all other employees at request. In 2022, we conducted 156 hours of in-class and 2,121 hours of online training on ethics.

Within the framework of our ethical and transparent banking approach, we require our suppliers and business partners to comply with BRSA regulations and Bank policies, and we expect all agreements we make to abide by our policies.

You may find our Bank's Ethical Principles Policy at https://www.vakifbank.com.tr/Default.aspx?pageID=2794

GRI 2-25, 2-26

Compliance and Audit

WE CARRY OUT OUR ACTIVITIES IN ACCORDANCE WITH LEGAL LEGISLATION AND THE GOALS, POLICIES, AND STRATEGIES SET BY SENIOR MANAGEMENT.

Our Internal Control Department, which operates under the supervision and control of the Audit Committee, is responsible for carrying out operational transactions regarding the execution of the Bank's activities, Bank's communication channels and information systems, financial reporting systems, and the controls for the implementation of business processes to ensure the reliability and integrity of our system, and timely availability of the information. Thus, we aim to ensure that our activities are carried out in accordance with legal legislation and the goals, policies, and strategies set by senior management and to provide controls of risky transactions at the Bank.

We carry out internal control activities in all domestic and foreign branches of the Bank, Head Office units, and consolidated partnerships, with a risk-oriented perspective within the framework of Article 30 of the Banking Law titled "Internal Control System", "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process", "Regulation on the Information System of Banks and Electronic Banking Services" published by BRSA and other legal regulations. We share the findings and suggestions determined within the scope of internal control activities that we conduct locally and centrally with the relevant parties through reports and follow their actions. Additionally, we carry out information technology controls to assure that information systems activities are carried out securely and within the Bank's rules.

Our Internal Control Department controls the functional separation of duties and the sharing of powers and responsibilities to define, measure, and prevent our Bank's risks. Evaluating the compliance of the projects, procedures, and processes created by the Bank's business units with the internal policies and rules of the Bank and assess the possible risks they bear, express their opinions in a way to reduce and manage the risks, determine the control points, increase the effectiveness of control activities, establish and improve the auto-control and systemic control mechanisms in processes and procedures and ensure that operational risks are reduced.

Detailed information on Internal Audits can be found in the Assessments on the Functioning of Internal Systems and Operations section of our report.

Prevention of Laundering of Criminal Proceeds and Terrorism Financing

Fighting against the laundering of proceeds of crime, financing of terrorism, financing of the proliferation of weapons of mass destruction, and preventing the use of the financial system by criminals are among the main areas we focus on within the scope of ethical banking. The necessary precautions to prevent the use of the products and services offered by our bank and our subsidiaries for the laundering of proceeds of crime and financing of terrorism are taken.

Our Bank prepared a compliance program to establish corporate policies and procedures and cover risk management, monitoring, control, and training activities to ensure an effective fight against the laundering of proceeds of crime and financing of terrorism, financing of the proliferation of weapons of mass destruction, and preventing the use of the financial system by criminals pursuant to the "Law on Prevention of the Laundering of Proceeds of Crime the " no. 5549, the "Law on Prevention of the Financing of Terrorism" no. 6145, the "Law on the Prevention of Financing the Proliferation of Weapons of Mass Destruction" no. 7262, and related regulations. These activities are carried out by the Compliance Department, under the Compliance Officer.

We act in accordance with national and international regulations and rules through the Policy Document and Implementation Principles on the Prevention of the Laundering of Proceeds of Crime and Financing of Terrorism (MASAK Compliance Policy) through the policies, procedures, and control methods established in our Bank.

The activities to ensure compliance with the legal obligations within the scope of Prevention of the Laundering of Proceeds of Crime and Financing of Terrorism and the international rules, principles, and principles on the same subject are carried out by our Compliance and Regulation Department. Our Compliance Department, under the Presidency, maintains assessment of customers, transactions, and services with a risk-based approach, informing employees about the fight against proceeds of crime and their legal and administrative obligations to eliminate risks in this regard.

In-class and e-learning training is provided to our newly recruited employees on the Prevention of the Laundering of Proceeds of Crime and Financing of Terrorism within the scope of the Orientation and Basic Training Program. In-class and e-learning training are also organized for our current employees.

Every year, we regularly provide in-class and e-learning training on "Prevention of the Laundering of Proceeds of Crime and Financing of Terrorism" to our Bank employees. All our employees are trained for forgery and fraud in banking as follows:

- 15 e-learning courses on the Prevention of E-Fraud in Banking, updated and prepared by the Banks Association of Türkiye, were assigned to employees in 2022.
- 16 e-learning courses prepared by the Secure Banking department, as well as three e-learning modules prepared by the Inspection Board, were delivered to employees via the Training Catalogue.

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GRI 2-25, 3-3, 205-1, 205-2, 205-3

Anti-Bribery and Anti-Corruption

WE ADOPT A ZERO-TOLERANCE POLICY WITHIN THE SCOPE OF OUR ANTI-BRIBERY AND ANTI-CORRUPTION POLICY, WHICH FORMS AN INTEGRAL PART OF OUR BANK'S LEGISLATION.

Within the scope of our Anti-Bribery and Anti-Corruption Policy, which forms an integral part of our Bank's legislation, we aim to comply with ethical principles and international standards in addition to the legal legislation valid in all countries where we operate. We adopt a zero-tolerance policy in this regard. Our Board of Directors' responsibility is to approve, implement, and update our Anti-Bribery and Anti-Corruption Policy, including managers, our subsidiaries and affiliates and their employees; companies, business partners, and their employees from which we receive external services.

Our employees are obliged to directly report the persons and institutions that act against the policy rules or any situation that violates these rules to the Inspection Board. To ensure that the employee making the report is not harmed, we keep all notifications confidential and terminate our work with institutions that act against our Anti-Bribery and Anti-Corruption Policy. For such reports, employees can easily reach the Inspection Whistleblowing Line and e-mail addresses.

We deliver two e-learning courses to employees as part of our efforts to combat corruption. In 2022, the total duration of this training, completed by 19,912 people, was 43,517 hours. We also provided 209 hours of in-class training on Anti-Bribery and Anti-Corruption.

If the Anti-Bribery and Anti-Corruption Policy is violated, disciplinary sanctions will apply, including but not limited to the termination of the employment contract depending on the nature of the incident. In cases that contradict such Policy, the matter is examined by the Inspection Board, and relevant sanctions are imposed in line with applicable laws if such non-compliant conduct is determined to have taken place. In addition, criminal liability may be imposed on those who do not comply with the relevant legislation.

You can access our Anti-Bribery and Anti-Corruption Policy on our website at https://www.vakifbank.com.tr/Default.aspx?pageID=2783

GRI 2-25, 3-3, 205-1, 205-2, 205-3

Sustainability Management

THE SUSTAINABILITY COMMITTEE IS TASKED WITH EFFORTS TO MANAGE ISSUES RELATED TO SUSTAINABILITY AND ITS INTEGRATION WITH BUSINESS PROCESSES.

Integration and management of sustainability into decision-making processes rest with the Sustainability Committee, which is senior decision-making and responsible authority at our Bank. Our operations under the guidance of our Committee are carried out by the Sustainability Sub-Committee, which is affiliated with our Committee. The Sustainability Sub-Committee is chaired by the president of the International Banking and Investor Relations Department. The Sustainability Sub-Committee is responsible for establishing sustainability strategies and policies in economic, social, and environmental fields, as well as integrating these strategies and policies into the Bank's operations and monitoring performance. You can access detailed information about the Sustainability Committee at https://www.vakifbank.com.tr/committees.aspx?pageID=2528

We support our committee through the activities of the Sustainability Service under the Investor Relations Department, the Environmental Management Service under the Support Services Department, and the Environmental and Social Impact Analysis Department under the Corporate Loans Allocation Management Department.

The Committee convened two times in 2022. It approved the targets of the Bank that were presented to the Science-Based Targets initiative in line with the Bank's sustainability strategy. Decisions were taken by the committee on key performance indicators established under the sustainability-themed overseas financing transactions. The committee also approved the Environmental Policy in this fiscal period.

An "Integrated Governance Working Group" was established under the Sustainability Committee for the continuity of the integrated governance system and monitoring of new governance standards to minimize the Bank's environmental and social impacts. The "Working Group for Climate Risks and Environmental Social Risk Management System" was established for analyses of climate risks and environmental and social impacts.

We continue our sustainability efforts through the Sustainability Service, Environmental Management Service, and Environmental and Social Impact Analysis Department. Investor Relations Sustainability Service is in charge of monitoring sustainability-related developments and commitments, analyzing global trends, and providing coordination within the Bank for activities to be conducted in this field. We carry out the coordination and follow-up of the objectives for reducing the direct environmental impacts of our Bank, and the Carbon Disclosure Project (CDP) reporting activities through the Environmental Management Service. We monitor the impact we create through financing projects within the Environmental and Social Impact Analysis function.

For detailed information on our Sustainability Governance structure at our website, please visit: https://www.vakifbank.com.tr/governance-structure.aspx?pageID=2736

The Sustainability Service is in charge of monitoring sustainability-related developments, analyzing global trends, and providing coordination within the Bank for the activities to be conducted in this field. It is also in charge of preserving the Bank's rankings on national and global environmental, social, and governance (ESG) indices while raising the Bank's ESG scores to higher levels.

GRI 2-24, 3-3

Sustainability Management

SUSTAINABILITY COMMITTEE
General Manager
(Chairman of the Committee)
1 Independent Board Member
8 Executive Vice Presidents
Head of International Banking and Investor Relations Department
Head of Strategy and Planning Department
Head of Risk Management Department
Head of Support Services Department
Head of Corporate Loans Allocation Management Department
SUSTAINABILITY SUB-COMMITTEE
Head of International Banking and Investor Relations Department
Head of Corporate Communications Department
Head of Corporate Development, Performance Management, and Academy Department
Head of Corporate Loans Allocation Management Department
Head of Commercial Banking Marketing Department
Head of SME Banking Marketing Department
Head of Retail Banking Marketing Department
Head of Micro SME Banking Marketing Department
Head of General Accounting and Financial Affairs Department
Head of Support Services Department
Head of Strategy and Planning Department
Head of Risk Management Department
Head of Human Resources Department

Sustainability Service (Investor Relations)	Environmental Management Service (Support Services)	Environmental and Social Impact Analysis Department

GRI 2-24, 3-3

Compliance Opinions

EY
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(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

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

1) Qualified Opinion

We have audited the annual report of Türkiye Vakıflar Bankası T.A.O. ("the Bank") and its subsidiaries ("the Group") for the period of January 1, 2022 – December 31, 2022.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Qualified Opinion

As described in the Basis For Qualified Opinion section of Independent Auditor's Reports on the complete set of audited unconsolidated and consolidated financial statements of the Bank and the Group for the period between January 1, 2022, and December 31, 2022 dated February 14, 2023 and February 28, 2023, respectively, the unconsolidated and consolidated financial statements as at December 31, 2022 include a free provision at an amount of TL 19,000,000 thousand out of which TL 1,772,000 thousand were provided in prior years, and TL 17,228,000 thousand were provided in current period by the Bank and the Group management for the possible 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 "Turkish Accounting Standard" TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015, published by Banking Regulation and Supervision Agency (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA. We have fulfilled our other ethical 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.

3) Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed qualified opinions in our auditor's reports dated February 28, 2023, and February 14, 2023, on the full set consolidated and unconsolidated financial statements of the Group and the Bank, respectively, for the period of January 1, 2022, and December 31, 2022.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly

b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes, "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA) and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit 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

March 3, 2023
İstanbul, Türkiye

Independent Assurance Statement

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(Convenience translation of an integrated annual report and non-financial independent assurance report originally issued in Turkish)

Independent Assurance Report

To the Management of Turkiye Vakiflar Bankasi Turk Anonim Ortakligi
Istanbul, Turkiye

This report is intended solely for the management of Turkiye Vakiflar Bankasi Turk Anonim Ortakligi (hereinafter 'VakifBank' or 'the Bank') for the purpose of reporting on The Selected Sustainability Information ('Selected Information') for VakifBank in its 2022 Integrated Annual Report (hereinafter 'the Integrated Annual Report 2022') that has been prepared by the Bank for the one-year period from 1 January 2022 to 31 December 2022.

Subject Matter Information and Applicable Criteria
In line with the request of the VakifBank, our responsibility is to provide limited assurance in accordance with the Selected Indicators listed below within the scope of Annex 5: 2022 Integrated Annual Report Reporting Guideline ("Reporting Guideline") between pages 512-517 of the 2022 Integrated Annual Report.

The Scope of Our Assurance
The scope of our assurance is limited to the indicators listed in the Selected Information list shown below, which are reported as operational indicators, social indicators and environmental indicators and marked with √ on pages 61, 75, 82, 87, 112, 115, 117, 122, 125, 128, 131, 503, 504, 505, 506, 507 508, 509, 510, 511, 512, 513, 514, 515, 516 and 517 of the Integrated Annual Report 2022.

Financial And Operational Indicators
- Total loans amount extended to SMEs (TRY),
- Numbers of renewable energy projects financed by the Bank, Amount of financing provided (TRY) and total installed capacity (MW),
- Increase in the number of Digital Banking Customers (number of customers)

Social Indicators
- Ratio of female employees (%),
- Number of employees in managing bodies (manager and higher level) (number of people),
- Ratio of female employees returning to work after maternity leave (%),
- Number of employees benefiting from maternity leave (person),
- The number of employees returning to work after maternity leave (person),
- Number of people who return to work after maternity leave and still work after 12 months (person),
- Average of seniority years in the breakdown of men and women (years),
- Filling rate of top positions with internal promotion (%),
- Employee turnover rate (ratio),
- Number of disabled employees (persons),
- Total training hours (hours),
- Average training hours per employee (hours),
- Ratio of online training in total training hours (%)
- Incident rate (ratio),
- Occupational disease rate (ratio),
- Lost days rate in all facilities (%),
- Absence Rate (%).

Environmental Indicators
- Energy consumption (electricity, natural gas, lignite, gasoline, diesel, heating fuel) (GJ)
- Water consumption (m^3)
- Amount of waste recycled (tonnes)
- Paper consumption (tonnes)
- Total yearly Scope 1 greenhouse gas emissions (natural gas, lignite, gasoline, diesel, heating fuel, refrigerant gases and fire extinguishers) (tonnes of CO_2e)
- Total yearly Scope 2 greenhouse gas emissions Electricity (market-based), electricity (location) (tonnes of CO_2e)
- Total yearly Scope 3 greenhouse gas emissions (personnel service, business flights, paper use and disposal, tap water consumption, drinking water consumption, waste (paper, plastic, glass, metal, waste oil) and cargo shipments) (tonnes of CO_2e)
- Carbon emission per surface area (Scope 1 and Scope 2) (kg CO_2e/m^2)
- Energy consumption per employee (GJ/employee)

The VakifBank's Responsibilities
The Bank's management is responsible for the preparation, collection and presentation of the Selected Information. In addition, the Bank's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. The Bank's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation and information described above is free from material misstatements, whether due to fraud or error.

Our Responsibilities
We conducted our assurance engagement in accordance with the Assurance Engagement Standard (AES) 3000 and 3410 which is a part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye (POA). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures selected depend on the practitioner's judgment. The procedures include, in particular, inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

Procedures Applied
In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the VakifBank to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Reviewed Selected Information with online communications covering VakifBank locations; as well as reviewed pertaining to the VakifBank's other locations in Türkiye, against evidence, on a sample basis;
3. Undertook substantive testing, on a sample basis, of the Selected Information;
4. Used the VakifBank's internal documentation to evaluate and measure the Selected Information;
5. Evaluated the design and implementation of key processes and controls over the Selected Information;
6. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.
7. Evaluated the disclosure and presentation of the Selected Information in the Report.

Our Conclusion
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the VakifBank has not prepared, in all material respects with Selected Information for the year ended 31 December 2022 did not meet the relevant requirements of the Reporting Guidelines in respect of all material matters.

Limitations
We permit this report to be disclosed in VakifBank's Integrated Annual Report for the year ended 31 December 2022, to enable the management of VakifBank to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the VakifBank for our work, for this independent limited assurance report, or for the conclusions we have reached.

Guney Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik Anonim Sirketi
A member firm of Ernst & Young Global Limited

Zeynep Okuyan Özdemir, SMMM
Partner

3 March 2023 Istanbul, Turkiye

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT DECEMBER 31, 2022 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

(Convenience Translation of Publicly Announced Unconsolidated 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 Unconsolidated Financial Statements

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

Qualified Opinion

We have audited the unconsolidated statement of financial position of Türkiye Vakıflar Bankası T.A.O. ("the Bank") at December 31, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements.

In our opinion, except for the effects of the matter on the unconsolidated financial statements described in the Basis of for Qualified Opinion paragraph, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Türkiye Vakıflar Bankası T.A.O. as at December 31, 2022 and unconsolidated financial performance and unconsolidated 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 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II.7, the accompanying unconsolidated financial statements as at December 31, 2022 include a free provision at an amount of Thousand TL 19,000,000 out of which Thousand TL 17,228,000 and Thousand TL 1,772,000 were provided in current and prior years, respectively by the Bank management for the possible 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 Bank 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 unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated 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.

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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 Bank 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 Bank's business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the Bank 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, Bank'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 Bank's Business model. - Reviewing the Bank'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 Bank'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.

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Pension Fund Obligations	How the Key Audit Matter is addressed in our audit
Employees of the 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. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Bank Management uses Fund actuaries to assist in assessing these assumptions. 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 our own actuarial auditor, 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 unconsolidated financial statements of the Bank have been evaluated.

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Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Unconsolidated 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 unconsolidated 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 Bank'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 Bank'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 unconsolidated 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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 unconsolidated 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, 2022 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 14, 2023
Istanbul, Turkey

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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The unconsolidated financial report as at and for the year ended December 31, 2022, prepared in accordance with the "Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks" as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The accompanying unconsolidated financial statements for the year and 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 14, 2023

Mustafa SAYDAM Chairman of the Board	Abdülkadir AKSU Board and Audit Committee Member	Sadık YAKUT Board and Audit Committee Member
Abdi Serdar ÜSTÜNSALİH General Manager and Board Member	Şuayyip İLBİLGİ Assistant General Manager	Korhan TURGUT Director of Accounting and Financial Affairs

The authorized contact person for questions on this financial report:

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

As at December 31, 2022, the Bank's paid-in capital is TL 7,111,364; (December 31, 2021: TL 3,905,622) divided into 711,136,411,675 shares with each has a nominal value of Kr 1 (December 31, 2021: 390,562,248,996).

The Bank's shareholders structure as at December 31, 2022 and December 31, 2021 are as stated below:

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

Shareholders - December 31, 2021	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (D Grubu)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	**3,905,622,490**	**3,905,622**	**100.00**

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

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

Shares of the nominal value of TL 3,205,741 issued by the Bank was sold to the Turkish Wealth Fund on March 9, 2022, through a wholesale transaction in the Stock Exchange share market with the private placement method with a total sales revenue of TL 13,400,000 at a price of TL 4.18 for a nominal value share of TL 1, and that capital increase transactions were completed.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
Board of Directors				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor's	28 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	24 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master's	31 years
Dr. Adnan ERTEM	Member	October 28, 2010	PhD	34 years
Şahin UĞUR	Member	June 9, 2017	Bachelor's	36 years
Sadık YAKUT	Member	May 27, 2019	Bachelor's	3 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor's	3 years
Prof.Dr.Mehmet Hüseyin BİLGİN	Member	March 25, 2022	PhD	17 years
Haydar Kemal KURT	Member	Msrch 25, 2022	Bachelor's	-
Audit Committee				
Abdülkadir AKSU	Member	March 25,2022	Bachelor's	3 years
Sadık YAKUT	Member	March 25,2022	Bachelor's	3 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor's	38 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master's	3 years
Assistant General Managers				
Metin Recep ZAFER	Credıt, Customer and Account Operatıons Department, Core Bankıng Software Development Department, Treasury Operatıons Department, Foreıgn Operatıons Department, It System and Software Support Department, R&D, Marketıng and Infrastructure Software Development Department, System Management Department, It Plannıng and Coordınatıon Department	June 13, 2006	PhD	27 years
Muhammet Lütfü ÇELEBİ	Human Resources Department Orgasnisation Development, Performance Management and Academy Department	October 23, 2013	Bachelor's	27 years
Şuayyip İLBİLGİ	General Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor's	26 years
Mikail HIDIR	Office of Chief Legal Counsel Department,Credit Risk Liquidation Department	December 26,2018	Bachelor's	19 years
Hazım AKYOL	Corporate Loans Allocation Management, Commercial Loans Allocation Management 1-2, Special Loans Management Retail and SME Loans Allocation Management	May 31, 2019	Bachelor's	29 years
Alaattin ŞİMŞEK	Corporate Banking Marketing, Commercial Banking Marketing, SME Banking Marketing Retail Banking Marketing Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches Public Institutions and Local Governments Banking Marketing	May 31, 2019	Bachelor's	27 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master's	26 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor's	23 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Finacial Analysis and Rating Department	July 8, 2020	Bachelor's	27 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master's	26 years
Mustafa TURAN	Indıvıdual Banking Marketing, Deposit Management and Marketing Department,Payment Systems Banking Marketing Department	January 4, 2022	Bachelor's	18 years

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

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

by unanimous vote.

IV. INFORMATION ON THE BANK'S QUALIFIED SHAREHOLDERS

Current Period - December 31, 2022

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

Prior Period - December 31, 2021

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

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

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

As at December 31, 2022, the Bank has 945 domestic, 4 foreign, in total 949 branches (December 31, 2021: 936 domestic, 4 foreign, in total 940 branches). As at December 31, 2022, the Bank has 16,961 employees (December 31, 2021: 16,929 employees).

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2022

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

			Current Period December 31, 2022			Prior Period December 31, 2021		
	ASSETS	**Notes**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (Net)**		**159,158,470**	**381,761,465**	**540,919,935**	**101,014,790**	**242,702,869**	**343,717,659**
1.1	**Cash and cash equivalents**	**V-I-1**	**60,478,397**	**249,085,725**	**309,564,122**	**30,466,068**	**141,889,415**	**172,355,483**
1.1.1	Cash and balances at Central Bank	V-I-1	48,395,302	220,539,919	268,935,221	29,359,910	114,789,077	144,148,987
1.1.2	Banks	V-I-3	53	28,545,806	28,545,859	1,120,400	20,185,938	21,306,338
1.1.3	Receivables from Money Markets		12,095,635	-	12,095,635	-	6,914,400	6,914,400
1.1.4	Allowance for expected credit losses (-)	V-I-18	12,593	-	12,593	14,242	-	14,242
1.2	**Financial assets at fair value through profit or loss**	**V-I-2**	**234,078**	**16,862,130**	**17,096,208**	**177,289**	**16,226,214**	**16,403,503**
1.2.1	Public debt securities		-	16,478,799	16,478,799	-	15,939,741	15,939,741
1.2.2	Equity instruments		100,375	383,331	483,706	169,483	286,473	455,956
1.2.3	Other financial assets		133,703	-	133,703	7,806	-	7,806
1.3	**Financial assets at fair value through other comprehensive income**	**V-I-4**	**84,216,338**	**112,682,191**	**196,898,529**	**50,957,221**	**82,514,082**	**133,471,303**
1.3.1	Public debt securities		81,886,540	112,298,627	194,185,167	50,435,798	82,233,247	132,669,045
1.3.2	Equity instruments		109,726	10,128	119,854	-	7,246	7,246
1.3.3	Other financial assets		2,220,072	373,436	2,593,508	521,423	273,589	795,012
1.4	**Derivative financial assets**	**V-I-2**	**14,229,657**	**3,131,419**	**17,361,076**	**19,414,212**	**2,073,158**	**21,487,370**
1.4.1	Derivative financial assets at fair value through profit or loss		14,229,657	3,131,419	17,361,076	19,414,212	2,073,158	21,487,370
1.4.2	Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST**		**748,960,983**	**321,800,151**	**1,070,761,134**	**402,569,743**	**237,367,487**	**639,937,230**
2.1	**Loans**	V-I-5	**665,851,258**	**287,874,060**	**953,725,318**	**380,005,846**	**212,004,025**	**592,009,871**
2.2	**Receivables from leasing transactions**	V-I-10	-	-	-	-	-	-
2.3	**Factoring receivables**		-	-	-	-	-	-
2.4	**Financial assets measured at amortised cost**	**V-I-6**	**124,556,209**	**34,036,643**	**158,592,852**	**48,417,140**	**25,444,843**	**73,861,983**
2.4.1	Public debt securities		124,497,259	33,829,671	158,326,930	48,358,190	25,176,782	73,534,972
2.4.2	Other financial assets		58,950	206,972	265,922	58,950	268,061	327,011
2.5	**Allowance for expected credit losses (-)**		**41,446,484**	**110,552**	**41,557,036**	**25,853,243**	**81,381**	**25,934,624**
III.	**NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)**	**V-I-16**	**282,278**	**-**	**282,278**	**755,033**	**-**	**755,033**
3.1	Held for sale purpose		282,278	-	282,278	755,033	-	755,033
3.2	Held from discontinued operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**12,358,076**	**1,843,727**	**14,201,803**	**5,328,755**	**1,369,078**	**6,697,833**
4.1	**Investments in associates (Net)**	**V-I-7**	**4,066,701**	**-**	**4,066,701**	**2,047,712**	**-**	**2,047,712**
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		4,066,701	-	4,066,701	2,047,712	-	2,047,712
4.2	**Investments in subsidiaries (Net)**	**V-I-8**	**8,291,375**	**1,843,727**	**10,135,102**	**3,281,043**	**1,369,078**	**4,650,121**
4.2.1	Non-consolidated financial subsidiaries		7,434,429	1,843,727	9,278,156	2,772,557	1,369,078	4,141,635
4.2.2	Non-consolidated non-financial subsidiaries		856,946	-	856,946	508,486	-	508,486
4.3	**Jointly Controlled Partnerships (Joint Ventures) (Net)**	**V-I-9**	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V.	**PROPERTY AND EQUIPMENT (Net**	**V-I-12**	**11,943,565**	**47,806**	**11,991,371**	**4,838,056**	**28,796**	**4,866,852**
VI.	**INTANGIBLE ASSETS AND GOODWILL (Net)**	**V-I-13**	**428,824**	**1,125**	**429,949**	**276,221**	**-**	**276,221**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		428,824	1,125	429,949	276,221	-	276,221
VII.	**INVESTMENT PROPERTIES (Net)**	**V-I-14**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSETS**		-	-	-	-	-	-
IX.	**DEFERRED TAX ASSETS**	**V-I-15**	**2,444,654**	**33,646**	**2,478,300**	**-**	**-**	**-**
X.	**OTHER ASSETS**	**V-I-17**	**32,969,525**	**7,026,328**	**39,995,853**	**7,964,715**	**2,998,154**	**10,962,869**
	TOTAL ASSETS		**968,546,375**	**712,514,248**	**1,681,060,623**	**522,747,313**	**484,466,384**	**1,007,213,697**

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2022

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

			Current Period December 31, 2022			Prior Period December 31, 2021		
	LIABILITIES AND EQUITY	**Notes**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**V-II-1**	**680,677,897**	**447,024,078**	**1,127,701,975**	**255,395,817**	**335,547,570**	**590,943,387**
II.	**BORROWINGS**	**V-II-3**	**9,404,855**	**121,341,387**	**130,746,242**	**1,060,376**	**90,370,154**	**91,430,530**
III.	**MONEY MARKET FUNDS**		**55,875,286**	**76,656,669**	**132,531,955**	**123,441,143**	**20,439,641**	**143,880,784**
IV.	**MARKETABLE SECURITIES (Net)**	**V-II-3**	**6,025,430**	**63,828,578**	**69,854,008**	**10,566,317**	**51,408,580**	**61,974,897**
4.1	Bills		4,465,332	1,411,042	5,876,374	5,264,846	871,154	6,136,000
4.2	Asset backed securities		-	-	-	-	-	-
4.3.	Bonds		1,560,098	62,417,536	63,977,634	5,301,471	50,537,426	55,838,897
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**	**207,781**	**4,511,816**	**4,719,597**	**1,609,212**	**3,881,066**	**5,490,278**
7.1	Derivative financial liabilities at fair value through profit or loss		207,781	4,511,816	4,719,597	1,609,212	3,881,066	5,490,278
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII.	**FACTORING PAYABLES**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE PAYABLES**	**V-II-5**	**1,017,323**	**4,080**	**1,021,403**	**949,708**	**4,204**	**953,912**
X.	**PROVISIONS**	**V-II-7**	**23,178,324**	**68,834**	**23,247,158**	**3,832,161**	**17,687**	**3,849,848**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		3,710,133	-	3,710,133	1,751,607	-	1,751,607
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		19,468,191	68,834	19,537,025	2,080,554	17,687	2,098,241
XI.	**CURRENT TAX LIABILITIES**	**V-II-8**	**5,162,745**	**19,871**	**5,182,616**	**933,094**	**10,846**	**943,940**
XII.	**DEFERRED TAX LIABILITIES**	**V-II-8**	**-**	**-**	**-**	**-**	**46,378**	**46,378**
XIII.	**LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)**	**V-II-9**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT**	**V-II-10**	**9,567,360**	**14,475,926**	**24,043,286**	**6,404,751**	**22,563,676**	**28,968,427**
14.1	Loans		-	-	-	-	-	-
14.2	Other debt instruments		9,567,360	14,475,926	24,043,286	6,404,751	22,563,676	28,968,427
XV.	**OTHER LIABILITIES**	**V-II-4**	**40,515,711**	**14,508,778**	**55,024,489**	**19,825,574**	**6,949,997**	**26,775,571**
XVI.	**SHAREHOLDERS` EQUITY**	**V-II-11**	**106,989,858**	**(4,969)**	**106,984,889**	**51,370,487**	**582,253**	**51,952,740**
16.1	Paid-in capital	V-II-11	7,111,364	-	7,111,364	3,905,622	-	3,905,622
16.2	Capital reserves		17,195,809	539,452	17,735,261	6,658,909	410,596	7,069,505
16.2.1	Equity share premiums		16,468,559	-	16,468,559	6,303,277	-	6,303,277
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		727,250	539,452	1,266,702	355,632	410,596	766,228
16.3	**Other accumulated comprehensive income that will not be reclassified in profit or loss**		**11,187,946**	**(194,979)**	**10,992,967**	**3,617,240**	**(182,919)**	**3,434,321**
16.4	**Other accumulated comprehensive income that will be reclassified in profit or loss**		**11,635,996**	**(349,442)**	**11,286,554**	**1,347,205**	**354,576**	**1,701,781**
16.5	**Profit reserves**		**35,841,511**	**-**	**35,841,511**	**31,666,047**	**-**	**31,666,047**
16.5.1	Legal reserves		3,828,329	-	3,828,329	3,410,783	-	3,410,783
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		30,522,271	-	30,522,271	25,635,005	-	25,635,005
16.5.4	Other profit reserves		1,490,911	-	1,490,911	2,620,259	-	2,620,259
16.6	**Profit or loss**		**24,017,232**	**-**	**24,017,232**	**4,175,464**	**-**	**4,175,464**
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		24,017,232	-	24,017,232	4,175,464	-	4,175,464
16.7	**Minority interests**		**-**	**-**	**-**	**-**	**-**	**-**
	TOTAL LIABILITIES AND EQUITY		**938,625,575**	**742,435,048**	**1,681,060,623**	**475,391,645**	**531,822,052**	**1,007,213,697**

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT DECEMBER 31, 2022

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

			Current Period December 31, 2022			Prior Period December 31, 2021		
		Notes	TL	FC	Total	TL	FC	Total
A.	**OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)**		**355,853,831**	**662,723,572**	**1,018,577,403**	**210,908,100**	**496,587,816**	**707,495,916**
I.	**GUARANTEES AND SURETIES**	**V-III-2**	**123,926,018**	**150,322,508**	**274,248,526**	**61,729,875**	**130,409,453**	**192,139,328**
1.1.	**Letters of guarantee**	**V-III-1**	**122,161,954**	**97,327,915**	**219,489,869**	**61,156,815**	**72,361,867**	**133,518,682**
1.1.1.	Guarantees subject to State Tender Law		4,903,928	35,090,731	39,994,659	3,507,026	19,605,204	23,112,230
1.1.2.	Guarantees given for foreign trade operations		5,938,641	-	5,938,641	2,542,604	-	2,542,604
1.1.3.	Other letters of guarantee		111,319,385	62,237,184	173,556,569	55,107,185	52,756,663	107,863,848
1.2.	**Bank acceptances**		**49,258**	**3,630,388**	**3,679,646**	**4,258**	**9,575,050**	**9,579,308**
1.2.1.	Import letter of acceptance		-	873,407	873,407	-	969,051	969,051
1.2.2.	Other bank acceptances	V-III-4	49,258	2,756,981	2,806,239	4,258	8,605,999	8,610,257
1.3.	**Letters of credit**	**V-III-4**	**1,714,806**	**47,594,116**	**49,308,922**	**568,802**	**48,276,760**	**48,845,562**
1.3.1.	Documentary letters of credit		1,714,806	47,594,116	49,308,922	568,802	48,276,760	48,845,562
1.3.2.	Other letters of credit		-	-	-	-	-	-
1.4.	**Pre-financing given as guarantee**		**-**	**14,896**	**14,896**	**-**	**10,657**	**10,657**
1.5.	**Endorsements**		**-**	**-**	**-**	**-**	**-**	**-**
1.5.1.	Endorsements to the Central Bank of Republic of Türkiye		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	**Purchase guarantees for Securities issued**		**-**	**-**	**-**	**-**	**-**	**-**
1.7.	**Factoring guarantees**		**-**	**-**	**-**	**-**	**-**	**-**
1.8.	**Other guarantees**		**-**	**316,843**	**316,843**	**-**	**185,119**	**185,119**
1.9.	**Other warrantees**		**-**	**1,438,350**	**1,438,350**	**-**	**-**	**-**
II.	**COMMITMENTS**		**193,126,679**	**147,890,651**	**341,017,330**	**91,039,887**	**74,486,878**	**165,526,765**
2.1.	**Irrevocable commitments**	**V-III-1**	**163,955,449**	**51,092,262**	**215,047,711**	**77,587,362**	**10,106,329**	**87,693,691**
2.1.1.	Asset purchase and sales commitments	V-III-1	5,100,287	51,092,262	56,192,549	2,924,429	10,106,329	13,030,758
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	34,255	-	34,255
2.1.4.	Loan granting commitments	V-III-1	60,802,246	-	60,802,246	34,013,637	-	34,013,637
2.1.5.	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Commitments for checks payments	V-III-1	6,916,438	-	6,916,438	7,029,711	-	7,029,711
2.1.8.	Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits	V-III-1	81,979,697	-	81,979,697	30,687,962	-	30,687,962
2.1.10.	Commitments for credit cards and banking services promotions		5,676,476	-	5,676,476	524,897	-	524,897
2.1.11.	Receivables from short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments of marketable securities		-	-	-	-	-	-
2.1.12.	Other irrevocable commitments		3,480,305	-	3,480,305	2,372,471	-	2,372,471
2.2.	**Revocable commitments**		**29,171,230**	**96,798,389**	**125,969,619**	**13,452,525**	**64,380,549**	**77,833,074**
2.2.1.	Revocable loan granting commitments		29,171,230	96,798,389	125,969,619	13,452,525	64,380,549	77,833,074
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**V-III-5**	**38,801,134**	**364,510,413**	**403,311,547**	**58,138,338**	**291,691,485**	**349,829,823**
3.1.	**Derivative financial instruments held for hedging**		**-**	**-**	**-**	**-**	**-**	**-**
3.1.1.	Fair value hedges		-	-	-	-	-	-
3.1.2.	Cash flow hedges		-	-	-	-	-	-
3.1.3.	Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2.	**Trading transactions**		**38,801,134**	**364,510,413**	**403,311,547**	**58,138,338**	**291,691,485**	**349,829,823**
3.2.1.	Forward foreign currency purchase and sale transactions		1,031,528	1,153,908	2,185,436	6,266,455	8,227,370	14,493,825
3.2.1.1.	Forward foreign currency purchase transactions		933,919	249,366	1,183,285	3,142,731	4,115,500	7,258,231
3.2.2.2.	Forward foreign currency sales		97,609	904,542	1,002,151	3,123,724	4,111,870	7,235,594
3.2.2.	Currency and interest rate swaps		25,130,648	279,351,809	304,482,457	40,925,228	215,893,398	256,818,626
3.2.2.1.	Currency swap purchase transactions		1,203,410	79,987,782	81,191,192	849,742	69,892,062	70,741,804
3.2.2.2.	Currency swap sale transactions		22,417,238	55,474,754	77,891,992	37,905,486	20,580,683	58,486,169
3.2.2.3.	Interest rate swap purchase transactions		755,000	71,944,637	72,699,637	1,085,000	62,710,327	63,795,327
3.2.2.4.	Interest rate swap sale transactions		755,000	71,944,636	72,699,636	1,085,000	62,710,326	63,795,326
3.2.3.	Currency, interest rate and security options		10,648,322	11,846,306	22,494,628	2,536,251	4,745,424	7,281,675
3.2.3.1	Currency purchase options		10,648,322	716,531	11,364,853	1,664,791	1,939,892	3,604,683
3.2.3.2	Currency sale options		-	11,129,775	11,129,775	871,460	2,805,532	3,676,992
3.2.3.3	Interest rate purchase options		-	-	-	-	-	-
3.2.3.4	Interest rate sale options		-	-	-	-	-	-
3.2.3.5	Security purchase options		-	-	-	-	-	-
3.2.3.6	Security sale options		-	-	-	-	-	-
3.2.4.	Currency futures		820,882	655,550	1,476,432	-	-	-
3.2.4.1.	Currency purchases futures		-	655,550	655,550	-	-	-
3.2.4.2.	Currency sales futures		820,882	-	820,882	-	-	-
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate purchases futures		-	-	-	-	-	-
3.2.5.2.	Interest rate sales futures		-	-	-	-	-	-
3.2.6.	Other		1,169,754	71,502,840	72,672,594	8,410,404	62,825,293	71,235,697
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**13,999,266,261**	**12,025,723,050**	**26,024,989,311**	**6,536,087,428**	**7,929,123,346**	**14,465,210,774**
IV.	**ITEMS HELD IN CUSTODY**		**131,787,214**	**44,328,002**	**176,115,216**	**74,480,687**	**29,968,276**	**104,448,963**
4.1.	Assets under management		-	-	-	-	-	-
4.2.	Securities held in custody		59,772,566	23,547,755	83,320,321	48,632,002	15,941,897	64,573,899
4.3.	Checks received for collection		40,551,463	1,843,476	42,394,939	20,996,825	4,284,423	25,281,248
4.4.	Commercial notes received for collection		5,396,491	3,083,854	8,480,345	2,240,089	1,384,626	3,624,715
4.5.	Other assets received for collection		2,152	749	2,901	2,152	536	2,688
4.6.	Securities received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		309	10,454,688	10,454,997	309	4,131,708	4,132,017
4.8.	Custodians		26,064,233	5,397,480	31,461,713	2,609,310	4,225,086	6,834,396
V.	**PLEDGED ITEMS**		**2,228,674,022**	**619,386,476**	**2,848,060,498**	**1,176,944,808**	**445,151,990**	**1,622,096,798**
5.1.	Marketable securities		1,137,763	1,876,845	3,014,608	415,988	555,091	971,079
5.2.	Guarantee notes		5,358,114	6,818,656	12,176,770	1,435,450	7,150,950	8,586,400
5.3.	Commodity		168,878,389	8,073,124	176,951,513	129,796,090	5,966,459	135,762,549
5.4.	Warrant		-	-	-	-	-	-
5.5.	Immovables		1,783,113,213	504,987,569	2,288,100,782	879,409,988	363,737,452	1,243,147,440
5.6.	Other pledged items		269,844,038	97,432,224	367,276,262	165,412,990	67,579,365	232,992,355
5.7.	Depositories receiving pledged items		342,505	198,058	540,563	474,302	162,673	636,975
VI.	**ACCEPTED GUARANTEES AND WARRANTEES**		**11,638,805,025**	**11,362,008,572**	**23,000,813,597**	**5,284,661,933**	**7,454,003,080**	**12,738,665,013**
	TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)		**14,355,120,092**	**12,688,446,622**	**27,043,566,714**	**6,746,995,528**	**8,425,711,162**	**15,172,706,690**

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Notes	Current Period January 1, 2022- December 31, 2022	Prior Period January 1, 2021- December 31, 2021
I.	**INTEREST INCOME**	**V-IV-1**	**158,569,464**	**72,200,597**
1.1	Interest on loans	V-IV-1	85,311,692	52,534,154
1.2	Interest received from reserve deposits		273,019	906,502
1.3	Interest received from banks	V-IV-1	637,036	20,146
1.4	Interest received from money market transactions		59,785	1,719
1.5	Interest received from marketable securities portfolio	V-IV-1	71,952,776	18,731,885
1.5.1	Financial assets at fair value through profit or loss		358,840	217,454
1.5.2	Financial assets at fair value through other comprehensive income		26,315,916	9,244,093
1.5.3	Financial assets measured at amortised cost		45,278,020	9,270,338
1.6	Finance lease interest income		-	-
1.7	Other interest income		335,156	6,191
II.	**INTEREST EXPENSES**	**V-IV-2**	**84,854,301**	**52,657,216**
2.1	Interest on deposits	V-IV-2	61,010,346	31,150,596
2.2	Interest on funds borrowed	V-IV-2	4,034,277	1,563,941
2.3	Interest on money market transactions		10,313,486	13,515,049
2.4	Interest on securities issued	V-IV-2	7,744,330	6,172,494
2.5	Leasing interest income		238,635	149,554
2.6	Other interest expenses		1,513,227	105,582
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**73,715,163**	**19,543,381**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**10,792,735**	**4,501,363**
4.1	Fees and commissions received		13,584,777	5,950,074
4.1.1	Non-cash loans		1,846,650	997,292
4.1.2	Other		11,738,127	4,952,782
4.2	Fees and commissions paid		2,792,042	1,448,711
4.2.1	Non-cash loans		310	257
4.2.2	Other		2,791,732	1,448,454
V.	**DIVIDEND INCOME**	**V-IV-3**	**149,074**	**120,849**
VI.	**TRADING PROFIT/LOSS (Net)**	**V-IV-4**	**4,990,170**	**(4,749,785)**
6.1	Profit/losses from capital market transactions	V-IV-4	1,741,387	748,692
6.2	Profit/losses from derivative financial transactions	V-IV-4	(753,965)	(6,708,567)
6.3	Foreign exchange profit/losses	V-IV-4	4,002,748	1,210,090
VII.	**OTHER OPERATING INCOME**	**V-IV-5**	**9,677,887**	**7,947,393**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**99,325,029**	**27,363,201**
IX.	**ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)**	**V-IV-6**	**26,865,264**	**11,849,562**
X.	**OTHER PROVISION EXPENSES (-)**	**V-IV-6**	**17,284,383**	**709,529**
XI.	**PERSONNEL EXPENSES (-)**		**7,230,357**	**3,999,201**
XII.	**OTHER OPERATING EXPENSES (-)**	**V-IV-7**	**10,701,430**	**5,509,188**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**37,243,595**	**5,295,721**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		**-**	**-**
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**-**	**-**
XVI.	**NET MONETORY POSITION GAIN/LOSS**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)**	**V-IV-8**	**37,243,595**	**5,295,721**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)**	**V-IV-9**	**(13,226,363)**	**(1,120,257)**
18.1	Current tax provision	V-IV-11	(19,688,536)	(166,899)
18.2	Expense effect of deferred tax (+)	V-IV-11	(7,195,141)	(5,881,581)
18.3	Income effect of deferred tax (-)	V-IV-11	13,657,314	4,928,223
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**	**V-IV-10**	**24,017,232**	**4,175,464**
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**	**24,017,232**	**4,175,464**
25.1	Equity holders of the Bank		-	-
25.2	Non-controlling interest (-)		-	-
	Profit/Loss per 100 shares (full TL)	III-XXIV	3.6377	1.0691

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

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

	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period January 1, 2022- December 31, 2022	Prior Period January 1, 2021- December 31, 2021
I.	**PROFIT (LOSS)**	**24,017,232**	**4,175,464**
II.	**OTHER COMPREHENSIVE INCOME**	**17,143,419**	**1,022,592**
2.1.	**Other comprehensive income that will not be reclassified to profit or loss**	**7,558,646**	**250,048**
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	2,761,318	(3,329)
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(767,936)	(63,370)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	6,148,570	319,513
2.1.5.	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(583,306)	(2,766)
2.2.	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**9,584,773**	**772,544**
2.1.1.	Exchange Differences on Translation	-	-
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	12,912,990	963,065
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5.	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6.	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(3,328,217)	(190,521)
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**41,160,651**	**5,198,056**

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED DECEMBER 31, 2022

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

	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss 1	2
I.	**Prior Period End Balance**		**3,905,622**	**6,303,277**	**-**	**766,228**	**845,324**	**(230,911)**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	-	-	-
2.1.	Effects of Corrections		-	-	-	-	-	-
2.2.	Effects of Changes in Accounting Policies		-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**3,905,622**	**6,303,277**	**-**	**766,228**	**845,324**	**(230,911)**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**2,392,672**	**(561,520)**
V.	**Capital Increase by Cash**		**3,205,742**	**10,165,282**	**-**	**-**	**-**	**-**
VI.	**Capital Increase by Internal Resources**		-	-	-	-	-	-
VII.	**Paid-in capital inflation adjustment difference**		-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-
IV.	**Subordinated Debt Instruments**		-	-	-	-	-	-
X.	**Increase/Decrease by Other Changes**		-	-	-	**500,474**	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-
11.1.	Dividends Paid		-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-
11.3.	Other		-	-	-	-	-	-
	Ending Balance (I+II+...X+XI)		**7,111,364**	**16,468,559**	**-**	**1,266,702**	**3,237,996**	**(792,431)**

	Prior Period Net Income (Loss))	Current Period Net Income (Loss)	Total Shareholders' Equity
I.	**4,175,464**	**-**	**51,952,740**
II.	-	-	-
2.1.	-	-	-
2.2.	-	-	-
III.	**4,175,464**	**-**	**51,952,740**
IV.	-	**24,017,232**	**41,160,651**
V.	-	-	**13,371,024**
VI.	-	-	-
VII.	-	-	-
VIII.	-	-	-
IV.	**(188,919)**	-	-
X.	**(3,986,545)**	-	**500,474**
XI.	-	-	-
11.1.	(3,986,545)	-	-
11.2.	-	-	-
11.3.	-	-	-
	-	**24,017,232**	**106,984,889**

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

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss 1	2
Prior Period December 31, 2021							
I. Prior Period End Balance		**3,905,622**	**6,303,277**	**-**	**496,202**	**848,320**	**(180,215)**
II. Corrections and Accounting Policy Changes		**-**	**-**	**-**	**-**	**-**	**-**
Made According to TAS 8							
2.1. Effects of Corrections		-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies		-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		**3,905,622**	**6,303,277**	**-**	**496,202**	**848,320**	**(180,215)**
IV. Total Comprehensive Income		**-**	**-**	**-**	**-**	**(2,996)**	**(50,696)**
V. Capital Increase by Cash		-	-	-	-	-	-
VI. Capital Increase by Internal Resources		-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	**270,026**	-	-
XI. Profit Distribution		-	-	-	-	-	-
11.1. Dividends paid		-	-	-	-	-	-
11.2. Transfers to Reserves		-	-	-	-	-	-
11.3. Other		-	-	-	-	-	-
Ending Balance (I+II+...X+XI)		**3,905,622**	**6,303,277**	**-**	**766,228**	**845,324**	**(230,911)**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	3	4	5	6	Profit Reserves	Prior Period Net Income (Loss))	Current Period Net Income (Loss)	Total Shareholders' Equity
Prior Period December 31, 2021								
I. Prior Period End Balance	**2,516,168**	**80,727**	**848,510**	**-**	**25,754,720**	**5,911,327**	**-**	**46,484,658**
II. Corrections and Accounting Policy Changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Made According to TAS 8								
2.1. Effects of Corrections	-	-	-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	**2,516,168**	**80,727**	**848,510**	**-**	**25,754,720**	**5,911,327**	**-**	**46,484,658**
IV. Total Comprehensive Income	**303,740**	**-**	**772,544**	**-**	**-**	**-**	**4,175,464**	**5,198,056**
V. Capital Increase by Cash	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Resources	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes	-	-	-	-	**818,133**	**(818,133)**	-	**270,026**
XI. Profit Distribution	-	-	-	-	**5,093,194**	**(5,093,194)**	-	-
11.1. Dividends paid	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves	-	-	-	-	5,093,194	(5,093,194)	-	-
11.3. Other	-	-	-	-	-	-	-	-
Ending Balance (I+II+...X+XI)	**2,819,908**	**80,727**	**1,621,054**	**-**	**31,666,047**	**-**	**4,175,464**	**51,952,740**

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

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Notes	Current Period December 31, 2022	Prior Period December 31, 2021
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**45,913,759**	**6,537,172**
1.1.1	Interests received		128,082,693	68,207,648
1.1.2	Interests paid		(82,908,875)	(52,073,287)
1.1.3	Dividends received		149,074	120,849
1.1.4	Fee and commissions received		11,167,368	6,376,719
1.1.5	Other income		533,285	241,676
1.1.6	Collections from previously written-off loans and other receivables		4,291,605	3,538,614
1.1.7	Cash payments to personnel and service suppliers		(7,900,316)	(4,374,709)
1.1.8	Taxes paid		(16,524,997)	(2,740,855)
1.1.9	Other	V-VI-1	9,023,922	(12,759,483)
1.2	**Changes in operating assets and liabilities**		**30,162,745**	**20,412,187**
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(664,955)	(8,947,136)
1.2.2	Net increase (decrease) in due from banks		(106,484,046)	(32,816,068)
1.2.3	Net increase (decrease) in loans		(293,204,624)	(69,751,741)
1.2.4	Net increase (decrease) in other assets		(30,495,591)	9,420,066
1.2.5	Net increase (decrease) in bank deposits		44,738,936	10,178,958
1.2.6	Net increase (decrease) in other deposits		387,599,276	46,691,098
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		14,423,346	10,902,662
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	V-VI-1	14,250,403	54,734,348
I.	**Net cash flow provided from banking operations**		**76,076,504**	**26,949,359**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(46,491,679)**	**(14,020,388)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		(471,510)	(526,846)
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		(7,046,470)	(2,450,049)
2.4	Cash obtained from the sale of tangible and intangible asset		2,463,862	2,064,464
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(27,713,006)	(45,451,465)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		24,793,375	30,833,769
2.7	Cash paid for the purchase of financial assets at amortized cost		(41,636,940)	(1,418,048)
2.8	Cash obtained from sale of financial assets at amortized cost		3,320,778	2,975,048
2.9	Other	V-VI-1	(203,518)	(47,261)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flow from financing activities**		**953,390**	**24,734,599**
3.1	Cash obtained from funds borrowed and securities issued		20,738,100	39,559,480
3.2	Cash outflow from funds borrowed and securities issued		(19,280,979)	(14,434,610)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance lease liabilities		(503,731)	(390,271)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**V-VI-1**	**256,513**	**5,926,375**
V.	**Net increase/decrease in cash and cash equivalents**		**30,794,728**	**43,589,945**
VI.	**Cash and cash equivalents at beginning of the period**	**V-VI-4**	**98,641,540**	**55,051,595**
VII.	**Cash and cash equivalents at end of the period**	**V-VI-4**	**129,436,268**	**98,641,540**

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Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Notes	Current Period December 31, 2022	Prior Period December 31, 2021
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT**			
1.1	**CURRENT YEAR'S PROFIT**		**37,243,595**	**5,295,721**
1.2	**TAXES AND LEGAL DUTIES PAYABLE**		**(13,226,363)**	**(1,120,257)**
1.2.1	Corporate tax (income tax)	V-IV-11	(19,688,536)	(166,899)
1.2.2	Withholding tax		-	-
1.2.3	Other taxes and duties (*)	V-IV-11	6,462,173	(953,358)
A.	**NET PROFIT FOR THE YEAR**		**24,017,232**	**4,175,464**
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**	-	**208,773**
1.6	**OTHER STATUTORY RESERVES**	**V-V-5**	-	**208,773**
C.	**NET PROFIT AVAILABLE FOR DISTRIBUTION(**)**		-	**3,757,918**
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**	-	**3,568,998**
1.14	**OTHER RESERVES**		-	**188,920**
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)**		**3.6377**	**1.0691**
3.2	**TO OWNERS OF ORDINARY SHARES (%)**		**363.77**	**106.91**
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 2022 profit distribution is not taken.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March, 2020. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Bank has explained the effects of Covid-19, which it reflects in the financial statements dated December 31, 2022, in the following sections.

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from January 1, 2021. Loans given from items indexed to benchmark interest rates in the Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Bank's financial position or performance. The process for the Benchmark Interest Rate Reform is expected to be completed by December 31, 2021, and the Bank's efforts to adapt to the changes continue As of December 31, 2022, the Bank has no hedging transactions based on the benchmark interest rate.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. IAS 29 identifies characteristics that may indicate an economy is a hyperinflationary. At the same time, According to TAS 29, all entities reporting in the currency of a hyperinflationary economy are required to apply this standard from the same date. From this basis, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 simultaneously, with the announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority (POA) in order to ensure consistency in practice across the country. Nevertheless, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on 31 December 2022. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of 31 December 2022.

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

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

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

Strategy for the use of financial instruments

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

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

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

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ACCOUNTING POLICIES (Continued)

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

Strategy for the use of financial instruments (Continued)

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

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

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

Information on foreign currency transactions

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

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

On March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Türkiye Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 Million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 Million EUR, the fair value hedging strategy has been applied. In this context, 76 Million EUR portion of the securities issued by the Bank on April 24, 2019 with a nominal amount of 700 million Euros and the redemption date of April 24, 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the income statement as long as the hedging transaction is effective. In this context, as of December 31, 2022, the foreign exchange income presented in the income statement is 361,224 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, 2022, it was identified that the evaluations that were made about the process to protect from the fair value risk were effective. Efficiency testing, which is consistent with the Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS 39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

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ACCOUNTING POLICIES (Continued)

III. INFORMATION OF ASSOCIATES AND SUBSIDIARIES

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

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

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

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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

Classification and Measurement of Financial Instruments

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

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

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

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

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

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

Financial assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aimes 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 shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. Equity securities classified as financial assets at fair value through profit/loss are recognized at fair value.

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

During initial recognition an entity can choose in an irrecovable 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 fows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

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

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

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ACCOUNTING POLICIES (Continued)

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

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

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

Loans

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

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

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

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

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

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

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

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

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

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

Different macroeconomic models have been created for the individual portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the "Expected Credit Loss Provision" were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2021 and December 31, 2022. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Expected Credit Loss (ECL) Calculation - Input and Forecasting Methodologies (Continued)
Macroeconomic forecasts and risk delinquency data used in risk parameter models are re-evaluated every quarter to reflect changes in economic conjuncture and are updated if needed.

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

Staging

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

Significant Increase in Credit Risk

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Significant Increase in Credit Risk (Continued)

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

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

Default Definition

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

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

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

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 3,186,885 for which 100% provision has been made. (December 31, 2021: TL 834,885)

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, 2022 and December 31, 2021, there are no transactions of this nature at the Bank.

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ACCOUNTING POLICIES (Continued)

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

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

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

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

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

The Bank started to apply the "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 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 occured.

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

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

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ACCOUNTING POLICIES (Continued)

XIV. FORMATION ON LEASING ACTIVITIES (Countinued)

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

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

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

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

XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2022 is TL 15,371 (full TL) (December 31, 2021: TL 8,285 (full TL)).

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

As of December 31, 2022, and December 31, 2010, actuarial estimates used are:

	Current Period - 31 December 2022	Prior Period - 31 December 2021
Discount Rate	18.45%	18.45%
Estimated Inflation Rate	15.00%	15.00%
Real Wage Increase Rate	3.00%	16.00%

Other benefits to employees

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

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

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ACCOUNTING POLICIES (Continued)

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

Pension fund

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

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

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

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

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

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

Law requires the transfer to be completed in three years beginning from January 1, 2008. The three 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.

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

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

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

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

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

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

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

There is no agreement with the tax authorities about the tax payables in Türkiye. Corporate tax return declared until 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.

ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporate tax (Continued)

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

Corporation tax legislation for the foreign branches

Bahrain

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

Erbil

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

New York

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

Qatar

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Deferred taxes

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

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

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

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

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

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

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENTS

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

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ACCOUNTING POLICIES (Continued)

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The bank is not hedging about debt instruments.

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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

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

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

In the material event statement published by the 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.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES(Continued)

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

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at December 31, 2022 and December 31, 2021, the Bank does not have any government incentives.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

ACCOUNTING POLICIES (Continued)

XXIV. INFORMATION ON OTHER MATTERS

Earnings per share

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

As at and for the period ended December 31, 2022, earnings per 100 shares are full TL 3.6377 (December 31, 2021: full TL 1.0691).

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

None.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

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

Pursuant to the BRSA's letter no. 10188 dated April 28, 2022, the exchange rates announced by the CBRT as of December 31, 2021 were used in the calculation of the amount based on credit risk.

As of December 31, 2022 Bank's equity amount TL 142,131,587 (December 31, 2021: 79,523,759 TL) capital adequacy ratio is 15.19% (December 31, 2021: 14.85%).

	Current Period	Prior Period
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	7,111,364	3,905,622
Share Premium	16,468,559	6,303,277
Reserves	35,841,511	31,666,047
Income recognized under equity in accordance with TAS	25,086,157	7,418,705
Profit	24,017,232	4,175,464
Current Period's Profit	24,017,232	4,175,464
Prior Period's Profit	-	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	1,266,702	766,228
Common Equity Tier 1 Capital Before Deductions	**109,791,525**	**54,235,343**
Deductions from Common Equity Tier 1 Capital	**-**	**-**
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	1,336,852	413,830
Leasehold Improvements on Operational Leases	206,443	183,441
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	423,708	274,111
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	**1,967,003**	**871,382**
Common Equity Tier 1 capital (CET1)	**107,824,522**	**53,363,961**
Additional Tier 1 capital: instruments	**18,979,365**	**15,638,650**
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	18,979,365	15,638,650
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	**-**	**-**
Deductions from Additional Tier 1 Capital	**-**	**-**
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

	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	**18,979,365**	**15,638,650**
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	**126,803,887**	**69,002,611**
TIER 2 CAPITAL	-	-
Bank's borrowing instruments and related issuance premium	4,145,000	4,299,907
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	11,205,302	6,232,034
Tier 2 Capital Before Deductions	**15,350,302**	**10,531,941**
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	**15,350,302**	**10,531,941**
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	**142,154,189**	**79,534,552**
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	-	-
Other accounts to be defined by the BRSA (-)	22,602	10,793
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	142,131,587	79,523,759
Total Risk Weighted Amounts	935,977,998	535,633,275
Capital Adequacy Ratios	-	-
Core Capital Adequacy Ratio (%)	11.52	9.96
Tier 1 Capital Adequacy Ratio (%)	13.55	12.88
Capital Adequacy Ratio (%)	15.19	14.85
BUFFERS		
Total buffer requirement (a+b+c)	2.517	2.506
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.017	0.006
c) Systemically important banks buffer requirement (%)(*)	0.000	0.000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.02	5.46
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)	25,493,875	12,065,932
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	11,205,302	6,232,034
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current 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.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS1984644812	TRSVKFB92925	TRSVKFBE3217	TRSVKFBE3225	TRSVKFBA0043					
Governing law(s) of the instrument	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity					
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.					
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available					
Instrument type	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)	Additional Capital Bond Issuance (Tier I Capital)					
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	13.985	725	1,750	1,250	4,994					
Par value of instrument (in million)	13.985	725	1,750	1,250	4,994					
Accounting classification	347001- Subordinated Liabilities	346011- Subordinated Liabilities	346011- Subordinated Liabilities	346011-Subordinated Liabilities	346001- Subordinated Liabilities					
Original date of issuance	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022	September 18, 2017					
Perpetual or dated	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	Undated					
Issue date	April 24, 2019	September 27, 2019	October 27, 2022	October 27, 2022	September 18, 2017					
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available					
Call option dates, conditioned call dates and call amount	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 option at the end of five years is available and this option may be used depending on the BRSA approval.					
Subsequent call dates, if applicable	April 24, 2024.	Only one call option is available	Only one call option is available	Only one call option is available	September 27, 2023					

Current 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.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	TRSVKFB92719									
Governing law(s) of the instrument	Debt instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity									
Regulatory treatment										
Subject to 10% deduction as of 1/1/2015	Not subject to deduction.									
Eligible at solo/group/group&solo	Available									
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)									
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	420									
Par value of instrument (in million)	420									
Accounting classification	346001- Subordinated Liabilities									
Original date of issuance	September 18, 2017									
Perpetual or dated	Dated (10 years) Maturity Date: September 6, 2027									
Issue date	September 18, 2017									
Issuer call subject to prior supervisory approval	Available									
Call option dates, conditioned call dates and call amount	Early call option at the end of five years.									
Subsequent call dates, if applicable	Only one call option is available.									

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period - December 31, 2022	Coupons / dividends					
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity "Indicator Government Debt Security" +350 basis points	% 12.62 fixed interest rate	% 5.076 fixed interest rate	TLREF + 150 basis points	CPI(Annual Real Interest Rate 160 basis points)	17,50 %(Annuel simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism	Has write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Possess Article 7	Not Possess Article 7

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021						
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	-	3,050	525	4,994	10,645	725
Par value of instrument (in million)	8,353	3,050	525	4,994	10,645	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I.INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2021

	Coupons / dividends		
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	% 12.62 fixed interest rate	% 8 fixed interest rate	5 years maturity "Indicator Government Debt Security" +350 basis points
Existence of a dividend stopper	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
	Convertible or non-convertible		
If convertible, conversion trigger (s)	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil
	Write-down feature		
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Not available.	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.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are not	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Shareholders' equity	106,984,889	51,952,740
Valuation differences of the marketable securities(*)	1,469,784	1,868,773
Leasehold improvements on operational leases	(206,443)	(183,441)
Goodwill and intangible assets	(423,708)	(274,111)
General provision (1.25% of the amount that subject to credit risk) (**)	11,205,302	6,232,034
Subordinated debt	23,124,365	19,938,557
Deductions from shareholders' equity	(22,602)	(10,793)
Capital	**142,131,587**	**79,523,759**

(*) 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 letter dated April 28, 2022 and numbered 10188, the exchange rates announced by the CBRT as of 31 December 2021 were used in the calculation of the amount based on credit risk.

II. CREDIT RISK

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

For credit risk management purposes, Risk Management Department operates in

- the determination of credit risk policies in coordination with the Bank's other units,
- determining and monitoring concentration limits on sectoral and country basis,
- 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 Bank's risk management concept, long term commitments are accepted more risky than 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 28 April 2022 and numbered 10188, taking into account the CBRTS foreign exchange buying rates for 31 December 2021.

In addition, in accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

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

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

The Bank's largest 100 cash loan customers compose 35.63 % of the total cash loan portfolio (December 31, 2021: 35.05%).

The Bank's largest 100 non-cash loan customers compose 48.82 % of the total non-cash loan portfolio (December 31, 2021: 51.91%).

The Bank's largest 100 cash loan customers compose 19.79 % of total assets of the Bank and the Bank's largest 100 non-cash loan customers compose 13.14% of total off-balance sheet items (December 31, 2021: 19.97 % and 14.10%).

The Bank's largest 200 cash loan customers compose 43.04% of the total cash loan portfolio (December 31, 2021: 42.08%).

The Bank's largest 200 non-cash loan customers compose 60.46% of the total non-cash loan portfolio (December 31, 2021: 64.03%).

The Bank's largest 200 cash loan customers compose 23.90% of total assets of the Bank and the Bank's largest 200 non-cash loan customers compose 16.28% of total off-balance sheet items (December 31, 2021: 23.98% and 17.39%).

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

Information on loan types and expected loss provisions:

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Current Period, December 31, 2022	**Balance**	**Provision**	**Balance**	**Provision**	**Balance**	**Provision**	**Balance**	**Provision**
Loans	**758,055,316**	**37,192,130**	**138,196,986**	**2,573,808**	**57,473,016**	**1,771,090**	**953,725,318**	**41,537,028**
Stage 1	667,193,667	4,663,115	133,448,141	662,887	55,684,826	911,998	856,326,634	6,238,000
Stage 2	74,525,749	18,541,901	1,868,974	167,267	729,613	105,875	77,124,336	18,815,043
Stage 3	16,335,900	13,987,114	2,879,871	1,743,654	1,058,577	753,217	20,274,348	16,483,985
Financial Assets and Other Assets	**698,241,455**	**89,738**	**-**	**-**	**-**	**-**	**698,241,455**	**89,738**
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	**1,883,723,983**	**37,698,089**	**138,196,986**	**2,573,808**	**57,473,016**	**1,771,090**	**2,079,393,985**	**42,042,987**

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Prior Period, December 31, 2021	**Balance**	**Provision**	**Balance**	**Provision**	**Balance**	**Provision**	**Balance**	**Provision**
Loans	**456,643,309**	**22,401,994**	**110,814,525**	**2,348,927**	**24,552,037**	**1,175,456**	**592,009,871**	**25,926,377**
Stage 1	382,796,800	2,185,066	105,741,681	255,202	23,002,578	359,619	511,541,059	2,799,887
Stage 2	59,524,438	8,617,933	2,036,922	297,505	597,891	77,184	62,159,251	8,992,622
Stage 3	14,322,071	11,598,995	3,035,922	1,796,220	951,568	738,653	18,309,561	14,133,868
Financial Assets and Other Assets	**416,767,719**	**68,462**	**-**	**-**	**-**	**-**	**416,767,719**	**68,462**
Non Cash Loans and Commitments	**266,243,107**	**264,267**	**-**	**-**	**-**	**-**	**266,243,107**	**264,267**
Stage 1	261,395,489	186,096	-	-	-	-	261,395,489	186,096
Stage 2	4,196,076	18,865	-	-	-	-	4,196,076	18,865
Stage 3	651,542	59,306	-	-	-	-	651,542	59,306
Total	**1,139,654,135**	**22,734,723**	**110,814,525**	**2,348,927**	**24,552,037**	**1,175,456**	**1,275,020,697**	**26,259,106**

Information on expected loss provisions for loans:

Current Period December 31, 2022	**Stage 1**	**Stage 2**	**Stage 3**
Provision balance at the beginning	2,799,887	8,992,622	14,133,868
Additional provisions during the period	4,143,327	13,330,278	4,447,410
Disposals during the period (-)	428,287	2,885,046	(189,854)
Deleted from assets (-)	-	-	3,186,885
Transfers to stage 1	158,603	(158,115)	(488)
Transfers to stage 2	(403,811)	426,270	(22,459)
Transfers to stage 3	(31,719)	(890,966)	922,685
Provision Balance at the end of the Period	**6,238,000**	**18,815,043**	**16,483,985**

Prior Period December 31, 2021	**Stage 1**	**Stage 2**	**Stage 3**
Provision balance at the beginning	3,168,803	5,111,686	13,307,249
Additional provisions during the period	323,623	5,282,365	2,337,298
Disposals during the period (-)	562,953	1,472,564	734,245
Deleted from assets (-)	-	-	834,885
Transfers to stage 1	178,827	(178,513)	(314)
Transfers to stage 2	(261,240)	440,399	(179,159)
Transfers to stage 3	(47,173)	(190,751)	237,924
Provision Balance at the end of the Period	**2,799,887**	**8,992,622**	**14,133,868**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

The general provision for credit risk amounts to TL 25,493,875 (December 31, 2021: TL 12,065,932).

Risk Classifications:	Current Period Risk Amount (**)	Average Risk Amount (*)(**)
Claims on sovereigns and Central Banks	611,073,442	480,332,920
Claims on regional governments or local authorities	7,003,783	7,486,818
Claims on administrative bodies and other non-commercial undertakings	925,801	1,089,644
Claims on multilateral development banks	-	52,468
Claims on international organizations	-	-
Claims on banks and intermediary institutions	87,060,154	78,695,537
Claims on corporate	539,838,317	426,277,909
Claims included in the regulatory retail portfolios	202,385,601	144,333,663
Claims secured by residential property	161,573,374	136,108,595
Past due loans	3,790,165	3,953,299
Higher risk categories decided by the Agency	95,634,959	47,765,839
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	14,140,005	8,393,875
Other claims	56,847,645	30,726,673

(*) 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.

Risk Classifications:	Prior Period Risk Amount (**)	Average Risk Amount (*)(**)
Claims on sovereigns and Central Banks	416,188,160	337,482,811
Claims on regional governments or local authorities	7,888,575	8,540,052
Claims on administrative bodies and other non-commercial undertakings	888,105	519,900
Claims on multilateral development banks	-	169
Claims on international organizations	-	-
Claims on banks and intermediary institutions	54,007,406	54,770,704
Claims on corporate	304,948,444	268,484,650
Claims included in the regulatory retail portfolios	122,374,968	108,472,541
Claims secured by residential property	107,301,192	92,524,179
Past due loans	4,184,225	3,733,877
Higher risk categories decided by the Agency	14,114,969	4,079,284
Secured Securities	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	7,806	7,336
Stock Investments	6,633,588	6,216,321
Other claims	17,868,462	18,020,335

(*) 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 2021 period.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

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

Current Period - December 31, 2022	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Securities Secured	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	607,575,787	7,003,783	925,801	-	-	27,398,902	518,046,079	202,385,601	161,571,249	3,790,165	95,314,941	74,700	-	-	133,703	389,727	56,847,645	1,681,458,083
EU countries	-	-	-	-	-	36,924,239	-	-	-	-	-	-	-	-	-	-	-	36,924,239
OECD countries (*)	-	-	-	-	-	1,600,759	-	-	-	-	-	-	-	-	-	-	-	1,600,759
Off-shore banking regions	2,059,501	-	-	-	-	2,074,512	18,978,794	-	2,125	-	-	-	-	-	-	-	-	23,114,932
USA, Canada	1,438,154	-	-	-	-	13,055,290	2,420,663	-	-	-	320,018	-	-	-	-	-	-	16,914,107
Other countries	-	-	-	-	-	5,705,372	392,781	-	-	-	-	-	-	-	-	-	-	6,418,171
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,750,278	-	14,051,358
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**611,073,442**	**7,003,783**	**925,801**	**-**	**-**	**87,060,154**	**539,838,317**	**202,385,601**	**161,573,374**	**3,790,165**	**95,634,959**	**74,700**	**-**	**-**	**133,703**	**14,140,005**	**56,847,645**	**1,780,481,649**

(*) 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.

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

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

Prior Period - December 31, 2021	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Securities Secured	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	414,428,006	7,888,575	888,105	-	-	11,956,406	289,507,366	122,374,968	107,301,192	4,184,225	14,031,472	-	-	-	7,806	363,858	17,868,462	990,800,441
EU countries	-	-	-	-	-	32,899,982	-	-	-	-	7,570	-	-	-	-	-	-	32,907,552
OECD countries (*)	-	-	-	-	-	228,982	-	-	-	-	-	-	-	-	-	-	-	228,982
Off-shore banking regions	220,213	-	-	-	-	653,251	13,330,049	-	-	-	-	-	-	-	-	-	-	14,203,513
USA, Canada	1,363,321	-	-	-	-	5,966,372	1,829,542	-	-	-	-	-	-	-	-	-	-	9,159,235
Other countries	176,620	-	-	-	-	2,177,466	281,487	-	-	-	75,927	-	-	-	-	-	-	2,711,500
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	-	6,269,730	-	6,394,677
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**416,188,160**	**7,888,575**	**888,105**	**-**	**-**	**54,007,406**	**304,948,444**	**122,374,968**	**107,301,192**	**4,184,225**	**14,114,969**	**-**	**-**	**-**	**7,806**	**6,633,588**	**17,868,462**	**1,056,405,900**

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current 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	**144,509**	**2,785**	**44**	**-**	**-**	**-**	**4,540,572**	**3,229,865**	**2,455,082**	**21,212**	**81,147**	**-**	**-**	**-**	**-**	**-**	**-**	**9,666,257**	**808,959**	**10,475,216**
Farming and raising livestock	*136,516*	*2,785*	*44*	*-*	*-*	*-*	*4,170,708*	*3,116,244*	*2,405,739*	*20,009*	*80,066*	*-*	*-*	*-*	*-*	*-*	*-*	*9,473,754*	*458,357*	*9,932,111*
Forestry	*1,779*	*-*	*-*	*-*	*-*	*-*	*23,524*	*76,714*	*21,681*	*604*	*729*	*-*	*-*	*-*	*-*	*-*	*-*	*116,126*	*8,905*	*125,031*
Fishing	*6,214*	*-*	*-*	*-*	*-*	*-*	*346,340*	*36,907*	*27,662*	*599*	*352*	*-*	*-*	*-*	*-*	*-*	*-*	*76,377*	*341,697*	*418,074*
Manufacturing	**6,654,632**	**560,629**	**1,749**	**-**	**-**	**-**	**246,344,296**	**24,823,621**	**31,884,345**	**397,735**	**26,518,619**	**-**	**-**	**-**	**-**	**-**	**-**	**217,737,366**	**119,448,260**	**337,185,626**
Mining	*118,968*	*-*	*-*	*-*	*-*	*-*	*15,232,268*	*618,962*	*536,481*	*22,962*	*354,296*	*-*	*-*	*-*	*-*	*-*	*-*	*3,703,523*	*13,180,414*	*16,883,937*
Production	*6,383,013*	*-*	*543*	*-*	*-*	*-*	*177,380,184*	*23,743,623*	*30,615,380*	*245,213*	*23,750,636*	*-*	*-*	*-*	*-*	*-*	*-*	*185,212,047*	*76,906,545*	*262,118,592*
Electric, Gas, Water	*152,651*	*560,629*	*1,206*	*-*	*-*	*-*	*53,731,844*	*461,036*	*732,484*	*129,560*	*2,413,687*	*-*	*-*	*-*	*-*	*-*	*-*	*28,821,796*	*29,361,301*	*58,183,097*
Construction	**20,169,604**	**-**	**-**	**-**	**-**	**-**	**55,380,975**	**10,201,898**	**16,539,507**	**430,450**	**4,997,489**	**-**	**-**	**-**	**-**	**-**	**-**	**64,033,547**	**43,686,376**	**107,719,923**
Services	**47,635,052**	**6,426,700**	**501,564**	**-**	**-**	**86,901,465**	**207,173,230**	**65,057,136**	**58,410,160**	**1,588,311**	**30,922,649**	**74,700**	**-**	**-**	**133,703**	**389,727**	**-**	**302,563,205**	**202,651,192**	**505,214,397**
Wholesale and retail trade	*4,183,509*	*1,015*	*102,395*	*-*	*-*	*-*	*63,363,171*	*42,528,095*	*31,764,619*	*454,354*	*13,630,489*	*-*	*-*	*-*	*-*	*-*	*-*	*138,711,962*	*17,315,685*	*156,027,647*
Hotel, Food and Beverage Services	*725,336*	*-*	*164*	*-*	*-*	*-*	*11,984,295*	*3,071,194*	*14,028,908*	*56,095*	*806,877*	*-*	*-*	*-*	*-*	*-*	*-*	*14,192,263*	*16,480,606*	*30,672,869*
Transportation and Telecommunication	*7,708,907*	*5*	*17,853*	*-*	*-*	*-*	*88,000,205*	*8,100,273*	*6,261,880*	*951,432*	*3,287,719*	*-*	*-*	*-*	*-*	*-*	*-*	*27,939,918*	*86,388,356*	*114,328,274*
Financial Institutions	*33,376,065*	*-*	*2,064*	*-*	*-*	*86,901,465*	*31,394,707*	*2,015,643*	*590,669*	*86,948*	*3,439,228*	*74,700*	*-*	*-*	*133,703*	*389,727*	*-*	*88,919,504*	*69,485,415*	*158,404,919*
Real Estate and renting services	*113,077*	*-*	*299,067*	*-*	*-*	*-*	*3,454,302*	*7,674,533*	*3,686,282*	*17,638*	*3,805,254*	*-*	*-*	*-*	*-*	*-*	*-*	*14,158,249*	*4,891,904*	*19,050,153*
Self-employment services	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Education services	*213,680*	*-*	*1,063*	*-*	*-*	*-*	*914,319*	*517,369*	*933,064*	*4,956*	*74,134*	*-*	*-*	*-*	*-*	*-*	*-*	*2,462,105*	*196,480*	*2,658,585*
Health and social services	*1,314,478*	*6,425,680*	*78,958*	*-*	*-*	*-*	*8,062,231*	*1,150,029*	*1,144,738*	*16,888*	*5,878,948*	*-*	*-*	*-*	*-*	*-*	*-*	*16,179,204*	*7,892,746*	*24,071,950*
Other	**536,469,645**	**13,669**	**422,444**	**-**	**-**	**158,689**	**26,399,244**	**99,073,081**	**52,284,280**	**1,352,457**	**33,115,055**	**-**	**-**	**-**	**-**	**13,750,278**	**56,847,645**	**513,023,165**	**306,863,322**	**819,886,487**
Total	**611,073,442**	**7,003,783**	**925,801**	**-**	**-**	**87,060,154**	**539,838,317**	**202,385,601**	**161,573,374**	**3,790,165**	**95,634,959**	**74,700**	**-**	**-**	**133,703**	**14,140,005**	**56,847,645**	**1,107,023,540**	**673,458,109**	**1,780,481,649**

(*) 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 corporate
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 Agency
12- Marketable securities secured
13- Securitization positions
14- Short-term claims and short-term corporate claims on banks and intermediary institutions
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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Prior Period - December 31, 2021	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	**273,945**	**232**	**853**	-	-	-	**869,807**	**2,142,455**	**1,337,952**	**46,004**	**36,062**	-	-	-	-	-	-	**4,562,975**	**144,335**	**4,707,310**
Farming and raising livestock	*247,223*	*232*	*853*	-	-	-	*785,560*	*2,062,161*	*1,306,716*	*42,936*	*35,667*	-	-	-	-	-	-	*4,421,648*	*60,000*	*4,481,648*
Forestry	*7,866*	-	-	-	-	-	*108*	*40,974*	*23,359*	*480*	*344*	-	-	-	-	-	-	*67,722*	*5,409*	*73,131*
Fishing	*18,856*	-	-	-	-	-	*83,839*	*39,320*	*7,877*	*2,588*	*51*	-	-	-	-	-	-	*73,605*	*78,926*	*152,531*
Manufacturing	**9,181,438**	**486,109**	**1,023**	-	-	-	**136,970,824**	**16,566,186**	**18,780,986**	**729,341**	**48,750**	-	-	-	-	-	-	**97,507,530**	**85,257,127**	**182,764,657**
Mining	*194,087*	-	-	-	-	-	*11,014,261*	*385,722*	*359,682*	*61,551*	*487*	-	-	-	-	-	-	*3,211,680*	*8,804,110*	*12,015,790*
Production	*8,860,710*	-	*658*	-	-	-	*95,478,894*	*15,770,068*	*17,922,305*	*500,076*	*47,702*	-	-	-	-	-	-	*84,809,262*	*53,771,151*	*138,580,413*
Electric, Gas, Water	*126,641*	*486,109*	*365*	-	-	-	*30,477,669*	*410,396*	*498,999*	*167,714*	*561*	-	-	-	-	-	-	*9,486,588*	*22,681,866*	*32,168,454*
Construction	**15,130,963**	**64**	**22**	-	-	-	**36,165,316**	**5,655,444**	**10,674,095**	**909,746**	**23,834**	-	-	-	-	-	-	**39,450,233**	**29,109,251**	**68,559,484**
Services	**281,663,049**	**7,398,079**	**533,162**	-	-	**51,766,118**	**114,407,676**	**36,382,031**	**37,299,125**	**985,117**	**1,023,303**	-	-	-	**7,806**	**363,859**	-	**335,698,136**	**196,131,189**	**531,829,325**
Wholesale and retail trade	*9,308,323*	*1,298*	*1,491*	-	-	-	*35,627,881*	*23,688,115*	*18,857,005*	*721,748*	*229,108*	-	-	-	-	-	-	*72,972,728*	*15,462,241*	*88,434,969*
Hotel, Food and Beverage Services	*1,426,234*	-	*90*	-	-	-	*7,927,398*	*2,046,466*	*8,764,555*	*77,271*	*91,455*	-	-	-	-	-	-	*8,601,923*	*11,731,746*	*20,333,669*
Transportation and Telecommunication	*8,052,676*	*21*	*10,078*	-	-	-	*48,538,462*	*5,885,843*	*4,574,084*	*103,514*	*124,623*	-	-	-	-	-	-	*16,955,312*	*50,333,989*	*67,289,301*
Financial Institutions	*261,476,277*	-	*2,333*	-	-	*51,766,118*	*15,575,054*	*880,291*	*478,163*	*7,741*	*101,325*	-	-	-	*7,806*	*363,859*	-	*215,888,913*	*114,770,034*	*330,658,947*
Real Estate and renting services	*302,610*	-	*436,309*	-	-	-	*3,151,738*	*2,873,320*	*2,809,170*	*40,892*	*436,737*	-	-	-	-	-	-	*8,941,063*	*1,109,713*	*10,050,776*
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	*313,650*	-	*372*	-	-	-	*909,995*	*333,852*	*986,976*	*22,456*	*3,345*	-	-	-	-	-	-	*2,538,459*	*32,187*	*2,570,646*
Health and social services	*783,279*	*7,396,760*	*82,489*	-	-	-	*2,676,948*	*674,144*	*829,172*	*11,493*	*36,710*	-	-	-	-	-	-	*9,799,738*	*2,691,259*	*12,490,997*
Other	**109,938,765**	**4,091**	**353,045**	-	-	**2,241,288**	**16,534,821**	**61,628,852**	**39,209,034**	**1,514,017**	**12,983,020**	-	-	-	-	**6,269,729**	**17,868,462**	**176,829,609**	**91,715,515**	**268,545,124**
Total	**416,188,160**	**7,888,575**	**888,105**	-	-	**54,007,406**	**304,948,444**	**122,374,968**	**107,301,192**	**4,184,225**	**14,114,969**	-	-	-	**7,806**	**6,633,588**	**17,868,462**	**654,048,483**	**402,357,417**	**1,056,405,900**

(*) 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 corporate
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 Agency
12 - Marketable securities secured by mortga
13 - Securitization exposures
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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

Risk Classifications-Current Period - December 31, 2022	According to their outstanding maturities: 1 month	1-3 month	3-6 month	6-12 month	1 year and over	Undistributed
Claims on sovereigns and Central Banks	35,156,726	28,481,250	11,541,867	50,965,206	484,928,393	-
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	182,922	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	22,790,360	9,902,557	5,482,141	11,540,990	37,344,106	-
Claims on corporate	25,161,738	303,845,428	67,242,723	65,166,168	78,422,260	-
Claims included in the regulatory retail portfolios	12,267,847	130,568,580	7,653,703	10,788,104	41,107,367	-
Claims secured by residential property	3,334,323	110,351,379	9,101,197	12,433,141	26,353,334	-
Past due loans	-	3,790,102	-	-	-	63
Higher risk categories decided by the Agency	4,199,587	52,341,481	5,151,989	8,422,588	25,519,314	-
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	-	-	-	-	14,140,005	-
Other claims	-	-	-	-	56,847,645	-
TOTAL	**102,943,542**	**646,146,910**	**106,320,156**	**159,464,011**	**765,606,967**	**63**

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

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

Risk Classifications-Prior Period - December 31, 2021	According to their outstanding maturities: 1 month	1-3 month	3-6 month	6-12 month	1 year and over	Undistributed
Claims on sovereigns and Central Banks	90,100,805	1,865,185	5,969,274	19,931,238	298,321,658	-
Claims on regional governments or local authorities	11,158	135,669	135,852	203,021	7,402,875	-
Claims on administrative bodies and other non-commercial undertakings	38,595	17,055	13,429	375,732	443,294	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	15,522,662	3,304,644	1,741,590	3,252,809	30,185,701	-
Claims on corporate	16,252,175	24,264,620	19,948,496	51,518,443	192,964,710	-
Claims included in the regulatory retail portfolios	1,460,779	2,712,869	3,929,010	19,500,742	94,771,568	-
Claims secured by residential property	982,588	2,612,390	3,800,700	16,733,155	83,172,359	-
Past due loans	-	-	-	-	-	4,184,225
Higher risk categories decided by the Agency	1,552	8,950	887	25,935	14,077,645	-
Marketable securities secured	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	7,806	-
Stock Investments	-	-	-	-	6,633,588	-
Other claims	-	-	-	-	17,868,462	-
TOTAL	**124,370,314**	**34,921,382**	**35,539,238**	**111,541,075**	**745,849,666**	**4,184,225**

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk balances according to risk weights

Risk Weights Current 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	605,335,564	24,516,902	74,700	110,230,811	71,980,109	160,767,394	182,698,409	529,147,927	45,580,503	50,149,330	652,753
Amount after Credit Risk Mitigation	668,028,248	15,324,777	26,818,275	113,240,755	71,980,109	150,770,457	160,649,245	477,996,617	45,523,836	50,149,330	652,753

Risk Weights Prior Period - December 31, 2021	0%	2%	10%	20%	35%	50%	75%	100%	150%	Other Risk Weights	Deductions from the shareholders' equity
Pre-Amount of Credit Risk Mitigation	406,752,444	12,579,732	-	38,369,936	50,427,459	71,335,157	117,520,901	345,031,539	14,388,732	-	468,345
Amount after Credit Risk Mitigation	442,113,904	1,223,365	3,760,956	32,671,446	50,427,459	66,945,998	115,760,930	329,180,456	14,321,386	-	468,345

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Information According to Sectors and Counterparties

	Impaired (TFRS 9)		
Current Period - December 31, 2022	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agricultural	**141,379**	**150,584**	**142,491**
Farming and raising livestock	130,402	142,622	135,217
Forestry	377	2,279	1,918
Fishing	10,600	5,683	5,357
Manufacturing	**31,029,226**	**4,317,450**	**11,836,712**
Mining	273,776	309,869	374,062
Production	23,291,230	2,631,593	8,677,830
Electric, Gas, Water	7,464,220	1,375,988	2,784,821
Construction	**12,100,558**	**4,603,702**	**5,919,820**
Services	**31,119,840**	**8,302,211**	**12,742,706**
Wholesale and retail trade	3,957,883	3,552,489	3,550,300
Hotel, Food and Beverage Services	8,372,194	233,798	2,874,780
Transportation and telecommunication	5,166,415	2,117,741	1,775,034
Financial Institutions	212,163	188,418	109,950
Real estate and renting services	11,304,684	165,698	2,662,440
Self-employment services	1,181,264	1,860,277	1,473,916
Education services	514,476	79,089	185,236
Health and social services	410,761	104,701	111,050
Other	**2,733,333**	**2,900,401**	**4,657,300**
Total	**77,124,336**	**20,274,348**	**35,299,029**

	Impaired (TFRS 9)		
Prior Period - December 31, 2021	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	Expected Credit Loss Provisions (TFRS 9)
Agricultural	**194,925**	**176,928**	**162,165**
Farming and raising livestock	192,804	165,123	152,983
Forestry	1,772	1,840	1,755
Fishing	349	9,965	7,427
Manufacturing	**22,907,795**	**4,071,499**	**5,098,745**
Mining	273,747	311,180	286,583
Production	15,338,860	2,875,211	3,416,555
Electric, Gas, Water	7,295,188	885,108	1,395,607
Construction	**9,281,596**	**3,962,355**	**4,698,727**
Services	**27,162,404**	**6,935,582**	**10,654,842**
Wholesale and retail trade	9,654,112	4,086,735	4,525,213
Hotel, Food and Beverage Services	7,370,463	250,646	2,011,654
Transportation and telecommunication	5,187,946	510,392	1,072,681
Financial Institutions	161,259	44,747	58,718
Real estate and renting services	3,481,847	204,269	1,561,575
Self-employment services	978,470	1,639,195	1,227,211
Education services	140,127	97,498	81,184
Health and social services	188,180	102,100	116,606
Other	**2,612,531**	**3,163,197**	**2,512,011**
Total	**62,159,251**	**18,309,561**	**23,126,490**

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2022	Opening Balance 1 January 2022	Provisions reserved during the period	Cancelations	Other Adjustments(*)	Closing Balance
Specific provisions	14,193,174	6,123,405	(3,790,227)	22,760	16,549,112
General provisions	12,065,932	20,741,859	(7,299,090)	(14,826)	25,493,875

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

Prior Period - December 31, 2021	Opening Balance 1 January 2021	Provisions reserved during the period	Cancelations	Other Adjustments(*)	Closing Balance
Specific provisions	13,369,131	3,502,673	(2,703,819)	25,189	14,193,174
General provisions	8,630,600	8,346,889	(4,913,928)	2,371	12,065,932

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

Fair value of collateral held against impaired loans

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Cash collateral (*)	-	-
Mortgage	8,307,714	8,187,737
Promissory note (*)	-	-
Others (**)	11,966,634	10,121,824
Total	**20,274,348**	**18,309,561**

(*) 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.

Cash loans	Current Period - December 31, 2022	Prior Period - December 31, 2021
Secured Loans:	638,517,436	435,986,285
Secured by mortgages	149,307,317	101,061,954
Secured by cash collateral	15,559,342	3,261,048
Guarantees issued by financial institutions	3,887,138	1,240,065
Secured by government institutions or government securities	32,968,702	43,639,424
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	436,794,937	286,783,794
Unsecured Loans	294,933,534	137,714,025
Total performing loans	**933,450,970**	**573,700,310**

Non-cash loans	Current Period - December 31, 2022	Prior Period- December 31, 2021
Secured Loans:	158,503,719	99,788,574
Secured by mortgages	19,463,047	10,517,180
Secured by cash collateral	4,195,436	1,479,603
Guarantees issued by financial institutions	-	-
Secured by government institutions or government securities	128,509	225,107
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	134,716,727	87,566,684
Unsecured Loans	115,744,807	92,350,754
Total non-cash loans	**274,248,526**	**192,139,328**

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period - December 31, 2022

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	877,453,080	-	877,453,080
Bahrain	7,310,840	-	7,310,840
England	4,914,595	-	4,914,595
Germany	1,131,111	-	1,131,111
France	865,020	-	865,020
USA	840,873	-	840,873
Switzerland	633,273	-	633,273
Iraq	629,715	-	629,715
Holland	369,660	-	369,660
Austria	304,298	-	304,298
Other	1,220,614	-	1,220,614
Total	**895,673,079**	**-**	**895,673,079**

Prior Period - December 31, 2021

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	485,947,878	-	485,947,878
England	5,094,320	-	5,094,320
USA	2,421,103	-	2,421,103
Germany	916,623	-	916,623
Switzerland	645,400	-	645,400
Bahrain	582,988	-	582,988
France	510,178	-	510,178
Iraq	424,920	-	424,920
Austria	126,352	-	126,352
Italy	122,240	-	122,240
Other	536,845	-	536,845
Total	**497,328,847**	**-**	**497,328,847**

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. FOREIGN CURRENCY EXCHANCE RISK

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

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

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

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

As at December 31, 2022 and December 31, 2021 the Bank does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

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

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

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

	US Dollar	Euro
The Bank's foreign currency purchase rate at the balance sheet date	**18.7300**	**19.9797**
Foreign currency purchase rates for the days before balance sheet date;		
Day 1	18.7201	19.9556
Day 2	18.7140	19.9397
Day 3	18.7144	19.8766
Day 4	18.7085	19.8732
Day 5	18.5639	19.6983
Last 30-days arithmetical average rate	**18.6328**	**19.6211**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. FOREIGN CURRENCY EXCHANCE RISK (Continued)

Information on currency risk

Current Period - December 31, 2022	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of Republic of Türkiye	117,126,704	88,891,651	14,521,564	220,539,919
Banks	2,805,599	21,928,170	3,812,037	28,545,806
Financial assets at fair value through profit or loss	-	383,329	16,478,801	16,862,130
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	22,120,401	90,561,790	-	112,682,191
Loans [1]	144,314,518	143,764,374	257,358	288,336,250
Associates, subsidiaries and joint-ventures	1,843,727	-	-	1,843,727
Financial assets measured at amortized cost	18,788,683	15,247,960	-	34,036,643
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	43,602	4,204	47,806
Intangible assets	-	1,125	-	1,125
Other assets [2]	2,851,416	5,960,790	684,886	9,497,092
Total assets	**309,851,048**	**366,782,791**	**35,758,850**	**712,392,689**
Liabilities:				
Bank deposits	15,304,145	12,243,810	1,620,688	29,168,643
Foreign currency deposits	148,386,476	224,189,024	45,279,935	417,855,435
Interbank money market takings	30,929,181	45,727,488	-	76,656,669
Other funding	49,748,434	63,043,057	8,549,896	121,341,387
Securities issued [3]	14,475,926	61,996,970	1,831,608	78,304,504
Miscellaneous payables	5,764,042	3,339,564	689	9,104,295
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities [4]	2,376,685	6,498,835	660,887	9,536,407
Total liabilities	**266,984,889**	**417,038,748**	**57,943,703**	**741,967,340**
Net 'on balance sheet' position	**42,866,159**	**(50,255,957)**	**(22,184,853)**	**(29,574,651)**
Net 'off-balance sheet' position	**(42,419,589)**	**46,800,676**	**22,094,690**	**26,475,777**
Derivative assets [5]	15,420,752	73,133,107	26,028,604	114,582,463
Derivative liabilities [5]	57,840,341	26,332,431	3,933,914	88,106,686
Non-cash loans [6]	64,503,759	80,730,319	5,088,430	150,322,508
Prior Period - December 31, 2021	**Euro**	**US Dollar**	**Other FC**	**Total**
Total assets	192,824,189	264,632,977	26,874,842	484,332,008
Total liabilities	181,135,361	309,571,652	39,918,809	530,625,822
Net 'on balance sheet' position	11,688,828	(44,938,675)	(13,043,967)	(46,293,814)
Net 'off-balance sheet' position	(9,205,089)	47,522,011	12,990,072	51,306,994
Derivative assets [5]	10,562,912	57,049,916	21,148,983	88,761,811
Derivative liabilities [5]	19,768,001	9,527,905	8,158,911	37,454,817
Non-cash loans [6]	49,879,695	77,774,961	2,754,797	130,409,453

(1). Foreign currency indexed loans amounting to TL 462,190 (December 31, 2021: TL 522,078) which are presented in TL column in the balance sheet are included in the table above.

(2). Other Derivative Financial Instruments Currency Income Costs TL 65,542 TL (31 December 2021: 388,490), Prepaid Expenses TL 508,531 (December 31, 2021 : 285,522 1st and 2nd stage expected loss provisions (23,970TL) (December 31, 2021: (17,558)), deferred tax liabilities TL 33,646 (December 31, 2021: None) and derivative financial instruments currency expense accruals of TL 135,989 (December 31, 2021: 290,286), Expected Credit Loss on Non-Cash Loans amounting is none (December 31, 2021: 9,409) unearned income TL 336,688 (December 31, 2021: 267,904) and shareholders' equity TL (4,969) (December 31, 2021: 582,253 are not taken into consideration in the currency risk calculation.

(3). Subordinated debt are shown under securities issued.

(4). Asset purchase commitments amounting to TL 25,503,640 (December 31, 2021: TL 4,512,599) and asset sales commitments amounting to TL 25,588,622 (December 31, 2021: TL 5,593,730) are included.

(5). Non-cash loans are not taken into consideration in the calculation of the net 'off-balance sheet' position.

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. FOREIGN CURRENCY EXCHANCE RISK (Continued)

Exposure to currency risk

10% appreciation of the TL against the following currencies as at and for the period ended December 31, 2022 and December 31, 2021 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

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

	Current Period- December 31, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(350,001)	(350,001)	255,454	255,454
Euro	11,531	11,531	226,585	226,585
Other currencies	(9,437)	(9,437)	(5,390)	(5,390)
Total, net (**)	**(347,907)**	**(347,907)**	**476,649**	**476,649**

(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.
(**) Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

10% appreciation of the TL against the following currencies as at and for the period ended December 31, 2022 and December 31, 2021 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	Current Period - December 31, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	350,001	350,001	(255,454)	(255,454)
Euro	(11,531)	(11,531)	(226,585)	(226,585)
Other currencies	9,437	9,437	5,390	5,390
Total, net (**)	**347,907**	**347,907**	**(476,649)**	**(476,649)**

(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.
(**) Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK

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

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK

Prior Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,747,428	144,148,987
Banks	-	812,580	307,252	121,663	-	20,064,843	21,306,338
Financial assets at fair value through profit/loss	3,611,441	-	631,572	11,696,728	-	463,762	16,403,503
Interbank money market placements	-	-	-	-	-	6,914,400	6,914,400
Financial assets at fair value through other comprehensive income	11,369,433	9,631,299	40,457,150	64,212,470	7,793,705	7,246	133,471,303
Loans and receivables (1)	155,124,137	146,467,816	123,424,740	82,034,755	66,648,862	18,309,561	592,009,871
Financial assets measured at amortized cost	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets (2)	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(4,025,534)	19,097,312
Total assets	**220,791,856**	**168,843,959**	**179,757,403**	**182,709,569**	**94,629,204**	**160,481,706**	**1,007,213,697**
Liabilities:	-	-	-	-	-	-	-
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,187	33,227,880
Other deposits	301,065,932	90,795,430	21,666,080	191,232	548	143,996,285	557,715,507
Interbank money market takings	122,576,810	7,719,245	7,467,266	6,117,463	-	-	143,880,784
Miscellaneous payables	-	-	-	-	-	18,185,250	18,185,250
Securities issued (3)	1,455,630	4,659,834	21,323,621	57,548,837	5,955,402	-	90,943,324
Funds borrowed	1,424,536	54,201,377	10,074,107	16,504,095	6,859,145	2,367,270	91,430,530
Other liabilities(4)	1,189,141	3,698,072	1,582,814	1,028,960	2,679,451	61,651,984	71,830,422
Total liabilities	**450,026,739**	**170,099,961**	**62,113,888**	**81,390,587**	**15,494,546**	**228,087,976**	**1,007,213,697**
On balance sheet long position	-	-	117,643,515	101,318,982	79,134,658	-	298,097,155
On balance sheet short position	(229,234,883)	(1,256,002)	-	-	-	(67,606,270)	(298,097,155)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
Net position	**(225,283,233)**	**13,041,257**	**117,603,228**	**100,619,650**	**77,348,461**	**(67,606,270)**	**15,723,093**

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK (Continued)

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

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

Prior Period - December 31, 2021	Euro %	US Dollar %	Yen %	TL %
Assets:				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans and receivables	4.78	7.24	-	16.01
Financial assets measured at amortized cost	4.59	6.34	-	12.59
Liabilities:				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.41	1.07	-	16.13
Interbank money market takings	1.41	2.06	-	14.04
Miscellaneous payables	-	-	-	-
Securities issued (**)	5.08	6.11	-	15.42
Funds borrowed	1.67	2.51	-	14.19

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. STOCK POSITION RISKS

Stock position risks arising from banking book items

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

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

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

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

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

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

Prior Period - December 31, 2021		Comparison	
Stock Investments	**Carrying Value**	**Fair Value(*)**	**Market Value(*)**
Stocks quoted in exchange(*)	**2,341,706**	**2,341,706**	**2,341,706**
1.Stocks Investments Group A	2,341,706	2,341,706	2,341,706
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange(**)	**4,819,329**	**4,575,861**	**-**

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. STOCK POSITION RISKS (Continued)

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

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

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

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

		Revaluation Surplus		Unrealized Gain and Loss	
Portfolio- Prior Period – December 31, 2021	**Realized Gain/Loss in Current Period**	**Total (*)**	**Included in Supplemantary Capital**	**Total (*)**	**Included in Supplementary Capital**
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	819,966	819,966
3. Other Stocks	-	2,080,669	2,080,669	-	-
4. Total	-	**2,080,669**	**2,080,669**	**819,966**	**819,966**

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

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio- Current Period – December 31, 2022	**Carrying Value**	**Total RWA**	**Minimum Capital Requirement**
1.Private Equity Investments	-	-	-
2.Quoted	7,170,908	7,060,371	564,830
3.Other Stocks	7,634,455	7,079,634	566,371
4. Total	**14,805,363**	**14,140,005**	**1,131,201**

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

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Portfolio- Prior Period – December 31, 2021	**Carrying Value**	**Total RWA**	**Minimum Capital Requirement**
1.Private Equity Investments	-	-	-
2.Quoted	2,341,706	2,341,706	187,336
3.Other Stocks	4,819,329	4,291,882	343,351
4. Total	**7,161,035**	**6,633,588**	**530,687**

(*) In accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

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

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

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

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VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	8 October 2021	130.80	3 December 2021	235.00
The highest value	17 December 2021	176.04	1 October 2021	465.32

	Prior Period - December 31, 2021	Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			178,962,497	127,804,670
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	245,106,759	137,808,313	22,396,834	13,780,831
3	Stable deposits	42,276,853	-	2,113,843	-
4	Less stable deposits	202,829,906	137,808,313	20,282,991	13,780,831
5	Unsecured wholesale funding, of which:	266,863,351	133,807,808	111,717,781	54,033,798
6	Operational deposits	175,296,492	89,260,019	43,824,123	22,315,005
7	Non-operational deposits	63,486,036	31,735,954	39,919,261	19,012,250
8	Unsecured debt	28,080,823	12,811,835	27,974,397	12,706,543
9	Secured wholesale funding			-	-
10	Additional requirements of which:	35,068,088	13,946,042	35,068,088	13,946,042
11	Outflows related to derivative exposures and other collateral requirements	34,993,946	13,946,042	34,993,946	13,946,042
12	Outflows related to loss of funding on debt products	74,142	-	74,142	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	58,041,232	52,158,331	2,902,062	2,607,917
15	Other contingent funding obligations	157,013,169	52,415,858	12,847,447	4,219,394
16	**TOTAL CASH OUTFLOWS**			184,932,212	88,587,982
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	32,914,056	15,256,677	23,360,261	12,035,049
19	Other cash inflows	37,121,696	36,523,969	37,121,696	36,523,969
20	**TOTAL CASH INFLOWS**	**70,035,752**	**51,780,646**	**60,481,957**	**48,559,018**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA**			**178,962,497**	**127,804,670**
22	**TOTAL NET CASH OUTFLOWS**			**124,450,255**	**40,028,964**
23	**LIQUIDITY COVERAGE RATIO (%)**			**143.07**	**340.99**

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

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

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

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

Maturity analysis of assets and liabilities according to remaining maturities

Current Period – December 31, 2022	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets:								
Cash and balance with CBRT	251,157,612	17,777,609	-	-	-	-	-	268,935,221
Banks	23,044,659	2,045,219	3,296,034	-	159,947	-	-	28,545,859
Financial assets at fair value through profit/loss	133,947	-	-	-	16,478,799	-	483,462	17,096,208
Interbank money market placements	-	12,095,635	-	-	-	-	-	12,095,635
Financial assets at fair value through other comprehensive income	-	3,466,525	3,952,634	61,035,804	83,570,767	44,752,945	119,854	196,898,529
Loans and receivables	-	88,190,805	89,404,178	246,578,009	294,988,837	214,289,141	20,274,348	953,725,318
Financial assets measured at amortized cost	-	206,972	3,049,979	11,943,469	71,803,378	71,589,054	-	158,592,852
Other assets (3) (4)	6,077	7,413,016	4,407,253	238,631	7,207,800	9,085,083	16,813,141	45,171,001
Total assets	**274,342,295**	**131,195,781**	**104,110,078**	**319,795,913**	**474,209,528**	**339,716,223**	**37,690,805**	**1,681,060,623**
Liabilities:								
Bank deposits	3,039,009	68,496,142	6,513,088	49,181	-	-	-	78,097,420
Other deposits	254,628,101	601,875,508	148,998,815	43,401,077	700,181	873	-	1,049,604,555
Funds borrowed	-	1,823,613	3,605,777	50,134,013	50,476,104	24,706,735	-	130,746,242
Interbank money market takings	-	58,412,936	54,924,684	9,943,262	8,908,884	342,189	-	132,531,955
Securities issued (2)	-	14,123,033	3,086,645	2,993,178	64,127,079	9,567,359	-	93,897,294
Miscellaneous payables	-	23,496,785	-	-	-	-	14,164,352	37,661,137
Other liabilities	101,891	1,443,315	8,957,157	420,023	1,866,563	3,184,544	142,548,527	158,522,020
Total liabilities	**257,769,001**	**769,671,332**	**226,086,166**	**106,940,734**	**126,078,811**	**37,801,700**	**156,712,879**	**1,681,060,623**
Liquidity gap	**16,573,294**	**(638,475,551)**	**(121,976,088)**	**212,855,179**	**348,130,717**	**301,914,523**	**(119,022,074)**	**-**
Net Off Balance Sheet Position	**-**	**203,366**	**838,753**	**19,787**	**7,564,155**	**3,113,732**	**-**	**11,739,793**
Receivables from Derivative Financial Instruments	-	60,867,374	11,888,824	7,175,722	69,734,388	57,859,362	-	207,525,670
Payables from Derivative Financial Instruments	-	60,664,008	11,050,071	7,155,935	62,170,233	54,745,630	-	195,785,877
Non-cash Loans	88,561,836	48,818,805	28,134,743	64,111,397	40,888,699	3,733,046	-	274,248,526

Prior Period – December 31, 2021	Demand	1 aya kadar	1-3 Ay	3-12 Ay	1-5 Yıl	5 Yıl ve Üzeri	Dağıtılamayan (1)	Total
Total assets	164,241,422	70,723,368	39,819,044	139,856,028	360,394,540	220,723,562	11,455,733	1,007,213,697
Total liabilities	145,883,472	458,208,149	115,811,467	74,478,065	110,819,266	33,771,574	68,241,704	1,007,213,697
Liquidity gap	**18,357,950**	**(387,484,781)**	**(75,992,423)**	**65,377,963**	**249,575,274**	**186,951,988**	**(56,785,971)**	**-**
Net Off Balance Sheet Position	**-**	**8,054,170**	**757,384**	**309,989**	**3,720,350**	**4,262,132**	**-**	**17,104,025**
Receivables from Derivative Financial Instruments	-	59,675,583	9,574,660	17,903,715	28,260,382	68,052,584	-	183,466,924
Payables from Derivative Financial Instruments	-	51,621,413	8,817,276	17,593,726	24,540,032	63,790,452	-	166,362,899
Non-cash Loans	78,778,041	13,223,627	22,155,655	45,427,011	29,392,087	3,162,907	-	192,139,328

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

(2) Subordinated debt are shown under securities issued.

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VII. LEVERAGE RATIO

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

The Bank's unconsolidated leverage rate which is calculated due to "Regulation on Banks' Measurement and Evaluation of Leverage Level" actualised as 6.16%. Increase in balance sheet assets and Tier I Capital transactions resulted in change in comparison with previous period (December 31, 2021: 5.51%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

Leverage ratio common disclosure template

	On-balance sheet exposures	Current Period - December 31, 2022 (*)	Prior Period - December 31, 2021 (*)
1.	On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,553,093,715	917,822,488
2.	Assets deducted in determining Basel III Tier 1 capital	(620,733)	(454,973)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs)	1,552,472,982	917,367,515
	Derivative exposures	-	-
4.	Replacement cost	9,510,444	18,000,551
5.	Add-on amount	1,683,481	2,283,055
6.	Total derivative exposures	11,193,925	20,283,606
	Securities financing transaction exposures	-	-
7.	Gross SFT assets (with no recognition of accounting netting)	10,651,636	12,616,615
8.	Agent transaction exposures	-	-
9.	Total securities financing transaction exposures	10,651,636	12,616,615
	Other off-balance sheet exposures	-	-
10.	Off-balance sheet exposures with gross nominal amount	572,926,965	334,234,825
11.	Adjustment amount off-balance sheet exposures with credit conversion factor	(198,113,442)	(104,680,461)
12.	Total off-balance sheet exposures	374,813,523	229,554,364
	Capital and total exposures	-	-
13.	Tier 1 capital	119,914,989	64,675,456
14.	Total exposures	1,949,132,066	1,179,822,100
	Leverage ratio	-	-
15.	Leverage ratio	6.16	5.51

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

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 2022	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	12,095,635	12,095,635
Banks	28,545,859	28,545,859
Financial assets at fair value through profit/loss	17,096,208	17,096,208
Financial Assets at Fair Value through Other Comprehensive Income	196,898,529	196,898,529
Assets Measured at Amortised Cost	158,592,852	180,340,363
Loans	953,725,318	945,874,126
Financial Liabilities:		
Bank Deposits	78,097,420	78,097,420
Other Deposits	1,049,604,555	1,046,585,826
Funds Borrowed	130,746,242	123,010,670
Marketable Securities	69,854,008	69,769,393
Subordinated Loans	24,043,286	23,921,171

Prior Period - December 31, 2021	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	6,914,400	6,914,400
Banks	21,306,338	21,306,338
Financial assets at fair value through profit/loss	16,403,503	16,403,503
Financial Assets at Fair Value through Other Comprehensive Income	133,471,303	133,471,303
Assets Measured at Amortised Cost	73,861,983	77,492,786
Loans	592,009,871	587,440,334
Financial Liabilities:		
Bank Deposits	33,227,880	33,227,880
Other Deposits	557,715,507	558,262,575
Funds Borrowed	91,430,530	91,006,460
Marketable Securities	61,974,897	62,011,060
Subordinated Loans	28,968,427	28,990,293

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

Classification of Fair Value Measurement

TFRS 7 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basicly 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 Bank. 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);

Level 3: Fair value measurements using inpus for the assets or liabilities 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, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	483,706	16,478,799	133,703	17,096,208
Debt securities	-	*16,478,799*	-	*16,478,799*
Equity securities	*483,706*	-	-	*483,706*
Other financial assets	-	-	*133,703*	*133,703*
Financial assets at fair value through other comprehensive income	194,781,989	1,996,686	119,854	196,898,529
Government debt securities	*192,561,917*	*1,623,250*	-	*194,185,167*
Equity securities	-	-	*119,854*	*119,854*
Other financial assets	*2,220,072*	*373,436*	-	*2,593,508*
Derivative financial assets held for trading purpose	-	*17,361,076*	-	*17,361,076*
Investments in associates and subsidiaries	6,687,203	-	7,209,108	13,896,311
Total Financial Assets	**201,952,898**	**35,836,561**	**7,462,665**	**245,252,124**
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(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.

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

Prior Period - December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	286,473	15,939,741	177,289	16,403,503
Debt securities	-	15,939,741	-	15,939,741
Equity securities	286,473	-	169,483	455,956
Other financial assets	-	-	7,806	7,806
Financial assets at fair value through other comprehensive income	124,392,068	9,071,989	7,246	133,471,303
Government debt securities	123,870,645	8,798,400	-	132,669,045
Equity securities	-	-	7,246	7,246
Other financial assets	521,423	273,589	-	795,012
Derivative financial assets held for trading purpose	-	21,487,370	-	21,487,370
Investments in associates and subsidiaries	2,341,706	-	4,575,861	6,917,567
Total Financial Assets	**127,020,247**	**46,499,100**	**4,760,396**	**178,279,743**
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(5,490,278)	-	(5,490,278)
Total Financial Liabilities	**-**	**(5,490,278)**	**-**	**(5,490,278)**

(*) 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, 2022 is as follows:

Level 3	Current Period - December 31, 2022	Prior Period - December 31, 2021
Balance at the beginning of the year	4,760,396	3,524,249
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	2,702,269	1,236,147
Balance at the end of the year	**7,462,665**	**4,760,396**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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

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

X. SEGMENT REPORTING

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

X. SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	21,084,776	51,783,465	85,366,067	335,156	158,569,464
Interest Expense	20,756,386	38,489,227	25,425,541	183,147	84,854,301
Net Interest Income/Losses(Net)	328,390	13,294,238	59,940,526	152,009	73,715,163
Net Fees and Commissions Income	2,263,542	7,804,010	725,183	-	10,792,735
Dividend Income	-	-	149,074	-	149,074
Trading Income/ Losses (Net)	-	-	4,990,170	-	4,990,170
Other Income	-	-	-	9,677,887	9,677,887
Allowance for Expected Credit Losses	-	-	-	44,149,647	44,149,647
Other Expenses	-	-	-	17,931,787	17,931,787
Profit Before Taxes	**2,591,932**	**21,098,248**	**65,804,953**	**(52,251,538)**	**37,243,595**
Provision for taxes					(13,226,363)
Net Profit/ Loss					**24,017,232**
Segment Assets	181,252,900	607,353,608	809,281,855	68,970,457	1,666,858,820
Subsidiaries and Associates (Net)	-	-	14,201,803	-	14,201,803
TOTAL ASSETS	**181,252,900**	**607,353,608**	**823,483,658**	**68,970,457**	**1,681,060,623**
Segment Liabilities	376,073,295	685,295,223	428,231,550	84,475,666	1,574,075,734
Equity	-	-	-	106,984,889	106,984,889
TOTAL LIABILITIES	**376,073,295**	**685,295,223**	**428,231,550**	**191,460,555**	**1,681,060,623**

Prior Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	14,232,668	30,677,877	27,283,861	6,191	72,200,597
Interest Expense	12,637,777	17,560,756	22,411,777	46,906	52,657,216
Net Interest Income/Losses(Net)	1,594,891	13,117,121	4,872,084	(40,715)	19,543,381
Net Fees and Commissions Income	1,069,526	3,076,622	355,215	-	4,501,363
Dividend Income	-	-	120,849	-	120,849
Trading Income/ Losses (Net)	-	-	(4,749,785)	-	(4,749,785)
Other Income	-	-	-	7,947,393	7,947,393
Allowance for Expected Credit Losses	-	-	-	12,559,091	12,559,091
Other Expenses	-	-	-	9,508,389	9,508,389
Profit Before Taxes	**2,664,417**	**16,193,743**	**598,363**	**(14,160,802)**	**5,295,721**
Provision for taxes					(1,120,257)
Net Profit/ Loss					**4,175,464**
Segment Assets	128,055,671	338,478,160	509,701,254	24,280,779	1,000,515,864
Subsidiaries and Associates (Net)	-	-	6,697,833	-	6,697,833
TOTAL ASSETS	**128,055,671**	**338,478,160**	**516,399,087**	**24,280,779**	**1,007,213,697**
Segment Liabilities	241,249,058	320,581,553	360,860,697	32,569,649	955,260,957
Equity	-	-	-	51,952,740	51,952,740
TOTAL LIABILITIES	**241,249,058**	**320,581,553**	**360,860,697**	**84,522,389**	**1,007,213,697**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

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 Bank uses a standardized approach to capital adequacy calculations, there is no disclosure within the scope of the internal rating-based approach.

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The stress conditions that emerged with the Covid-19 outbreak were included in the evaluations in this period, and the possible effects on the Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

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

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

Risk Management Strategy

The bank 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 bank 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 bank 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 Bank 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 Bank 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 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 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.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT(Continued)

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 Bank's product range and fields of activity are developed.

In response to the sudden and unexpected changes in the macroeconomic indicators and Bank's specific circumstances, the risks the 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 bank's risk group (on the balance sheet - off the 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 bank'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.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

Risk Weighted Amounts

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period-December 31, 2022	Prior Period - December 31, 2021	Current Period-December 31, 2022
1	**Credit Risk (excluding counterparty credit risk) (*)**	**880,096,643**	**489,312,822**	**70,407,731**
2	Standardised approach	880,096,643	489,312,822	70,407,731
3	Internal rating based approach	-	-	-
4	**Counterparty Credit Risk**	**16,193,840**	**9,242,103**	**1,295,507**
5	Standardised approach for counterparty credit risk	16,193,840	9,242,103	1,295,507
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**	**133,703**	**7,806**	**10,696**
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**	**6,813,950**	**7,469,054**	**545,116**
17	Standardised approach	6,813,950	7,469,054	545,116
18	Internal model approaches	-	-	-
19	**Operational Risk**	**32,739,862**	**29,601,490**	**2,619,189**
20	Basic Indicator Approach	32,739,862	29,601,490	2,619,189
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)**	**935,977,998**	**535,633,275**	**74,878,239**

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures

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

		Carrying values of items (according to TAS)				
Current Period - December 31, 2022	**Carrying values as reported in published financial statements**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitization**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Assets						
Cash and balances at central bank	268,935,221	268,935,221	-	-	-	-
Banks	28,545,859	28,545,859	-	-	2,171,648	-
Receivables from money markets	12,095,635	12,095,635	-	-	-	-
Financial Assets at Fair Value through Profit or Loss	17,096,208	617,408	-	-	100,375	-
Financial Assets at Fair Value through other comprehensive Income	196,898,529	196,898,529	89,788,350	-	-	-
Financial Assets Measured at amortised cost	158,592,852	158,592,852	37,480,964	-	-	-
Derivative financial assets	17,361,076	-	17,361,076	-	484,946	-
Non-performing financial assets	20,274,348	20,274,348	-	-	-	-
Allowance for expected credit losses	(41,569,629)	(16,483,985)	-	-	-	(25,085,644)
Loans (Net)	933,450,970	933,428,368	-	-	-	22,602
Non-current assets or disposal groups "held for sale" and" from discontinued operations	282,278	282,278	-	-	-	-
Investments in associates (net)	4,066,701	4,066,701	-	-	-	-
Investments in subsidiaries (net)	10,135,102	10,135,102	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	11,991,371	11,784,928	-	-	-	206,443
Intangible assets (net)	429,949	-	-	-	-	429,949
Investment properties (net)	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-
Deferred tax assets	2,478,300	2,478,300	-	-	-	-
Other assets	39,995,853	40,052,990	-	-	-	(57,137)
Total assets	**1,681,060,623**	**1,671,704,534**	**144,630,390**	**-**	**2,756,969**	**(24,483,787)**
Liabilities						
Deposits	1,127,701,975	-	-	-	2,209,673	1,125,492,302
Funds borrowed	130,746,242	-	-	-	-	130,746,242
Money market funds	132,531,955	-	132,113,364	-	-	418,591
Marketable Securities (net)	69,854,008	-	-	-	-	69,854,008
Funds	3,005	-	-	-	-	3,005
Financial Liabilities at fair value through profit or loss	-	-	-	-	-	-
Derivatives liabilities	4,719,597	-	4,719,597	-	487,226	-
Factoring liabilities	-	-	-	-	-	-
Lease liabilities	1,021,403	-	-	-	-	1,021,403
Provisions	23,247,158	-	-	-	-	23,247,158
Current tax liabilities	5,182,616	-	-	-	-	5,182,616
Deferred tax liabilities	-	-	-	-	-	-
Non-current liabilities or disposal groups "held for sale" and" from discontinued operations	-	-	-	-	-	-
Subordinated debts	24,043,286	-	-	-	-	24,043,286
Other liabilities	55,024,489	-	-	-	-	55,024,489
Equity	106,984,889	-	-	-	-	106,984,889
Total liabilities	**1,681,060,623**	**-**	**136,832,961**	**-**	**2,696,899**	**1,542,017,989**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures (Continued)

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

Prior Period - December 31, 2021	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and balances at central bank	144,148,987	144,148,987	-	-	-	-
Financial assets held for trading	21,306,338	21,306,338	-	-	-	-
Financial assets designated at fair value through profit or loss	6,914,400	6,914,400	-	-	-	-
Banks	16,403,503	463,763	-	-	-	-
Receivables from money markets	133,471,303	133,471,303	75,043,394	-	-	-
Available for sale financial assets (net)	73,861,983	73,861,983	57,188,376	-	-	-
Loans and receivables	21,487,370	-	21,487,370	-	425,540	-
Factoring receivables	18,309,561	18,309,561	-	-	-	-
Held to maturity investments (net)	(25,948,866)	(14,133,868)	-	-	-	(11,814,998)
Investments in associates (net)	573,700,310	573,689,517	-	-	-	10,793
Investments in subsidiaries (net)	755,033	755,033	-	-	-	-
Investments in joint ventures (net)	2,047,712	2,047,712	-	-	-	-
Leasing receivables	4,650,121	4,650,121	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	4,866,852	4,683,411	-	-	-	183,441
Intangible assets (net)	276,221	-	-	-	-	276,221
Investment properties (net)	-	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	-	-	-	-	-	-
Other assets	10,962,869	11,008,920	-	-	-	(46,051)
Total assets	**1,007,213,697**	**981,177,181**	**153,719,139**	**-**	**425,540**	**(11,390,594)**
Liabilities						
Deposits	590,943,387	-	-	-	-	590,943,387
Derivative financial liabilities held for trading	91,430,530	-	-	-	-	91,430,530
Loans	143,880,784	-	137,805,660	-	-	6,075,124
Debt to money markets	61,974,897	-	-	-	-	61,974,897
Debt securities in issue	3,005	-	-	-	-	3,005
Funds	-	-	-	-	-	-
Various debts	5,490,278	-	5,490,278	-	426,764	-
Other liabilities	-	-	-	-	-	-
Factoring debts	953,912	-	-	-	-	953,912
Debts from leasing transactions	3,849,848	-	-	-	-	3,849,848
Derivative financial liabilities held for hedges	943,940	-	-	-	-	943,940
Provisions	46,378	-	-	-	-	46,378
Tax liability	-	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	28,968,427	-	-	-	-	28,968,427
Subordinated debts	26,775,571	-	-	-	-	26,775,571
Equity	51,952,740	-	-	-	-	51,952,740
Total liabilities	**1,007,213,697**	**-**	**143,295,938**	**-**	**426,764**	**863,917,759**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures (Continued)

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

	Current Period - December 31, 2022	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	**Asset carrying value amount under scope of regulatory consolidation**	**1,705,544,410**	**1,671,704,534**	**-**	**144,630,390**	**2,756,969**
2	Liabilities carrying value amount under regulatory scope of consolidation	139,042,634	-	-	136,832,961	2,696,899
3	Total net amount under regulatory scope of consolidation	1,566,501,776	1,671,704,534	-	7,797,429	60,070
4	Off-balance sheet amounts	-	-	-	8,686,518	-
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	-	-	-	99,301,976	-
10	**Exposure amounts considered for regulatory**	-	1,671,704,534	-	107,988,495	60,070

	Prior Period - December 31, 2021	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	**Asset carrying value amount under scope of regulatory consolidation**	**1,018,604,291**	**981,177,181**	**-**	**153,719,139**	**425,540**
2	Liabilities carrying value amount under regulatory scope of consolidation	143,295,938	-	-	143,295,938	426,764
3	Total net amount under regulatory scope of consolidation	875,308,353	981,177,181	-	10,423,201	1,224
4	Off-balance sheet amounts	-	-	-	8,219,733	-
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	-	-	-	118,553,256	-
10	**Exposure amounts considered for regulatory**	-	981,177,181	-	126,772,989	1,224

c) Explanations of differences bet ween 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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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations

a) General Information on Credit Risk

If the counterparty does not partially or completely fulfil its obligations in accordance with contract, the credit risk is exposed. Bank'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 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 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 domestic regulations 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, intelligence units and risk management units are playing an active role.

The 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 Bank 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 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 Bank's credit policy, risk appetite and economic changes.

The eventual aim of the 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 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 Bank's inner credit rating systems.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Credit quality of assets

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

Prior Period - December 31, 2021		Gross carrying values of (according to TAS) Defaulted Exposures	Defaulted Exposures	Allowances / Impairment	Net Values
1	Loans	18,309,561	573,700,310	25,926,377	566,083,494
2	Debt Securities	-	209,519,063	1,722,015	207,797,048
3	Off-balance sheet exposure	507,691	279,325,328	44,305	279,788,714
4	**Total**	**18,817,252**	**1,062,544,701**	**27,692,697**	**1,053,669,256**

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

		Current Period - December 31, 2022	Prior Period - December 31, 2021
1	**Defaulted Loans and debt securities at end of the previous reporting period**	**18,309,561**	**17,444,257**
2	Loans and debt securities that have defaulted since the last reporting period	9,443,277	5,238,803
3	Returned to non-defaulted status	47,396	143,467
4	Amounts written-off	3,186,885	834,885
5	Other Changes	(4,244,209)	(3,395,147)
6	**Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)**	**20,274,348**	**18,309,561**

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

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 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.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

	Credit receivables/risks December 31, 2022	Credit receivables/risks December 31, 2021
Domestic	866,179,012	524,985,405
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	6,465,241	2,939,074
Other	60,806,717	45,775,831
Total	**933,450,970**	**573,700,310**

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

Breakdown of loan receivables by sector

Current Period - December 31, 2022

Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	**9,549,628**	**150,584**	**132,553**
Farming and raising livestock	9,256,880	142,622	125,565
Forestry	55,704	2,279	1,901
Fishing	237,044	5,683	5,087
Manufacturing	**293,218,788**	**4,317,450**	**3,929,136**
Mining and Quarrying	20,838,371	309,869	287,312
Production	212,305,303	2,631,593	2,395,321
Electricity, Gas, Water	60,075,114	1,375,988	1,246,503
Construction	**89,989,521**	**4,603,702**	**4,177,145**
Services	**357,531,417**	**8,302,211**	**6,103,850**
Wholesale and Retail Trade	127,322,343	3,552,489	3,143,957
Accommodation and Dining	32,783,806	233,798	194,980
Transportation and Telecommunication	102,347,392	2,117,741	1,182,366
Financial Institutions	43,690,291	188,418	102,571
Real Estate and Rental Services	35,727,333	165,698	162,538
Professional Services	10,000,823	1,860,277	1,152,641
Educational Services	2,195,992	79,089	74,329
Health and Social Services	3,463,437	104,701	90,468
Other	**183,161,616**	**2,900,401**	**2,141,301**
Total	**933,450,970**	**20,274,348**	**16,483,985**

Prior Period - December 31, 2021

Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	**4,069,482**	**176,928**	**136,875**
Farming and raising livestock	3,925,370	165,123	127,861
Forestry	39,107	1,840	1,632
Fishing	105,005	9,965	7,382
Manufacturing	**159,370,804**	**4,071,499**	**3,350,947**
Mining and Quarrying	15,640,395	311,180	249,905
Production	108,912,378	2,875,211	2,383,602
Electricity, Gas, Water	34,818,031	885,108	717,440
Construction	**61,826,191**	**3,962,355**	**3,056,452**
Services	**213,896,239**	**6,935,582**	**5,396,495**
Wholesale and Retail Trade	72,759,783	4,086,735	3,400,971
Accommodation and Dining	21,678,986	250,646	188,316
Transportation and Telecommunication	73,814,527	510,392	420,383
Financial Institutions	12,938,865	44,747	38,055
Real Estate and Rental Services	22,827,502	204,269	176,480
Professional Services	5,680,181	1,639,195	1,005,035
Educational Services	2,268,613	97,498	75,311
Health and Social Services	1,927,782	102,100	91,944
Other	**134,537,594**	**3,163,197**	**2,193,099**
Total	**573,700,310**	**18,309,561**	**14,133,868**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Breakdown by outstanding maturity

Current Period - December 31, 2022

Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
88,190,805	89,404,178	246,578,009	294,988,837	214,289,141	**933,450,970**

Prior Period - December 31, 2021

Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
55,110,275	27,426,156	108,012,809	218,046,147	165,104,923	**573,700,310**

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 of the provision allocated receivables and related provisions by geographical regions

Current Period - December 31, 2022

Geographical area	Loans Receivables(Risks)	Provisions
Domestic	20,140,552	16,397,403
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	132,934	85,720
Other	862	862
Total	**20,274,348**	**16,483,985**

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

Prior Period - December 31, 2021

Geographical area	Loans Receivables(Risks)	Provisions
Domestic	18,210,199	14,070,046
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
Total	**18,309,561**	**14,133,868**

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

Aging analysis for overdue receivables

	Current Period - December 31, 2022	Prior Period - December 31, 2021
31-60 days	2,217,068	2,984,425
61-90 days	1,541,596	1,837,407

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

Payment Plan Extensions	Current Period - December 31, 2022	Prior Period - December 31, 2021
Standard Loans	80,452	114,299
Loans Under Close Monitoring	44,480,460	24,664,128
Non-performing Loans	2,645,272	2,126,026

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

Credit risk mitigation techniques in the Bank are evaluated within the scope of the "Policy Document on Credit Risk Management". Within the scope of "Communiqué on Credit Risk Mitigation", simple financial guarantee method is used for financial guarantees. Cash and cash equivalents and guarantees are used to mitigate credit risk

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

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

Credit risk mitigation techniques

	Current 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	677,658,878	234,529,412	167,428,336	49,216,390	40,318,184	-	-
2	Debt Securities	356,108,790	-	-	-	-	-	-
3	**Total**	**1,033,767,668**	**234,529,412**	**167,428,336**	**49,216,390**	**40,318,184**	**-**	**-**
4	Of which Defaulted	20,274,348	-	-	-	-	-	-

	Piror 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	405,509,775	160,573,719	105,407,593	63,010,541	51,179,363	-	-
2	Debt Securities	207,797,048	-	-	-	-	-	-
3	**Total**	**613,306,823**	**160,573,719**	**105,407,593**	**63,010,541**	**51,179,363**	**-**	**-**
4	Of which Defaulted	18,309,561	-	-	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. 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 Rank	Fitch	IIRA	JCR Eurasia Rating	
				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	

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)
XI. INFORMATION ON RISK MANAGEMENT (Continued)
Credit risk exposure and credit risk mitigation effects

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

	Current Period - December 31, 2021	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	312,898,519	771,950	326,577,791	431,534	264,930	0.08%
2	Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,936,999	49.94%
3	Exposures to public sector entities	812,676	192,293	812,676	75,366	873,575	98.37%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	18,487,682	5,509,853	18,487,682	3,531,966	6,910,515	31.38%
7	Exposures to corporates	232,562,747	192,598,388	218,883,475	79,744,135	287,252,517	96.19%
8	Retail exposures	110,973,807	70,467,000	110,973,807	10,896,764	91,348,974	74.96%
9	Exposures secured by residential property	49,604,814	1,985,151	49,604,814	822,645	17,649,611	35.00%
10	Exposures secured by commercial real estate	51,442,638	8,532,029	51,442,638	5,431,096	38,485,571	67.67%
11	Past-due loans	4,184,225	-	4,184,225	-	2,759,821	65.96%
12	Higher-risk categories by the Agency Board	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	7,806	-	7,806	-	7,806	100.00%
16	Other assets	17,868,460	-	17,868,460	-	12,118,245	67.82%
17	Investment in equities	6,633,588	-	6,633,588	-	6,633,588	100.00%
18	**Total**	**827,187,702**	**280,646,327**	**827,187,702**	**101,221,843**	**489,320,627**	**52.71%**

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XII. INFORMATION ON RISK MANAGEMENT (Continued)
Exposures by asset classes and risk weights

Current Period - December 31, 2022	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	579,649,826	-	-	-	-	-	-	-	-	-	-	579,649,826
2	Exposures to regional governments or local authorities	54,606	-	970	-	6,947,778	-	-	-	-	-	-	7,003,354
3	Exposures to public sector entities	10,807	-	39,856	-	-	-	874,281	-	-	-	-	924,944
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	658,894	-	20,229,142	-	13,265,753	-	1,572,468	-	-	-	-	35,726,257
7	Exposures to corporates	10,522,237	-	71,026,561	-	56,908,833	-	378,745,804	-	-	-	-	517,203,435
8	Retail exposures	3,547,511	-	1,260,168	-	-	160,544,354	19,113,980	-	-	-	-	184,466,013
9	Exposures secured by residential property	-	-	-	71,980,109	-	-	-	-	-	-	-	71,980,109
10	Exposures secured by commercial real estate	-	-	-	-	62,595,091	-	26,998,174	-	-	-	-	89,593,265
11	Past-due loans	-	-	-	-	2,244,192	-	1,451,100	94,873	-	-	-	3,790,165
12	Higher Risk categories by the Agency Board	35,294	-	21,372	-	-	-	-	45,428,963	50,085,487	-	63,843	95,634,959
13	Exposures in the form of covered bonds	-	74,700	-	-	-	-	-	-	-	-	-	74,700
14	Exposures to institutions and corporates with a short term credit assesments	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	133,703	-	-	-	-	133,703
16	Other assets	-	-	-	-	-	-	14,140,005	-	-	-	-	14,140,005
17	Investments in equities	11,308,980	-	437,174	-	-	-	32,990,012	-	-	-	12,111,478	56,847,644
18	**Total**	**605,788,155**	**74,700**	**93,015,243**	**71,980,109**	**141,961,647**	**160,544,354**	**476,019,527**	**45,523,836**	**50,085,487**	**-**	**12,175,321**	**1,657,168,379**

Prior Period - December 31, 2021	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	326,832,705	-	-	-	-	-	-	176,620	-	-	-	327,009,325
2	Exposures to regional governments or local authorities	9,955	-	260	-	7,873,893	-	-	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	-	6,988	-	-	-	872,177	-	-	-	-	888,042
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,567	-	14,615,790	-	5,611,869	-	1,181,422	-	-	-	-	22,019,648
7	Exposures to corporates	944,602	-	7,671,585	-	8,586,446	-	281,424,977	-	-	-	-	298,627,610
8	Retail exposures	793,721	-	990,724	-	-	115,741,186	4,344,940	-	-	-	-	121,870,571
9	Exposures secured by residential property	-	-	-	50,427,459	-	-	-	-	-	-	-	50,427,459
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	20,097,408	-	-	-	-	56,873,734
11	Past-due loans	-	-	-	-	2,945,951	-	1,141,131	97,143	-	-	-	4,184,225
12	Higher Risk categories by the Agency Board	32,146	-	35,200	-	-	-	-	14,047,623	-	-	-	14,114,969
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assesments	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	7,806	-	-	-	-	7,806
16	Other assets	-	-	-	-	-	-	6,633,588	-	-	-	-	6,633,588
17	Investments in equities	3,839,801	-	2,388,015	-	-	-	11,640,644	-	-	-	-	17,868,460
18	**Total**	**333,072,374**	**-**	**25,708,562**	**50,427,459**	**61,794,485**	**115,741,186**	**327,344,093**	**14,321,386**	**-**	**-**	**-**	**928,409,545**

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. 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 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 bank are being continued.

In addition to the measurement activities, sensitivity and scenario analysis are used to evaluate the resistance of the Bank 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. The Risk Management Department 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 and ISMA 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 Bank follows the limit follow up system. Limits, which are defined as loan limits and compromise limits in the system, are monitored instantaneously.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

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

	Prior Period - December 31, 2021	Renewal Cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	6,745,255	1,474,478			8,219,733	4,234,431
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için)			-	-	-	-
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)					118,553,256	1,961,169
5	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	**Total**						**6,195,600**

Capital requirement for credit valuation adjustment (CVA)

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

	Prior Period - December 31, 2021	EAD post CRM	RWA
	Total portfolios subject to the Advanced CVA capital obligation	-	-
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	8,219,733	3,021,813
4	Total subject to the CVA capital obligation	8,219,733	3,021,813

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

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

Current Period - December 31, 2022

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

(*) 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.

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standardized approach CCR exposures by risk class and risk weights (Continued)

Prior Period - December 31, 2021

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diğer	Total Credit Exposures(*)
Claims from central governments and central banks	89,178,835	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	449
Claims from administration and non commercial entity	-	63	-	-	-	-	-	-	-	6
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	18,886,681	-	6,962,858	-	5,151,513	-	66,075	-	920,632	4,052,816
Corporates	896,983	3,375,992	-	-	-	-	1,770,288	-	277,571	2,113,439
Retail portfolios	79,031	380,460	-	-	-	19,744	-	-	25,162	53,357
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	**109,041,530**	**3,760,956**	**6,962,884**	**-**	**5,151,513**	**19,744**	**1,836,363**	**-**	**1,223,365**	**6,220,067**

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.
(**) Other assets: The counterparty reported in the counter counterparty risks includes amounts not included in the credit risk.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

Current 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	-	-	-	-	55,896,137	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**111,352,831**	**-**

Prior Period – December 31, 2021	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	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	13,734,825	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**131,100,844**	**-**

Loan Derivatives

Current 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

Prior Period - December 31, 2021	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	**1,169,754**	**5,676,270**
Fair Values	**185,667**	**2,340,553**
Positive fair values (asset)	185,667	-
Negative fair values (liability)	-	2,340,553

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

	Current 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	15,324,777	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		

	Prior Period - December 31, 2021	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		24,690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,223,365	24,467
3	(i) OTC Derivatives	254,347	5,087
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	969,018	19,380
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	88,375	223
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 FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

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

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

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

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

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

Market Risk- Standardized approach

		Current Period – December 31, 2022	Prior Period – December 31, 2021
		RAT	RAT
	Outright products		
1	Interest rate risk (general and specific)	2,102,662	1,785,263
2	Stock risk (general and specific)	200,749	-
3	Foreign exchange risk	3,607,543	5,199,107
4	Commodity risk	896,925	457,555
	Options		
5	Simplified approach	-	-
6	Delta-plus method	6,071	27,129
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**6,813,950**	**7,469,054**

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

5. 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 23 October 2015 is used in the operational risk calculation of the Bank. 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 Bank over the last three years by twelve and half is considered as the operational risk.

Annual gross revenue is calculated by deducting 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, 2022	2PP	1PP	CP Amount	Total/Positive GI year number	Ratio (%)	Total
Gross income	14,087,440	19,420,283	18,876,056	17,461,260	15	2,619,189
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	32,739,862

Prior Period- December 31,2021	2PP	1PP	CP Amount	Total/Positive GI year number	Ratio (%)	Total
Gross income	13,854,660	14,087,440	19,420,283	15,787,461	15	2,368,119
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	29,601,490

6. Interest Rate Risk Related to Banking Book

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, 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**	**(%22.00)**
	Total (for positive shocks)	**-**	**(10,848,434)**	**%8.33**

Prior Period - December 31, 2021	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(5,486,562)/5,070,845	(%7.06) / %6.53
2	EURO	200/(200)	(4,431,583)/785,195	(%5.71) / %1.01
3	USD	200/(200)	(737,408)/786,504	(%0.95) / %1.01
	Total (for negative shocks)	**-**	**6,642,544**	**(%13.72)**
	Total (for positive shocks)	**-**	**(10,655,553)**	**%8.55**

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Cash	4,766,482	8,759,199	1,930,251	2,017,698
Central Bank of the Republic of Türkiye(*)	43,544,012	211,076,405	26,610,644	109,585,919
Other	84,808	704,315	819,015	3,185,460
Total	**48,395,302**	**220,539,919**	**29,359,910**	**114,789,077**

(*) TL 82,537,852 (December 31, 2021: TL 56,969,055) 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. CBRT pays interest for required reserve kept in TL.

In accordance with "Announcement on Reserve Deposits" of CBRT numbered 2013/15, all banks operating in Türkiye shall provide a reserve rate ranging from 3% to 8% (December 31, 2021: ranging from 3% to 8%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5% to 26% in US Dollar or Euro (December 31, 2021: ranging from 5% to 26%).

Balances with the Central Bank of Republic of Türkiye

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Unrestricted demand deposits	42,937,215	50,293,731	25,948,962	52,616,864
Restricted demand deposits	606,797	-	375,623	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	78,244,822	-	-
Reserve Deposits	-	82,537,852	286,059	56,969,055
Total	**43,544,012**	**211,076,405**	**26,610,644**	**109,585,919**

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

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. (31 December 2021: Subject to Repo Transactions TL14,383,082)

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Forward transactions	134,695	443	1,186,318	5,610
Swap transactions	14,094,488	3,078,373	18,215,437	1,894,303
Futures	-	-	-	-
Options	474	52,603	12,457	173,245
Other	-	-	-	-
Total	**14,229,657**	**3,131,419**	**19,414,212**	**2,073,158**

The Bank has performed cross currency and interest rate swap transactions that can be canceled.Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of December, 2022, the fair value of this transaction is TL 1,722,403, with a nominal amount of 120USD and an average maturity of 1.54 years (As of December 31, 2021, the fair value of this transaction was 1,079,186 TL, with a nominal amount of 120 million USD, and an average maturity of 2.54 years.)

3. Information on banks

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Banks				
Domestic	53	16,845	50	307,252
Foreign	-	28,528,961	1,120,350	19,878,686
Foreign Head Offices and Branches	-	-	-	-
Total	**53**	**28,545,806**	**1,120,400**	**20,185,938**

Due from foreign banks

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Unrestricted Balance	Restricted Balances (**)	Unrestricted Balance	Restricted Balances (**)
EU Countries	4,010,416	719,061	308,052	1,029,715
USA, Canada	4,961,928	2,504,957	2,149,336	3,809,939
OECD Countries (*)	2,587,473	12,741,608	2,252,210	10,828,879
Off-shore Banking Regions	69,185	-	1,350	-
Others	934,333	-	619,555	-
Total	**12,563,335**	**15,965,626**	**5,330,503**	**15,668,533**

(*) OECD countries except from EU countries, USA, Canada.
(**) Restricted balances that occur from securization loans and other common banking activities

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FP
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	6,024,871	13,831,275	13,880,235	2,604,505
Other	-	-	-	-
Total	**6,024,871**	**13,831,275**	**13,880,235**	**2,604,505**

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

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Government bonds	26,356,794	48,817,628	10,777,067	56,651,084
Treasury bills	-	-	-	-
Other debt securities	-	14,613,928	-	7,615,243
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**26,356,794**	**63,431,556**	**10,777,067**	**64,266,327**

Information on financial assets at fair value through other comprehensive income

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Debt securities	**198,351,294**	**135,177,712**
Quoted on a Stock Exchange	196,350,850	134,904,123
Unquoted	**2,000,444**	**273,589**
Equity securities	**119,854**	**7,246**
Quoted on a Stock Exchange	-	-
Unquoted	119,854	7,246
Provisions for impairment losses (-)	**1,572,619**	**1,713,655**
Total	**196,898,529**	**133,471,303**

5. Information on loans

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

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	1,187	-	8,344
Legal entities	-	1,187	-	8,344
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	**602,165**	**-**	**481,072**	**-**
Total	**602,165**	**1,187**	**481,072**	**8,344**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Current Period - December 31, 2022

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Prior Period - December 31, 2021

Cash Loans	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	*Agreement conditions modified*	
			Loans with Revised Contract Terms	*Refinance*
Non-specialized loans	**511,541,059**	**37,495,123**	**2,263,559**	**22,400,569**
Loans given to enterprises	158,767,060	15,170,278	2,059,659	21,750,069
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	10,226,573	5,075	-	281
Consumer loans	105,741,681	1,353,400	45,645	637,877
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
Specialized lending	**-**	**-**	**-**	**-**
Other receivables	**-**	**-**	**-**	**-**
Total	**511,541,059**	**37,495,123**	**2,263,559**	**22,400,569**

Current Period - December 31, 2022	**Standard Loans**	**Loans under close monitoring**
12-Month expected credit losses	6,238,000	-
Significant Increase in Credit Risk	-	18,815,043

Prior Period - December 31, 2021	**Standard Loans**	**Loans under close monitoring**
12-Month expected credit losses	2,799,887	-
Significant Increase in Credit Risk	-	8,992,622

Maturity analysis of cash loans

	Loans under close monitoring		
Current Period - December 31, 2022	***Standard Loans***	***Loans not Subject to Restructuring***	***Loans Restructured***
Short-term Loans	360,890,035	18,885,437	12,153,333
Medium, Long-term Loans	495,436,599	13,758,439	32,327,127

	Loans under close monitoring		
Prior Period - December 31, 2021	***Standard Loans***	***Loans not Subject to Restructuring***	***Loans Restructured***
Short-term Loans	131,581,167	10,123,891	140,321
Medium, Long-term Loans	379,959,892	27,371,232	24,523,807

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Prior Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	**1,817,360**	**96,628,548**	**98,445,908**
Housing loans	12,983	48,250,850	48,263,833
Automobile loans	7,534	592,792	600,326
General purpose loans	1,796,843	47,784,906	49,581,749
Other	-	-	-
Consumer loans – FC indexed	**-**	**-**	**-**
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	**16,598,355**	**151,890**	**16,750,245**
With instalment	6,821,639	148,638	6,970,277
Without instalment	9,776,716	3,252	9,779,968
Retail credit cards – FC	**42,680**	**-**	**42,680**
With instalment	-	-	-
Without instalment	42,680	-	42,680
Personnel loans – TL	**9,419**	**295,591**	**305,010**
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,419	295,591	**305,010**
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	**175,386**	**333**	**175,719**
With instalment	65,268	301	65,569
Without instalment	110,118	32	110,150
Personnel credit cards – FC	**343**	**-**	**343**
With instalment	-	-	-
Without instalment	343	-	343
Overdraft Checking Accounts – TL (Real person)	**9,027,058**	**-**	**9,027,058**
Overdraft Checking Accounts – FC (Real person)	**627**	**-**	**627**
Total	**27,671,228**	**97,076,362**	**124,747,590**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - December 31, 2022	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	**59,277,979**	**115,454,012**	**174,731,991**
Real estate loans	19,295	1,267,176	1,286,471
Automobile loans	1,230,353	5,759,446	6,989,799
General purpose loans	58,028,331	108,427,390	166,455,721
Other	-	-	-
Instalment-based commercial loans – FC indexed	**-**	**367,517**	**367,517**
Real estate loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	367,517	367,517
Other	-	-	-
Instalment-based commercial loans – FC	**62,090**	**68,022,514**	**68,084,604**
Real estate loans	-	-	-
Automobile loans	-	22,549	22,549
General purpose loans	62,090	67,999,965	68,062,055
Other	-	-	-
Corporate credit cards – TL	**13,219,153**	**212,008**	**13,431,161**
With instalment	5,434,928	194,897	5,629,825
Without instalment	7,784,225	17,111	7,801,336
Corporate credit cards – FC	**27,535**	**-**	**27,535**
With instalment	-	-	-
Without instalment	27,535	-	27,535
Overdraft Checking Accounts – TL (Corporate)	**20,170,978**	**-**	**20,170,978**
Overdraft Checking Accounts – FC (Corporate)	**-**	**-**	**-**
Total	**92,757,735**	**184,056,051**	**276,813,786**

Prior Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	**3,844,392**	**114,878,783**	**118,723,175**
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	3,515,549	109,148,060	112,663,609
Other	-	-	-
Instalment-based commercial loans – FC indexed	**-**	**383,398**	**383,398**
Real estate loans	-	-	-
Automobile loans	-	2,906	2,906
General purpose loans	-	380,492	380,492
Other	-	-	-
Instalment-based commercial loans – FC	**86,808**	**54,738,633**	**54,825,441**
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,702,756	54,789,564
Other	-	-	-
Corporate credit cards – TL	**6,498,981**	**120,778**	**6,619,759**
With instalment	2,344,436	106,288	2,450,724
Without instalment	4,154,545	14,490	4,169,035
Corporate credit cards – FC	**11,723**	**-**	**11,723**
With instalment	-	-	-
Without instalment	11,723	-	11,723
Overdraft Checking Accounts – TL (Corporate)	**1,369,480**	**-**	**1,369,480**
Overdraft Checking Accounts – FC (Corporate)	**-**	**-**	**-**
Total	**11,811,384**	**170,121,592**	**181,932,976**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Allocation of loan customers (*)

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Public Sector	49,841,648	22,781,460
Private Sector	883,609,322	550,918,850
Total	**933,450,970**	**573,700,310**

(*) Non-performing loans are not included.

Allocation of domestic and overseas loans (*)

	Current Period- December 31, 2022	Prior Period - December 31, 2021
Domestic loans	931,970,423	572,705,445
Foreign loans	1,480,547	994,865
Total	**933,450,970**	**573,700,310**

(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Direct loans to associates and subsidiaries	21,599,570	3,978,742
Indirect loans to associates and subsidiaries	-	-
Total	**21,599,570**	**3,978,742**

Specific provisions accounted for loans (Stage 3)

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Loans and receivables with limited collectability	1,087,553	527,488
Loans and receivables with doubtful collectability	1,280,720	923,721
Uncollectible loans and receivables	14,115,712	12,682,659
Total	**16,483,985**	**14,133,868**

Information on non-performing loans (Net)

Information on non-performing loans and other receivables restructured

Current period - December 31, 2022	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Gross Amounts Before The Reserves	**117,559**	**397,661**	**2,130,052**
Loans Which Are Restructured	117,559	397,661	2,130,052
Prior Period - December 31, 2021			
Gross Amounts Before The Reserves	**194,082**	**359,908**	**1,572,036**
Loans Which Are Restructured	194,082	359,908	1,572,036

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movements in non-performing loan groups

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

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

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

Prior Period - December 31, 2021	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balance at the beginning of the period	**486,196**	**2,378,547**	**14,579,514**
Additions (+)	4,782,535	98,945	357,323
Transfers from other categories of loans under follow-up (+)	-	3,934,735	3,862,060
Transfers to other categories of loans under follow-up (-)	3,934,735	3,862,060	-
Collections (-)(*)	240,531	738,464	2,559,619
Write-offs (-)(**)	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	**1,093,465**	**1,811,703**	**15,404,393**
Provision (-)	527,488	923,721	12,682,659
Net balance	**565,977**	**887,982**	**2,721,734**

(*) 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, 2021, the Bank has TL 834,885 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been deducted from the records. After the loans are written off, the Bank's NPL ratio decreased from 3.23% to 3.09%.

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Current Period - December 31, 2022	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Balance at the end of the period	1,354,336	448,669	5,330,242
Provision (-)	615,527	321,134	5,060,343
Net balance on balance sheet	**738,809**	**127,535**	**269,899**
Prior Period - December 31, 2021			
Balance at the end of the period	6,313	105,422	4,660,882
Provision (-)	3,810	59,196	3,736,730
Net balance on balance sheet	**2,503**	**46,226**	**924,152**

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

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

Current Period - December 31, 2022	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	**1,279,880**	**822,133**	**1,688,350**
Consumer and Commercial Loans (Gross)	2,364,851	2,102,831	15,784,036
Provision (-)	1,084,976	1,280,705	14,095,700
Consumer and Commercial Loans (Net)	**1,279,875**	**822,126**	**1,688,336**
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	**-**	**-**	**-**
Other Loans and Receivables (Gross)	2,582	22	20,026
Provision (-)	2,577	15	20,012
Other Loans and Receivables (Net)	**5**	**7**	**14**

Prior Period - December 31, 2021	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current Period (Net)	**565,977**	**887,982**	**2,721,734**
Consumer and Commercial Loans (Gross)	1,093,130	1,811,691	15,381,413
Provision (-)	527,153	923,713	12,659,700
Consumer and Commercial Loans (Net)	**565,977**	**887,978**	**2,721,713**
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	**-**	**-**	**-**
Other Loans and Receivables (Gross)	335	12	22,980
Provision (-)	335	8	22,959
Other Loans and Receivables (Net)	**-**	**4**	**21**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current 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
Prior Period (Net) - December 31, 2021	**41,802**	**87,321**	**398,494**
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974

6. Information on other financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Government bonds	124,497,259	22,217,950	48,358,190	15,883,492
Treasury bills	-	-	-	-
Other securities issued by the governments	-	11,611,721	-	9,293,290
Total	**124,497,259**	**33,829,671**	**48,358,190**	**25,176,782**

Information on financial assets measured at amortized cost

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Debt Securities	**158,592,852**	**73,861,983**
Quoted at stock exchanges	*158,385,880*	*73,593,922*
Unquoted at stock exchanges	*206,972*	*268,061*
Impairment losses (-)	-	-
Total	**158,592,852**	**73,861,983**

The movement table of other financial assets measured at amortized cost

	Current Period - December 31, 2022	Prior Period- December 31, 2021
Balances at the beginning of the period	**73,861,983**	**58,747,252**
Foreign currency differences on monetary assets	8,334,895	9,987,748
Purchases during the period	41,636,940	1,418,048
Disposals through sales/redemptions	(3,320,778)	(2,975,048)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	38,079,812	6,683,983
Balances at the end of the period	**158,592,852**	**73,861,983**

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
Current Period - December 31, 2022	**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.

	Cost		Carrying Value	
Prior Period - December 31, 2021	**TL**	**FC**	**TL**	**FC**
Collateralized/blocked investment securities	3,724,514	8,171,526	5,222,046	8,553,080
Investments subject to repurchase agreements	28,266,611	14,139,847	42,200,956	14,987,420
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	719,513	1,576,739	994,138	1,904,343
Total	**32,710,638**	**23,888,112**	**48,417,140**	**25,444,843**

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

7. Information on investments in associates

Information on investments in associates

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Title	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio		Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	3,366,230	154,902	9,374	193,138	6,082	23,669	20,982	-	
2	117,621,660	12,992,456	3,534,763	6,235,037	4,139,197	3,980,412	1,081,109	12,280,800	
3	19,395,343	6,735,373	2,119,538	76,360	2,876	2,667,040	783,247	28,520,000	
4	805,905	685,073	131,150	82,758	-	314,832	137,294	-	
5	766,973	155,774	323,981	25,990	-	29,975	47,719	-	
6	131,036	(244,148)	88,063	1	-	(139,204)	21,149	-	
7	81,583	(656,613)	71,756	-	-	(226,086)	(67,129)	-	
8	69,545,788	3,858,400	196,241	959,546	144,416	1,071,449	655,999	-	
9	1,975,639	1,186,043	25,815	94,539	-	205,844	87,976	-	
10	255,837	223,572	39,466	15,414	-	146,841	28,767	-	
11	420,964	327,342	123,853	26,266	-	(22,715)	261	-	
12	156,130	138,959	31,453	9,643	-	78,817	46,508	-	
13	66,975	64,773	1,609	1,914	885	12,972	-	-	
14	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, 2022.
(**) The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

Movement table of investments in associates

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	**2,047,712**	**1,394,406**
Movements during the period	**2,018,989**	**653,306**
Transfers	-	-
Acquisitions	92,566	-
Bonus shares received	63,745	-
Share of current year profit	-	-
Sales/liquidations	(1,750)	-
Fair value changes	1,864,428	732,825
Impairment losses	-	(79,519)
Balance at the end of the period	**4,066,701**	**2,047,712**
Capital commitments	**-**	**3,150**
Share percentage at the end of period (%)	**-**	**-**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

In the current period, it has been decided to increase the capital of Kıbrıs Vakıflar Bankası LTD from TL 70,000 to TL 100,000. Bonus shares amounting to TL 4,500 corresponding to the Bank's are shown under the Bonus Shares row in the Movement table of investments in associates

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

Cari dönemde JCR Avrasya Derecelendirme AŞ'nin sermayesinin 1,000 TL'den 30,000 TL yükseltilmesine karar verilmiştir. Banka payına isabet eden 828 TL'lik bedelsiz hisse iştiraklere ilişkin hareket tablosunda Bedelsiz Edinilen Hisse Senetleri içerisinde gösterilmiştir.

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Banks	1,073,842	379,004
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	11,825	11,825
Total	**1,085,667**	**390,829**

Quoted associates

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Quoted at domestic stock exchanges	1,028,822	338,484
Quoted at international stock exchanges	-	-
Total	**1,028,822**	**338,484**

Investments in associates disposed during the period

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

In the prior period, all of the 39.30% shares owned by the Bank in Keskinoğlu Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, which was followed under the Subsidiaries Account in the Bank's balance sheet, was transferred to T.C. Ziraat Bankası AŞ and the Bank does not have any shares left in the company as of January 8, 2021.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

Current Period - December 31, 2022	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	600,000	250,000	450,000	1,145,000	30,000
Share Premium	-	18,476	137	-	322,717	121
Equity share premiums	-	1,366	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	17,110	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	21,640	8,474	5,594	(530)	176
Other accumulated comprehensive income that will be reclassified in profit or loss	2,080,850	-	-	-	-	-
Profit Reserves	26,550	92,683	152,736	135,080	155,104	1,645
Legal Reserves	26,550	20,737	53,122	29,006	19,520	478
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	71,946	24,564	106,074	135,037	1,167
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	256,106	230,354	215,674	301,066	874,909	3,536
Prior Period's Profit/Loss	148,344	(39,235)	5,058	(31,857)	5,221	(3)
Current Period's Profit/Loss	107,762	269,589	210,616	332,923	869,688	3,539
Minority Rights	-	-	-	-	-	-
Total Core Capital	**2,674,754**	**963,153**	**627,021**	**891,740**	**2,497,200**	**35,478**
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	**2,674,754**	**963,153**	**627,021**	**891,740**	**2,497,200**	**35,478**
NET AVAILABLE EQUITY	**2,674,754**	**963,153**	**627,021**	**891,740**	**2,497,200**	**35,478**

(*) Reviewed BRSA financial statements as of September 30, 2022 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries (Continued)

Prior Period - December 31, 2021	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital	311,248	468,895	150,000	350,000	1,000,000	30,000
Share Premium	-	13,232	137	-	322,717	121
Equity share premiums	-	-	-	-	301,118	28
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	13,232	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	27,067	10,720	5,594	(187)	(36)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,203,220	-	-	-	-	-
Profit Reserves	21,149	64,612	151,446	118,794	145,336	408
Legal Reserves	21,149	14,333	33,808	23,191	11,781	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	42,588	95,603	133,008	13
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	153,745	88,836	206,348	84,425	159,988	1,669
Prior Period's Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	(1,401)
Current Period's Profit/Loss	85,312	153,983	202,267	125,845	153,236	3,070
Minority Rights	-	-	-	-	-	-
Total Core Capital	**2,689,362**	**662,642**	**518,651**	**558,813**	**1,627,854**	**32,162**
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	**2,689,362**	**662,642**	**518,651**	**558,813**	**1,627,854**	**32,162**
NET AVAILABLE EQUITY	**2,689,362**	**662,642**	**518,651**	**558,813**	**1,627,854**	**32,162**

(*) Reviewed BRSA financial statements as of December 31, 2021 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

Information on investments in subsidiaries

	Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Vakıf Faktoring AŞ (*)	İstanbul/ Türkiye	92.10	94.45
2	Vakıf Finansal Kiralama AŞ (*)	İstanbul/ Türkiye	62.05	62.05
3	Vakıf Yatırım Menkul Değerler AŞ (*)	İstanbul/ Türkiye	99.50	99.66
4	VakıfBank International AG (*)	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	49.65	49.65
7	Vakıf Enerji ve Madencilik AŞ (*)	Ankara/ Türkiye	67.27	84.82
8	Taksim Otelcilik AŞ (*)	İstanbul/ Türkiye	52.43	52.43
9	Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Türkiye	96.73	98.76
10	Vakıf Gayrimenkul Değerleme AŞ (*)	İstanbul/Türkiye	97.14	97.14
11	Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ (*)	İstanbul/Türkiye	100.00	100.00

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	9,833,413	920,834	3,458	1,450,589	-	330,161	84,279	1,022,000
2	13,219,851	1,324,939	221,292	1,212,791	-	518,566	128,071	3,213,600
3	3,026,636	627,020	62,658	116	15,949	210,615	140,230	839,000
4	15,845,371	3,062,147	10,746	257,563	-	4,328	75,147	1,843,727
5	38,120	37,366	102	399	8,810	5,643	3,067	242,370
6	5,008,237	3,259,090	3,317,308	147,811	39,296	818,303	93,968	7,215,790
7	253,396	253,038	34,327	5,091	-	62,788	(4,077)	140,984
8	569,640	530,410	202,882	33,524	-	81,938	50,921	816,136
9	251,605	154,673	109,784	10,547	194	8,733	(422)	180,670
10	71,920	61,154	360	5,877	-	5,194	(8,732)	61,154
11	109,290	109,088	2,123	14,488	-	8,760	-	100,000

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

Movement table of investments in subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	**4,650,121**	**3,651,134**
Movements during the period	**5,484,981**	**998,987**
Transfers	-	-
Acquisitions	378,945	526,846
Bonus shares received	307,337	183,689
Share of current year profit	(99,397)	(99,250)
Sales and liquidations	-	-
Fair value changes	4,913,528	981,424
Impairment losses	(15,432)	(593,722)
Balance at the end of the period	**10,135,102**	**4,650,121**
Capital commitments	**-**	**-**
Share percentage at the end of the period (%)	**-**	**-**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

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

In the current period, the 1.43% nominal share of TL 5,016 owned by Türkiye Sigorta AŞ, one of the partners of Taksim Otelcilik AŞ, has been purchased by our Bank for TL 11,695. The share of TL 11,695 corresponding to the Bank's are shown under Acquisitions row in the movement table of subsidiaries.

In the current period, the entire 1.77% nominal share of 1,504 TL, 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 2,494 TL. TL 2,494 shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

In the current period, all of the 9.76% nominal shares of 9,761 TL owned by Türkiye Sigorta AŞ, one of the partners of Vakıf Pazarlama Sanayi ve Ticaret AŞ, in the Company have been purchased by our Bank for a price of 17,635 TL. 17,635 TL of shares corresponding to the Bank's share are shown shown under the Acquisitions row in the movement table of subsidiaries.

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

Türkiye Sigorta A.Ş. one of the partners of Vakıf Finansal Kiralama AŞ in the current period, was purchased for a nominal 49,000 TL of 20.000,000 amount of shares. Shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

In the current period, 2.522,434 shares of Türkiye Sigorta AŞ, one of the partners of Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ, and 2.399.981 shares of Türkiye Hayat ve Emeklilik AŞ were purchased for a price of 25,990 TL. Shares amounting to TL 25,990 corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from 500,000 TL to 600,000 TL. Bonus shares amounting to 58,712 TL corresponding to the 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 1,000,000 TL to 1,145,000 TL. Bonus shares amounting to 70,982 TL corresponding to the 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 Pazarlama Sanayi ve Ticaret AŞ from 30,241 TL to 100,000 TL by an increase of 69,759 TL. 60,671 TL worth of shares corresponding to the Bank's share are shown in Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Değerleme AŞ from 30,000 TL to 60,000 TL by an increase of 30,000 TL. 29,143 TL worth of shares corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from 350,000 TL to 450,000 TL Bonus shares amounting to 78,393 TL corresponding to the 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 150,000 TL to 250,000 TL. Bonus shares amounting to 99,250 TL corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from 200,000 TL to 250,000 TL. Bonus shares worth TL 29,356 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from 250,000 TL to 500,000 TL by an increase of 250,000 TL. Shares worth TL 146,780 corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 460,000 to TL 500,000. Bonus shares amounting to TL 18,286 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. Bonus shares amounting to TL 8,029 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 250,000 to TL 350,000. Bonus shares amounting to TL 78,393 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Methods to measure investments in subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Measured at cost	-	-
Measured at fair value	10,135,102	4,650,121
Equity method of accounting	-	-
Total	**10,135,102**	**4,650,121**

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

Sectoral distribution of investments in financial subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Banks	1,843,727	1,369,078
Factoring companies	941,244	460,454
Leasing companies	1,993,897	905,048
Financing companies	-	-
Other financial subsidiaries	4,499,288	1,407,055
Total	**9,278,156**	**4,141,635**

Quoted subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Quoted at domestic stock exchanges	5,658,381	1,716,749
Quoted at international stock exchanges	-	-
Total	**5,658,381**	**1,716,749**

Investments in subsidiaries disposed during the period

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

Investments in subsidiaries acquired during the period

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

In the prior period, the Bank established Vakıf Elektronik Para ve Dağıtım Hizmetleri AŞ with a capital of 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on November 25, 2021. The Bank's share in the Company is 100% and shares worth 100,000 TL are shown under Purchases in the movement table for subsidiaries

9. Investments in joint-ventures

None.

10. Information on finance lease receivables (net)

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

	Real Estates	Right of Use Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	3,367,282	1,571,190	221,322	2,074,040	7,233,834
Accumulated depreciation(-)	47,929	709,106	96,548	1,504,947	2,358,530
Impairment(-)	8,438	-	-	14	8,452
Net book value	**3,310,915**	**862,084**	**124,774**	**569,079**	**4,866,852**
Net book value at the beginning of the current year	3,310,915	862,084	124,774	569,079	4,866,852
Additions	6,373,133	1,214,477	2,260	616,351	8,206,221
Transfered cost	1,022,158	-	-	-	1,022,158
Transfered amortization	13	-	-	-	13
Cost of the disposals(-)	665,976	1,022,688	2,104	40,104	1,730,872
Depreciation of the disposals (+)	678	157,218	1,562	13,870	173,328
Depreciation of the current year	11,123	308,602	41,126	202,578	563,429
Impairment (-)	10,414	-	-	-	10,414
Exchange differences related to foreign associates	-	-	457	27,057	27,514
Cost at the end of the current year	10,096,597	1,762,979	221,935	2,677,344	14,758,855
Accumulated depreciation at the end of the year (-)	58,361	860,490	136,112	1,693,655	2,748,618
Impairment (-)	18,852	-	-	14	18,866
Net book value at the end of the current year	**10,019,384**	**902,489**	**85,823**	**983,675**	**11,991,371**

The Bank revalued the real estate recorded in the intangible assets on 31 December 2022, and the revaluation increase of value amounting to TL 2,774,557 is included in the acquisitions.

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

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

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

The Bank has not given any commitment for the acquisition of intangible assets.

14. Information on investment properties

None.

15. Information on deferred tax assets

The deferred tax asset of the Bank as of December 31, 2022 is TL 2,478,300. (December 31, 2021: None) Accounting policies applied for deferred tax assets and deferred tax liabilities are shown in the financial statements by being netted. Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

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

As of December 31, 2022, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 283,264 (December 31, 2021: TL 756,779) and the provision for impairment is TL 986 (December 31, 2021: TL 1,746).

17. Information on other assets

As at December 31, 2022 and December 31, 2021 "Other Asset" item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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, 2022	Prior Period – December 31, 2021
Balances with the Central Bank	2,865	1,532
Banks	9,728	12,710
Total	**12,593**	**14,242**
Financial Assets Measured at Amortized Cost	20,008	8,247
Total	**32,601**	**22,489**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Prior Period December 31, 2021	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	**15,231,477**	**-**	**11,559,594**	**46,268,755**	**10,470,493**	**1,432,528**	**1,827,314**	**9,738**	**86,799,899**
Foreign currency deposits	**65,786,514**	**-**	**51,598,343**	**149,552,268**	**7,377,612**	**4,741,286**	**10,795,082**	**-**	**289,851,105**
Residents in Türkiye	63,114,039	-	50,946,434	144,540,887	6,023,351	3,303,784	5,794,328	-	273,722,823
Residents in abroad	2,672,475	-	651,909	5,011,381	1,354,261	1,437,502	5,000,754	-	16,128,282
Public sector deposits	**13,816,572**	**-**	**8,028,818**	**8,796,107**	**920,075**	**372,760**	**125,928**	**-**	**32,060,260**
Commercial deposits	**10,997,173**	**-**	**29,554,441**	**35,196,846**	**2,239,806**	**917,073**	**138,202**	**-**	**79,043,541**
Other	**11,570,970**	**-**	**4,063,921**	**20,653,480**	**3,433,962**	**445,265**	**336,249**	**-**	**40,503,847**
Precious metal deposits	**26,593,579**	**-**	**-**	**14,891**	**-**	**2,585,813**	**262,572**	**-**	**29,456,855**
Bank deposits	**1,887,187**	**-**	**17,814,826**	**13,011,031**	**-**	**67,299**	**447,537**	**-**	**33,227,880**
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,156	-	17,098,189	2,192,613	-	-	-	-	20,405,958
Foreign banks	529,772	-	716,637	10,818,418	-	67,299	447,537	-	12,579,663
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
Total	**145,883,472**	**-**	**122,619,943**	**273,493,378**	**24,441,948**	**10,562,024**	**13,932,884**	**9,738**	**590,943,387**

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, 2022		Prior Period - December 31, 2021	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	67,118,488	127,237,104	38,157,515	48,642,384
Foreign currency saving deposits	47,027,029	134,690,674	35,113,479	119,335,680
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	**114,145,517**	**261,927,778**	**73,270,994**	**167,978,064**

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Deposits and other accounts at foreign branches	187,327	127,496
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	31,444	17,472
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	-	-

1. 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, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Forwards	5,120	79	1,167,111	3,555
Swaps	202,661	4,458,210	428,039	3,702,220
Futures	-	-	-	-
Options	-	53,527	14,062	175,291
Other	-	-	-	-
Total	**207,781**	**4,511,816**	**1,609,212**	**3,881,066**

2. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period – December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	9,000,667	1,116,440	484,900	1,791,814
Domestic banks and institutions	371,242	7,598,260	404,632	5,356,443
Foreign banks, institutions and funds	32,946	112,626,687	170,844	83,221,897
Total	**9,404,855**	**121,341,387**	**1,060,376**	**90,370,154**

b) Maturity information of funds borrowed

	Current Period – December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Short-term (*)	4,648,420	3,464,551	718,210	2,552,479
Medium and Long-term (*)	4,756,435	117,876,836	342,166	87,817,675
Total	**9,404,855**	**121,341,387**	**1,060,376**	**90,370,154**

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for %8.90 ((December 31, 2021: %9.57) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

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

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

Syndicated Loans Received

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Securitisation Loans Received

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

(*) In the table, the relevant loan amounts are stated over each foreign currency amount.
(**) In the table, the amounts in the relevant credit tranches are given in USD.

As of December 31, 2022, the total securitization balance is equivalent of USD 1,616 million and EUR 252 million. (December 31, 2021: USD 1,689 million and EUR 337 million).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on securities issued

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

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

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

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

	TL		FC	
Prior Period - December 31, 2021	**Short Term**	**Medium-Long Term**	**Short Term**	**Medium-Long Term**
Nominal	5,351,822	5,180,500	870,290	49,667,408
Cost	5,162,221	5,180,500	869,722	49,473,094
Net Book Value	5,264,846	5,301,471	871,154	50,537,426

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

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

4. Information on lease payables (net)

Obligations under financial leasing

The amounts recognized under TFRS 16 as of December 31, 2022 and December 31, 2021are presented below.

Current Period - December 31, 2022	**Service Buildings**	**Vehicles**	**Total**
Lease payables	2,039,148	118,060	2,157,208
Deferred rental expenses	1,074,684	61,121	1,135,805
Lease payables (Net)	**964,464**	**56,939**	**1,021,403**
Right of use assets	854,229	48,260	902,489

Prior Period - December 31, 2021	**Service Buildings**	**Vehicles**	**Total**
Lease payables	1,432,275	57,818	1,490,093
Deferred rental expenses	526,341	9,840	536,181
Lease payables (Net)	**905,934**	**47,978**	**953,912**
Right of use assets	815,929	46,155	862,084

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, 114,543 TL of lease payments were made in the related period. (December 31, 2021: TL 81,738)

	Current Period - December 31, 2022		**Prior Period - December 31, 2021**	
	Gross	**Net**	**Gross**	**Net**
Under 1 year	836,477	369,457	47,705	44,359
1-4 Years	567,756	276,665	364,367	297,588
Over 4 years	752,975	375,281	1,078,021	611,965
Total	**2,157,208**	**1,021,403**	**1,490,093**	**953,912**

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.

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

Negative fair values of hedging purpose derivatives

None.

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

7. Information on Provision(Continued)

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, 2022, TL 1,958,653 (December 31, 2021: TL 979,244) provision for severance pay and TL 180,576 (December 31, 2021 TL 95,048) 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, 2022	Prior Period - December 31, 2021
Opening balance	**979,244**	**781,077**
Current service cost	95,605	76,353
Previous service cost	226	377
Interest cost	174,860	95,976
Paid compensation	(64,627)	(39,964)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	5,409	2,055
Actuary loss/(gain)	767,936	63,370
Closing balance	**1,958,653**	**979,244**

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, 2022	Prior Period - December 31, 2021
Net Present Value of Transferable Retirement Liabilities	(22,011,351)	(10,570,828)
Net Present Value of Transferable Retirement and Health Contributions	20,122,767	10,470,302
General Administration Expenses	(220,114)	(105,708)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(2,108,698)	(206,234)
Fair Value of Plan Assets (2)	11,482,979	7,215,596
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	9,374,281	7,009,362

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on pension rights (Continued)

Actuarial assumptions used in valuation of Non Transferable Benefits based on TAS 19 are as follows

Discount Rates	Current Period – December 31, 2022	Prior Period – December 31, 2021
Benefits Transferable to SSI	9.80%	9.80%
Non Transferable Benefits	2.50%	2.50%

Distribution of total assets of the Retirement Fund as of December 31, 2022 and December 31, 2021 is presented below:

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Bank placements	2,862,885	4,183,613
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	3,279,039	518,000
Tangible assets*	5,011,158	2,232,947
Other	329,895	281,036
Total	**11,482,979**	**7,215,596**

(*) As of 31 December 2022, 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

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

As of December 31, 2022, Bank has recorded TL 50,421 (December 31, 2021: TL 44,305) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of December 31, 2022, the free provision in the financial statements amounted to a total of TL 19,000,000, of which is constituted by TL 17,228,000 in the current period and TL 1,772,000 in the prior periods. (December 31, 2021: TL 1,772,000)

8. Taxation

Current taxes

Tax provision

As of December 31, 2022, the Bank's corporate tax payable is TL 3,866,582 (December 31, 2021: TL 10,325).

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation (Continued)

Information on taxes payable

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Corporate taxes payable	3,866,582	10,325
Taxation on securities	464,843	372,700
Capital gains tax on property	5,540	5,763
Banking and Insurance Transaction Tax (BITT)	610,791	350,451
Taxes on foreign exchange transactions	22,623	59,585
Value added tax payable	30,428	21,368
Other	167,906	114,146
Total	**5,168,713**	**934,338**

Information on premiums payable

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	4,634	3,114
Unemployment insurance- employer share	9,267	6,229
Other	2	259
Total	**13,903**	**9,602**

Information on deferred tax liabilities

The deferred tax asset / liability schedule as of December 31, 2022 and December 31, 2021 is as follows:

	Current Period December 31, 2022	Prior Period December 31, 2021
As of 1 January	**(46,378)**	**1,125,282**
Deferred tax income/(loss)	6,462,173	(953,358)
Deferred tax that is accounted under Equity	(3,911,523)	(193,287)
Other	(25,972)	(25,015)
Deferred tax asset/(Liability)	**2,478,300**	**(46,378)**

The reconciliation of the deferred tax on the assets directly related to the equity is as follows:

	Current Period December 31, 2022	Prior Period December 31, 2021
Securities available for sale	(3,328,217)	(190,521)
Associates and subsidiaries	(421,076)	(15,773)
Tangible assets	(368,646)	333
Assets held for sale	-	-
Actuarial gains and losses	206,416	12,674
Total	**(3,911,523)**	**(193,287)**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

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

None.

10. Information on subordinated debts

Stated bonds' total balance sheet value is TL 24,043,286 as of December 31, 2022 (December 31, 2021: TL 28,968,427).

	Current Period – December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	**5,145,157**	**14,475,926**	**5,145,230**	**11,018,134**
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,157	14,475,926	5,145,230	11,018,134
Debt instruments to be included in the additional capital calculation	**4,422,203**	**-**	**1,259,521**	**11,545,542**
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,422,203	-	1,259,521	11,545,542
Total	**9,567,360**	**14,475,926**	**6,404,751**	**22,563,676**

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

11. Information on equity

Paid-in capital

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Common Stock	7,111,364	3,905,622
Preferred Stock	-	-

Paid-in capital of the Bank amounted to TL 7,111,364TL is divided into groups comprised of 15.12% Group (A), 5.49% Group (B), 5.68% Group (C) and 73.71% Group (D).

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

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

Capital System	Paid-in Capital	Ceiling per RegisteredShare Capital
Registered capital system	7,111,364	10,000,000

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

In the prior period, the Bank increased its paid-in capital from TL 3,905,622 to TL 7,111,364, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated February 9, 2022. Accordingly, the amendment made in the related article of the Articles of Association was registered on March 21, 2022.

Information on share capital increases from revaluation funds

None.

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

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Valuation differences of the marketable securities

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	8,742,381	(194,979)	3,002,827	(182,919)
Financial assets at fair value through other comprehensive income	11,534,896	(349,442)	1,251,170	354,576
Foreign exchange differences	80,727	-	80,727	-
Total	**20,358,004**	**(544,421)**	**4,334,724**	**171,657**

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Commitments for credit card limits	81,979,697	30,687,962
Loan granting commitments	60,802,246	34,013,637
Commitments for cheque payments	6,916,438	7,029,711
Asset purchase sale commitments	56,192,549	13,030,758
Other	9,156,781	2,931,623
Total	**215,047,711**	**87,693,691**

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

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

The Bank provided specific provision amounting to TL 583,361 (December 31, 2021: TL 507,691) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 50,421 (December 31, 2021: TL 44,305).

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

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Provisional letters of guarantee	5,312,468	3,239,783
Final letters of guarantee	79,435,509	51,344,606
Letters of guarantee for advances	28,688,031	14,848,052
Letters of guarantee given to custom offices	5,938,641	2,542,604
Other letters of guarantee	100,115,220	61,543,637
Total	**219,489,869**	**133,518,682**

2. Non-cash loans

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Non-cash loans given for cash loan risks	**54,770,548**	**44,781,413**
With original maturity of 1 year or less	*7,674,681*	*8,896,727*
With original maturity of more than 1 year	*47,095,867*	*35,884,686*
Other non-cash loans	**219,477,978**	**147,357,915**
Total	**274,248,526**	**192,139,328**

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2022				Prior Period - December 31, 2021			
	TL	%	FC	%	TL	%	FC	%
Agricultural	**244,348**	**0.20**	**472,287**	**0.31**	**139,996**	**0.23**	**615,401**	**0.47**
Farming and Cattle	224,411	0.18	187,736	0.12	124,298	0.2	537,647	0.41
Forestry	8,032	0.01	-	-	12,157	0.02	-	-
Fishing	11,905	0.01	284,551	0.19	3,541	0.01	77,754	0.06
Manufacturing	**49,401,506**	**39.86**	**69,019,266**	**45.92**	**19,502,805**	**31.59**	**71,808,891**	**55.07**
Mining	1,038,377	0.84	1,482,590	0.99	436,029	0.7	1,021,326	0.78
Production	38,985,823	31.46	61,690,706	41.04	12,775,324	20.7	65,154,049	49.97
Electric, gas and water	9,377,306	7.56	5,845,970	3.89	6,291,452	10.19	5,633,516	4.32
Construction	**23,530,449**	**18.99**	**25,771,591**	**17.14**	**14,800,027**	**23.98**	**17,549,761**	**13.46**
Services	**49,155,854**	**39.67**	**43,591,726**	**29.00**	**26,235,282**	**42.5**	**34,094,890**	**26.14**
Wholesale and retail trade	22,972,726	18.54	16,005,899	10.65	11,533,354	18.69	13,427,929	10.3
Hotel, food and beverage Services	1,520,860	1.23	1,096,002	0.73	599,846	0.97	863,562	0.66
Transportation and telecommunication	8,373,286	6.76	21,194,630	14.10	5,179,687	8.39	16,557,465	12.7
Financial institutions	8,802,446	7.10	1,224,308	0.81	4,694,387	7.6	1,545,143	1.18
Real estate and renting Services	3,022,793	2.44	1,914,088	1.27	2,180,150	3.53	1,323,085	1.01
Self-employment services	3,634,382	2.93	989,576	0.66	1,721,447	2.79	315,385	0.24
Education services	423,681	0.34	56,232	0.04	124,387	0.2	49,930	0.04
Health and social services	405,680	0.32	1,110,991	0.74	202,024	0.33	12,391	0.01
Other	**1,593,861**	**1.28**	**11,467,638**	**7.63**	**1,051,765**	**1.7**	**6,340,510**	**4.86**
Total	**123,926,018**	**100.00**	**150,322,508**	**100.00**	**61,729,875**	**100.00**	**130,409,453**	**100.00**

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

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

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

	Group I		Group II	
Prior Period - December 31, 2021	**TL**	**FC**	**TL**	**FC**
Letters of Guarantee	59,172,198	70,452,246	1,737,613	1,649,347
Confirmed Bills of Exchange and Acceptances	4,258	9,575,050	-	-
Letters of Credit	568,389	47,986,477	-	290,283
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	195,776	-	-
Non-Cash Loans	**59,744,845**	**128,209,549**	**1,737,613**	**1,939,630**

5. Information on derivative transactions

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	**185,239,680**	**151,003,473**
Currency Forwards	2,185,436	14,493,825
Currency Swaps	159,083,184	129,227,973
Currency Futures	1,476,432	-
Currency Options	22,494,628	7,281,675
Interest Rate Derivative Transactions (II)	**145,399,273**	**127,590,653**
Interest Rate Forwards	-	-
Interest Rate Swaps	145,399,273	127,590,653
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	**72,672,594**	**71,235,697**
A. Total Trading Derivatives (I+II+III)	**403,311,547**	**349,829,823**
Hedging Derivatives	**-**	**-**
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	**-**	**-**
Derivative Transactions (A+B)	**403,311,547**	**349,829,823**

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

Current 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	50,296,725	151,148	4,712,643	-	-	**55,160,516**
Sale	57,249,909	1,175,378	4,705,819	-	-	**63,131,106**
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	**60,867,374**	**11,888,824**	**7,175,722**	**69,734,388**	**57,859,362**	**207,525,670**
Total sales	**60,664,008**	**11,050,071**	**7,155,935**	**62,170,233**	**54,745,630**	**195,785,877**
Total	**121,531,382**	**22,938,895**	**14,331,657**	**131,904,621**	**112,604,992**	**403,311,547**

Prior Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	49,869,131	4,826,580	3,457,399	-	402,000	**58,555,110**
Sale	45,167,561	3,937,512	3,454,440	-	-	**52,559,513**
Currency forwards:						
Purchase	272,988	1,995,127	4,990,116	-	-	**7,258,231**
Sale	272,496	1,990,262	4,972,836	-	-	**7,235,594**
Cross currency interest rate swaps:						
Purchase	-	-	-	5,982,041	6,204,653	**12,186,694**
Sale	-	-	-	3,130,009	2,796,647	**5,926,656**
Interest rate swaps:						
Purchase	15,000	15,000	6,340,371	11,333,954	46,091,002	**63,795,327**
Sale	15,000	15,000	6,340,370	11,333,954	46,091,002	**63,795,326**
Options:						
Purchase	913,138	2,042,735	648,810	-	-	**3,604,683**
Sale	805,646	2,179,284	692,062	-	-	**3,676,992**
Trading Securities:						
Purchase	-	-	-	-	-	**-**
Sale	-	-	-	-	-	**-**
Futures:						
Purchase	-	-	-	-	-	**-**
Sale	-	-	-	-	-	**-**
Other trading derivatives:						
Purchase	8,605,326	695,218	2,467,019	10,944,387	15,354,929	**38,066,879**
Sale	5,360,710	695,218	2,134,018	10,076,069	14,902,803	**33,168,818**
Total purchases	**59,675,583**	**9,574,660**	**17,903,715**	**28,260,382**	**68,052,584**	**183,466,924**
Total sales	**51,621,413**	**8,817,276**	**17,593,726**	**24,540,032**	**63,790,452**	**166,362,899**
Total	**111,296,996**	**18,391,936**	**35,497,441**	**52,800,414**	**131,843,036**	**349,829,823**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Contingent assets and liabilities

Bank allocates TL 34,381 as provision for lawsuits against the Bank (December 31, 2021: TL 37,141).

7. Services rendered on behalf of third parties

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

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

1. Interest income

Information on interest income received from loans

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Short-term Loans	30,244,287	1,818,221	13,234,079	847,202
Medium and Long-Term Loans	38,393,469	13,948,696	29,637,589	8,152,410
Non-performing Loans	907,019	-	662,874	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**69,544,775**	**15,766,917**	**43,534,542**	**8,999,612**

Information on interest income received from banks

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Central Bank of Republic of Türkiye	-	276,567	-	-
Domestic Banks	27,940	20,626	6,698	3,107
Foreign Banks	-	311,903	-	10,341
Foreign Head Office and Branches	-	-	-	-
Total	**27,940**	**609,096**	**6,698**	**13,448**

Information on interest income received from marketable securities portfolio

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	-	358,840	-	217,454
Financial assets at fair value through other comprehensive income	21,639,349	4,676,567	6,861,009	2,383,084
Financial assets measured at amortized cost	43,664,117	1,613,903	8,260,089	1,010,249
Total	**65,303,466**	**6,649,310**	**15,121,098**	**3,610,787**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on interest income received from associates and subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Interest Received from Associates and Subsidiaries	1,370,972	349,291

2. Interest expense

Interest expense on funds borrowed

	Current Period – December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Banks	**406,899**	**3,431,503**	**86,909**	**1,406,586**
Central Bank of Republic of Türkiye	329,049	7,441	17,505	7,059
Domestic Banks	64,429	158,760	44,764	124,257
Foreign Banks	13,421	3,265,302	24,640	1,275,270
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	**-**	**195,875**	**-**	**70,446**
Total	**406,899**	**3,627,378**	**86,909**	**1,477,032**

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Interest Paid to Associates and Subsidiaries	635,507	174,488

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2022 is TL 7,744,330 (TL 2,426,357 and 5,317,973 FC). (December 31, 2021: TL 6,172,494 (TL 2,631,272 and 3,541,222 FC)).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Maturity structure of the interest expense on deposits

		Time Deposits						
Current Period December 31, 2022	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**More than 1 Year**	**Cumulative deposit**	**Total**
TL								
Interbank deposits	-	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	8,213,402	7,505,769	2,292,371	4,123,138	455,655	-	22,617,414
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**	**15,841,359**	**19,281,663**	**13,107,351**	**5,020,435**	**1,266,849**	**960**	**54,603,623**
FC								
Foreign currency deposits	245,946	1,008,713	3,585,554	787,035	97,974	93,502	-	5,818,724
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**	**1,050,126**	**4,088,460**	**791,118**	**126,339**	**94,684**	**-**	**6,406,723**
Grand Total	**341,002**	**16,891,485**	**23,370,123**	**13,898,469**	**5,146,774**	**1,361,533**	**960**	**61,010,346**

		Time Deposits						
Prior Period - December 31, 2021	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**More than 1 Year**	**Cumulative deposit**	**Total**
TL								
Interbank deposits	-	371,866	756,887	-	-	-	-	1,128,753
Saving deposits	762	1,578,025	9,318,284	406,703	174,710	206,367	745	11,685,596
Public sector deposits	36,343	905,346	1,162,027	101,172	58,270	10,175	-	2,273,333
Commercial deposits	2,009	4,241,305	5,388,939	213,160	113,171	40,389	-	9,998,973
Other deposits	56	344,756	2,587,379	484,868	281,539	164,856	-	3,863,454
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	**39,170**	**7,441,298**	**19,213,516**	**1,205,903**	**627,690**	**421,787**	**745**	**28,950,109**
FC	-	-	-	-	-	-	-	-
Foreign currency deposits	21,574	300,187	1,460,099	88,275	68,162	95,741	-	2,034,038
Interbank deposits	4,552	50,563	102,912	-	-	-	-	158,027
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	7,364	1,034	-	8,422
Total	**26,126**	**350,750**	**1,563,035**	**88,275**	**75,526**	**96,775**	**-**	**2,200,487**
Grand Total	**65,296**	**7,792,048**	**20,776,551**	**1,294,178**	**703,216**	**518,562**	**745**	**31,150,596**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Dividend Income

	Current Period-December 31, 2022	Prior Period-December 31, 2021
Financial assets at fair value through profit or loss	3,536	997
Financial assets at fair value through other comprehensive income	-	-
Others	145,538	119,852
Total	**149,074**	**120,849**

4. Information on trading income/loss

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Profit	**79,760,888**	**65,735,232**
Income from capital market operations	2,369,282	796,843
Income from derivative financial instruments	53,190,852	39,351,597
Foreign exchange gains	24,200,754	25,586,792
Losses	**(74,770,718)**	**(70,485,017)**
Loss from capital market operations	(627,895)	(48,151)
Loss from derivative financial instruments	(53,944,817)	(46,060,164)
Foreign exchange loss	(20,198,006)	(24,376,702)
Net trading profit/loss	**4,990,170**	**(4,749,785)**

Net loss arising from changes in foreign exchange rates that relate to the Bank's foreign exchange rate based derivative financial instruments is amounting to 1,603,219as at and for the year ended December 31, 2022 (December 31, 2021: TL 5,413,043 net loss).

5. Information on other operating income

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Income from reversal of the specific provisions for loans from prior periods	7,902,432	6,782,862
Communication income	24,095	22,335
Gain on sale of assets	1,083,824	867,987
Rent income	11,984	8,973
Other income	655,552	265,236
Total	**9,677,887**	**7,947,393**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Expected Credit Loss and Other Provision Expenses

	Current Period - December 31, 2022	Prior Period – December 31, 2021
Expected Credit Loss	**26,865,264**	**11,849,562**
12 month expected credit loss (stage 1)	6,031,168	2,009,424
Significant increase in credit risk (stage 2)	14,710,691	6,337,465
Non-performing loans (stage 3)	6,123,405	3,502,673
Marketable Securities Impairment Expense	**12,425**	**9,529**
Financial Assets at Fair Value through Profit or Loss	**244**	-
Financial Assets at Fair Value Through Other Comprehensive Income	12,181	9,529
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	**17,271,958**	**700,000**
Total	**44,149,647**	**12,559,091**

(*) Free provision balance calculated in 2022 is TL 17,228,000 (December 31, 2021 TL 700,000)

7. Information on other operating expenses

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Reserve for Employee Termination Benefits	211,473	134,796
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	17,754	-
Depreciation Expenses on Tangible Assets	563,150	473,550
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	51,195	42,932
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	6,852,484	3,263,434
Leasing expenses related toTFRS 16 exceptions	114,543	81,738
Repair and maintenance expenses	196,380	130,960
Advertisement expenses	479,371	260,521
Other expenses	6,062,190	2,790,215
Loss on sale of assets	1,188	4,267
Other (*)	3,004,186	1,590,209
Total	**10,701,430**	**5,509,188**

(*) Other operating expenses amounted TL 3,004,186 (December 31: TL 1,590,209); Dividend provision expenses to be paid to staff amounted 948,282 TL (December 31: 375,840 TL), 636,153 (December 31, 2021: 364,378 TL) taxes, duties, fees and funds, 848,641 TL (December 31, 2021: 515,735 TL) SDIF expenses and 571,110 TL (December 31, 2021: 334,256 TL) consists of other expenses.

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

9. Information on tax provision from discontinued and continuing operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

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

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

11. Provision for taxes

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

In the current period, the Bank has recorded a tax charge of TL 19,688,536 (December 31, 2021: TL 166,899) from the net taxable profit calculated in accordance the laws and regulations in effect.

Deferred tax benefit of the Bank is detailed in the table below.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

As of December 31, 2022, the Bank's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 6,170,444 (December 31, 2021: (TL 1,884,224)), from the taxable temporary differences (Occurrence)/Closing TL 291,729 (December 31, 2021: (TL 2,837,582)) has deferred tax expense

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

The Bank has earned TL 158,569,464 interest income, TL 84,854,301 interest expenses, TL 10,792,735 net fees and commissions income, from ordinary banking transactions (December 31, 2021: TL 72,200,597 interest income, TL 52,657,216 interest expenses, TL 4,501,363 net fees and commissions income).

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

None.

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

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

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

14. Fees for services received from independent audit

In accordance with the decision of the KGK dated March 26, 2021, the fees for the reporting period concerning the services acquired by the Bank from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period December 31, 2022	Previous Period December 31, 2021
Independent audit fee for the reporting period	4,105	3,109
Fees for other assurance services	1,621	2,771
Total	**5,726**	**5,880**

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Information on increases of 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 assets, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period - December 31, 2022	Prior Period - December 31, 2021
Valuation differences at the beginning of the year	1,605,746	838,992
Fair value changes in the current year	13,121,853	892,961
Valuation differences transferred to the statement of income	8,993	74,353
Effect of deferred and corporate taxes	(3,551,138)	(200,560)
Valuation differences at the end of the year	**11,185,454**	**1,605,746**

Valuation Difference of the Subsidiaries and Affiliates	Current Period - December 31, 2022	Prior Period - December 31, 2021
Valuation differences at the beginning of the year	2,900,635	2,596,895
Fair value changes in the current year	6,148,570	319,513
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	(421,076)	(15,773)
Valuation differences at the end of the year	**8,628,129**	**2,900,635**

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 differences in shareholders' equity accounts due to inflation accounting

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.

5. Information on profit distribution

At the 68th General Assembly Meeting of the Bank held on March 25, 2022, it was decided to distribute TL 4,175,464 of the distributable net period profit of 2022 totalling TL 417,546 to shareholders as legal reserves, TL 3,568,998 of it as extraordinary reserves, TL 188,920 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.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for "other" items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

"Other" item under the "operating profit before changes in operating assets and liabilities" amounting to TL 9,023,922 (December 31, 2021: 12,759,483) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

"Net increase/decrease in other liabilities" amounting to TL 14,250,403 (December 31, 2021: 54,734,348 TL) under "changes in operating assets and liabilities" is mainly comprised of cash inflows from miscellaneous payables and rcrepuhase agreements.

"Other" item under "net cash flow from investing activities" amounting to TL (203,518) (December 31, 2021: (47,261) TL)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, 2022 impact of the exchange rate change on cash and cash equivalents is TL 256,513 (December 31, 2021: 5,926,375 TL).

2. Cash outflows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Period Period December 31, 2021	Prior Period December 31, 2020
Cash on hand	**3,947,949**	**3,097,959**
Cash in TL	1,930,251	1,681,202
Cash in foreign currency	2,017,698	1,416,757
Cash equivalents	**94,693,591**	**51,953,636**
CBRT	136,196,563	88,034,872
Banks	21,306,338	2,584,919
Receivables from money markets	6,914,400	187,753
Other(*)	4,004,475	2,055,955
Loans and advances to banks having maturity of more than 3 months	(425,803)	(73,182)
Restricted cash and cash equivalents	(73,299,265)	(40,835,818)
Unrealized foreign exchange rate differences on cash equivalents	(3,117)	(863)
Total	**98,641,540**	**55,051,595**

(*) As of 31 December 2021, TL 4,004,475 (31 December 2020: 2,005,955) and TL 3,164,175 (31 December 2020: 1,848,689) out of TL, 840,300 (31 December 2020: 207,266) that were classified under "Other" was cash in transit and precious metals, respectively.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

4. Information on cash and cash equivalents (Continued)

Information on cash and cash equivalents at the end of the year

	Current Period December 31, 2022	Prior Period December 31, 2021
Cash on hand	**13,525,681**	**3,947,949**
Cash in TL	4,766,482	1,930,251
Cash in foreign currency	8,759,199	2,017,698
Cash equivalents	**115,910,587**	**94,693,591**
CBRT	254,620,417	136,196,563
Banks	28,545,859	21,306,338
Receivables from money markets	12,095,635	6,914,400
Other(*)	789,123	4,004,475
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	(27,470)	(3,117)
Total	**129,436,268**	**98,641,540**

(*) As of 31 December 2022, TL 789,123 (31 December 2021: 4,004,475) and TL 565,894 (31 December 2021: 3,164,175) out of TL, 223,229 (31 December 2021: 840,300) that were classified under "Other" was cash in transit and precious metals, respectively

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 160,782,674 as at (December 31, 2021: TL 57,255,114) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 19,000,637 (December 31, 2021: TL 16,044,151) is blocked and has not been included in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Bank.

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Current Period - December 31, 2022	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**
Loans and other receivables						
Balance at the beginning of the year	3,978,742	208,949	-	8,344	228,644	22,489
Balance at the end of the year	21,599,570	184,738	-	1,187	264,014	55,935
Interest and commission income	1,370,972	4,555	-	-	11,166	932

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Prior Period - December 31, 2021	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**
Loans and other receivables						
Balance at the beginning of the year	3,582,369	772,579	-	32,511	63,311	64,767
Balance at the end of the year	3,978,742	208,949	-	8,344	228,644	22,489
Interest and commission income	349,291	422	-	-	5,337	43

Information on deposits held by the Bank's risk group

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Deposits						
Balance at the beginning of the year	2,729,465	2,682,838	3,908,130	2,237,815	82,435	117,989
Balance at the end of the year	13,514,572	2,729,465	2,398,302	3,908,130	195,275	82,435
Interest on deposits	635,507	174,488	668,436	548,536	26,196	1,892

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Bank's Risk Group	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Transactions at Fair Value Through Profit or Loss	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	850,262	-	-	-	-
Total profit/loss	-	(2,567)	-	-	-	-
Transactions for Hedging Purposes	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

Information on Benefits Provided to Directors

In the accounting period ending on December 31, 2022, a total amount of TL 74,080 was paid to the Bank's top management. (December 31, 2021: 43,399 TL).

VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees	Country	Total Assets	Capital
Domestic Branches(*)	945	16,921			
Foreign Representative Offices	-	-			
Foreign Branches	1	20	USA	11,245,877	309,045
	1	12	Iraq	1,691,944	936,500
	1	3	Qatar	15,893	-
Off-shore Branches	1	5	Bahrain	92,444,554	-

(*) Free zone branches in Türkiye is included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2022, 14 new domestic branches (2021: 4 domestic branches) and 5 braches have been closed (2021: 1).

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK'S ACTIVITY

As per the resolution of 68th Annual General Assembly held on March 25, 2022, the net profit of year 2021 has been decided to be distributed as follows:

	Profit Distribution Table of Year 2021
Bank's unconsolidated profit in its statutory financial statements	**4,175,464**
Deferred tax credits	-
Net profit of the year subject to distribution	**4,175,464**
Legal reserves	417,546
First Legal Reserves	*208,773*
Reserves allocated according to banking law and articles of association.	*208,773*
Net profit of the year subject to distribution	**3,757,918**
Gain on sale of immovable and shares of associates and subsidiaries	188,920
Extraordinary reserves	3,568,998
Dividends to shareholders	**-**

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

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

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

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

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

Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

(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

The Bank has issued financial bonds in various maturities between January 6, 2023, and January 20, 2023.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of fixed properties and depreciable economic assets have been rearranged. Accordingly, the Bank will be able to revalue the fixed properties in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of fixed properties and depreciable economic assets after revaluation.

Due to the negativities caused by the earthquakes (of magnitudes: 7.5 and 7.8) centered in Kahramanmaraş, affecting many of our provinces and devastating our whole country, a state of emergency was declared including 10 provinces in the region. The developments regarding the natural disaster are being closely monitored and analyses are continuing to determine the situation.

SECTION SEVEN
INDEPENDENT AUDITORS' REPORT

I. INFORMATION ON INDEPENDENT AUDITORS' REPORT

The Bank's unconsolidated financial statements and footnotes as at and for the year ended December 31, 2022 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent audit report dated February 14, 2023 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT DECEMBER 31, 2022 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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

Building a better working world

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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, 2022 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 Türkiye Vakıflar Bankası T.A.O. as at December 31, 2022 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 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

Basis of Qualified Opinion

As explained in Section Five Part II.7, the accompanying consolidated financial statements as at December 31, 2022 include a free provision at an amount of Thousand TL 19,000,000 out of which Thousand TL 17,228,000 and Thousand TL 1,772,000 were provided in current and prior years, respectively by the Group management for the possible 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.

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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 Bank's Business model. - Reviewing the Parent Bank'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.

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Pension Fund Obligations	**How the Key Audit Matter is addressed in our audit**
Employees of the Group 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. The valuation of the Pension Fund liabilities requires judgment in determining appropriate assumptions such as defining the transferrable social benefits, discount rates, salary increases, demographic assumptions, inflation rate estimates and the impact of any changes in individual pension plans. The Group Management uses Fund actuaries to assist in assessing these assumptions. 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 our own actuarial auditor, 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 Parent Bank 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, 2022 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

A member firm of Ernst & Young Global Limited

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
CONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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The consolidated financial report as at and for the year ended December 31, 2022 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	-	-
VakıfBank International AG	-	-
Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	-	-
Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	-	-

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

The accompanying consolidated financial statements for the 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 28, 2023

Mustafa SAYDAM Chairman of The Board	Abdülkadir AKSU Board and Audit Committee Member	Sadık YAKUT Board and Audit Committee Member
Abdi Serdar ÜSTÜNSALİH General Manager and Board Member	Şuayyip İLBİLGİ Assistant General Manager	Korhan TURGUT Director of Accounting and Financial Affairs

The authorized contact person for questions on this financial report:

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

As at December 31, 2022, the Parent Bank's paid-in capital is TL 7,111,364; (December 31, 2021: TL 3,905,622) divided into 711,136,411,675 shares with each has a nominal value of Kr 1 (December 31, 2021: 390,562,248,996).

The Parent Bank's shareholders structure as at December 31, 2022 and December 31, 2021 are stated below:

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

Shareholders December 31, 2021	Number of Shares (100 unit)	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	**3,905,622,490**	**3,905,622**	**100.00**

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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

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, 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 dedicated sales method.

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

It has been announced that the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of 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 Istanbul's Procedure for Wholesale Transactions, it has been decided to sell to the Turkish Wealth Fund by allocated sales method without a public offering.

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

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

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GENERAL INFORMATION (Continued)

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	28 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	24 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master's	31 years
Dr. Adnan ERTEM	Member	October 28, 2010	PhD	34 years
Şahin UĞUR	Member	June 9, 2017	Bachelor's	36 years
Sadık YAKUT	Member	May 27, 2019	Bachelor's	3 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor's	3 years
Prof.Dr.Mehmet Hüseyin BİLGİN	Member	March 25, 2022	PhD	17 years
Haydar Kemal KURT	Member	Msrch 25, 2022	Bachelor's	-
Audit Committee				
Abdülkadir AKSU	Member	March 25,2022	Bachelor's	3 years
Sadık YAKUT	Member	March 25,2022	Bachelor's	3 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor's	38 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master's	3 years
Assistant General Managers				
Metin Recep ZAFER	Credıt, Customer and Account Operatıons Department, Core Banking Software Development Department, Treasury Operations Department, Foreign Operations Department, It System and Software Support Department, R&D, Marketing and Infrastructure Software Development Department, System Management Department, It Planning and Coordınatıon Department	June 13, 2006	PhD	27 years
Muhammet Lütfü ÇELEBİ	Human Resources Department Orgasnisation Development, Performance Management and Academy Department	October 23, 2013	Bachelor's	27 years
Şuayyip İLBİLGİ	General Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor's	26 years
Mikail HIDIR	Office of Chief Legal Counsel Department,Credit Risk Liquidation Department	December 26,2018	Bachelor's	19 years
Hazım AKYOL	Corporate Loans Allocation Management, Commercial Loans Allocation Management 1-2, Special Loans Management Retail and SME Loans Allocation Management	May 31, 2019	Bachelor's	29 years
Alaattin ŞİMŞEK	Corporate Banking Marketing, Commercial Banking Marketing, SME Banking Marketing Retail Banking Marketing Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches Public Institutions and Local Governments Banking Marketing	May 31, 2019	Bachelor's	27 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master's	26 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor's	23 years
Arif ÇOKÇETİN	Credit Risk Planning and Monitoring, Finacial Analysis and Rating Department	July 8, 2020	Bachelor's	27 years
Kadir KARATAŞ	Support Services	August 13, 2020	Master's	26 years
Mustafa TURAN	Indıvıdual Banking Marketing, Deposit Management and Marketing Department,Payment Systems Banking Marketing Department	January 4, 2022	Bachelor's	18 years

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

by unanimous vote.

IV. INFORMATION ON THE PARENT BANK'S QUALIFIED SHAREHOLDERS

Current Period - December 31, 2022

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

Prior Period - December 31, 2021

Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

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, the material event disclosure made by the Parent Bank and the changes brought about the Parent Bank's capital structure are explained in detail in the I. Section General Information section of the report, under heading II.

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

As at December 31, 2022, The Parent Bank has 945 domestic, 4 foreign, in total 949 branches (December 31, 2021: 936 domestic, 4 foreign, in total 940 branches). As at December 31, 2022, The Parent Bank has 16,961 employees (December 31, 2021: 16,929 employees).

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022, the financial statements of T. Vakıflar Bankası T.A.O., VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the full consolidated financial statements of the Group.

As at and for the year ended December 31, 2022, the financial statements of Kıbrıs Vakıflar Bankası Ltd. and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2022

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

	ASSETS	Notes	Current Period December 31, 2022 TL	FC	Total	Prior Period December 31, 2021 TL	FC	Total
I.	**FINANCIAL ASSETS (Net)**		**159,588,166**	**388,649,309**	**548,237,475**	**101,130,561**	**248,362,721**	**349,493,282**
1.1	**Cash and cash equivalents**	**V-I-1**	**60,622,683**	**249,196,605**	**309,819,288**	**30,621,364**	**142,079,991**	**172,701,355**
1.1.1	Cash and balances at Central Bank	V-I-1	48,395,442	220,579,872	268,975,314	29,360,024	114,812,521	144,172,545
1.1.2	Banks	V-I-3	143,920	28,616,758	28,760,678	1,272,208	20,353,088	21,625,296
1.1.3	Receivables from Money Markets		12,096,010	-	12,096,010	3,499	6,914,400	6,917,899
1.1.4	Allowance for expected credit losses (-)	V-I-18	12,689	25	12,714	14,367	18	14,385
1.2	**Financial assets at fair value through profit or loss**	**V-I-2**	**504,753**	**16,862,130**	**17,366,883**	**365,610**	**16,226,214**	**16,591,824**
1.2.1	Public debt securities		115,680	16,478,799	16,594,479	118,890	15,939,741	16,058,631
1.2.2	Equity instruments		190,053	383,331	573,384	201,998	286,473	488,471
1.2.3	Other financial assets		199,020	-	199,020	44,722	-	44,722
1.3	**Financial assets at fair value through other comprehensive income**	**V-I-4**	**84,231,073**	**119,452,406**	**203,683,479**	**50,971,953**	**87,981,724**	**138,953,677**
1.3.1	Public debt securities		81,886,540	116,584,580	198,471,120	50,435,798	85,501,032	135,936,830
1.3.2	Equity instruments		124,461	10,128	134,589	14,732	7,246	21,978
1.3.3	Other financial assets		2,220,072	2,857,698	5,077,770	521,423	2,473,446	2,994,869
1.4	**Derivative financial assets**	**V-I-2**	**14,229,657**	**3,138,168**	**17,367,825**	**19,171,634**	**2,074,792**	**21,246,426**
1.4.1	Derivative financial assets at fair value through profit or loss		14,229,657	3,138,168	17,367,825	19,171,634	2,074,792	21,246,426
1.4.2	Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)**		**755,139,843**	**334,290,143**	**1,089,429,986**	**407,001,757**	**249,012,309**	**656,014,066**
2.1	**Loans**	**V-I-5**	**646,001,138**	**296,228,477**	**942,229,615**	**377,286,644**	**219,413,299**	**596,699,943**
2.2	**Receivables from leasing transactions**	**V-I-10**	**4,317,489**	**4,106,488**	**8,423,977**	**1,340,492**	**3,640,839**	**4,981,331**
2.3	**Factoring receivables**		**22,125,575**	**538,086**	**22,663,661**	**6,184,214**	**889,603**	**7,073,817**
2.4	**Financial assets measured at amortised cost**	**V-I-6**	**124,556,209**	**34,036,643**	**158,592,852**	**48,417,140**	**25,444,843**	**73,861,983**
2.4.1	Public debt securities		124,497,259	33,829,671	158,326,930	48,358,190	25,176,782	73,534,972
2.4.2	Other financial assets		58,950	206,972	265,922	58,950	268,061	327,011
2.5	**Allowance for expected credit losses (-)**		**41,860,568**	**619,551**	**42,480,119**	**26,226,733**	**376,275**	**26,603,008**
III.	**NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)**	**V-I-16**	**410,978**	**-**	**410,978**	**755,253**	**-**	**755,253**
3.1	Held for sale purpose		410,978	-	410,978	**755,253**	-	**755,253**
3.2	Related to discontinued operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**5,028,623**	**3**	**5,028,626**	**2,825,834**	**3**	**2,825,837**
4.1	**Investments in associates (Net)**	**V-I-7**	**4,139,585**	**3**	**4,139,588**	**2,306,545**	**3**	**2,306,548**
4.1.1	Associates accounted by using equity method		1,116,825	-	1,116,825	607,936	-	607,936
4.1.2	Unconsolidated associates		3,022,760	3	3,022,763	1,698,609	3	1,698,612
4.2	**Investments in subsidiaries (Net)**	**V-I-8**	**889,038**	**-**	**889,038**	**519,289**	**-**	**519,289**
4.2.1	Unconsolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated non-financial subsidiaries		889,038	-	889,038	519,289	-	519,289
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**	**11,632,986**	**50,261**	**11,683,247**	**4,110,997**	**30,054**	**4,141,051**
VI.	**INTANGIBLE ASSETS AND GOODWILL (Net)**	**V-I-13**	**459,233**	**10,643**	**469,876**	**298,931**	**474**	**299,405**
6.1	Goodwill		14,631	-	14,631	14,631	-	14,631
6.2	Other		444,602	10,643	455,245	284,300	474	284,774
VII.	**INVESTMENT PROPERTIES (Net)**	**V-I-14**	**1,307,194**	**-**	**1,307,194**	**972,154**	**-**	**972,154**
VIII.	**CURRENT TAX ASSETS**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**DEFERRED TAX ASSETS**	**V-I-15**	**2,840,206**	**221,208**	**3,061,414**	**72,767**	**-**	**72,767**
X.	**OTHER ASSETS (Net)**	**V-I-17**	**39,254,646**	**8,148,415**	**47,403,061**	**10,753,294**	**3,573,989**	**14,327,283**
	TOTAL ASSETS		**975,661,875**	**731,369,982**	**1,707,031,857**	**527,921,548**	**500,979,550**	**1,028,901,098**

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2022

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

	LIABILITIES AND EQUITY	Notes	Current Period December 31, 2022 TL	FC	Total	Prior Period December 31, 2021 TL	FC	Total
I.	**DEPOSITS**	**V-II-1**	**678,221,429**	**453,876,314**	**1,132,097,743**	**254,392,314**	**341,417,664**	**595,809,978**
II.	**BORROWINGS**	**V-II-3**	**14,481,137**	**124,887,682**	**139,368,819**	**3,507,327**	**94,929,344**	**98,436,671**
III.	**MONEY MARKET FUNDS**		**56,775,981**	**82,298,008**	**139,073,989**	**123,991,383**	**24,725,979**	**148,717,362**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**V-II-3**	**7,537,971**	**63,540,148**	**71,078,119**	**11,332,808**	**51,204,819**	**62,537,627**
4.1	Bills		5,977,873	1,411,042	7,388,915	6,031,337	871,154	6,902,491
4.2	Asset backed securities		-	-	-	-	-	-
4.3.	Bonds		1,560,098	62,129,106	63,689,204	5,301,471	50,333,665	55,635,136
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**	**207,781**	**4,511,816**	**4,719,597**	**1,609,212**	**3,881,066**	**5,490,278**
7.1	Derivative financial liabilities at fair value through profit or loss		207,781	4,511,816	4,719,597	1,609,212	3,881,066	5,490,278
7.2	Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII.	**FACTORING PAYABLES**		**5,468**	**-**	**5,468**	**7,309**	**-**	**7,309**
IX.	**LEASE PAYABLES (Net)**	**V-II-5**	**1,020,639**	**4,080**	**1,024,719**	954,389	4,204	958,593
X.	**PROVISIONS**	**V-II-7**	**23,225,345**	**150,999**	**23,376,344**	**3,856,308**	**98,808**	**3,955,116**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		3,754,831	12,879	3,767,710	1,772,257	11,118	1,783,375
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		19,470,514	138,120	19,608,634	2,084,051	87,690	2,171,741
XI.	**CURRENT TAX LIABILITIES**	**V-II-8**	**5,390,526**	**19,871**	**5,410,397**	**1,089,521**	**10,846**	**1,100,367**
XII.	**DEFERRED TAX LIABILITIES**	**V-II-8**	**56,404**	**-**	**56,404**	**-**	**14,719**	**14,719**
XIII.	**LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)**	**V-II-9**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT**	**V-II-10**	**9,567,360**	**14,475,926**	**24,043,286**	**6,404,751**	**22,563,676**	**28,968,427**
14.1	Loans		-	-	-	-	-	-
14.2	Other debt instruments		9,567,360	14,475,926	24,043,286	6,404,751	22,563,676	28,968,427
XV.	**OTHER LIABILITIES**	**V-II-4**	**45,171,865**	**15,076,574**	**60,248,439**	**21,444,948**	**7,256,670**	**28,701,618**
XVI.	**SHAREHOLDERS` EQUITY**	**V-II-11**	**105,154,480**	**1,371,048**	**106,525,528**	**52,229,638**	**1,970,390**	**54,200,028**
16.1	Paid-in capital	V-II-11	7,111,364	-	7,111,364	3,905,622	-	3,905,622
16.2	Capital reserves		16,277,467	128,856	16,406,323	6,192,623	-	6,192,623
16.2.1	Equity share premiums		16,469,500	-	16,469,500	6,303,367	-	6,303,367
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		(192,033)	128,856	(63,177)	(110,744)	-	(110,744)
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		5,504,921	-	5,504,921	2,287,039	-	2,287,039
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		11,670,632	294,149	11,964,781	1,283,355	950,864	2,234,219
16.5	Profit reserves		37,034,559	446,150	37,480,709	32,727,539	440,749	33,168,288
16.5.1	Legal reserves		3,973,387	26,550	3,999,937	3,515,810	21,149	3,536,959
16.5.2	Statutory reserves		6,337	-	6,337	6,337	-	6,337
16.5.3	Extraordinary reserves		31,488,616	415,985	31,904,601	26,510,023	415,985	26,926,008
16.5.4	Other profit reserves		1,566,219	3,615	1,569,834	2,695,369	3,615	2,698,984
16.6	Profit or loss		25,753,468	497,223	26,250,691	4,623,062	574,107	5,197,169
16.6.1	Prior years' profits or losses		345,471	93,771	439,242	1,157	30,156	31,313
16.6.2	Current period net profit or loss		25,407,997	403,452	25,811,449	4,621,905	543,951	5,165,856
16.7	Minority interests		1,802,069	4,670	1,806,739	1,210,398	4,670	1,215,068
	TOTAL LIABILITIES AND EQUITY		**946,819,391**	**760,212,466**	**1,707,031,857**	**480,822,913**	**548,078,185**	**1,028,901,098**

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT DECEMBER 31, 2022

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

		Notes	Current Period December 31, 2022 TL	Current Period December 31, 2022 FC	Current Period December 31, 2022 Total	Prior Period December 31, 2021 TL	Prior Period December 31, 2021 FC	Prior Period December 31, 2021 Total
A.	**OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)**		**362,476,271**	**666,875,897**	**1,029,352,168**	**212,228,885**	**498,811,450**	**711,040,335**
I.	**GUARANTEES AND SURETIES**	**V-III-2**	**127,324,685**	**152,031,546**	**279,356,231**	**62,457,727**	**130,998,199**	**193,455,926**
1.1.	**Letters of guarantee**	**V-III-1**	**123,541,954**	**97,329,707**	**220,871,661**	**61,406,815**	**72,673,220**	**134,080,035**
1.1.1.	Guarantees subject to state tender law		4,903,928	35,090,731	39,994,659	3,507,026	19,605,204	23,112,230
1.1.2.	Guarantees given for foreign trade operations		5,938,641	-	5,938,641	2,542,604	-	2,542,604
1.1.3.	Other letters of guarantee		112,699,385	62,238,976	174,938,361	55,357,185	53,068,016	108,425,201
1.2.	**Bank acceptances**		**49,258**	**3,630,388**	**3,679,646**	**4,258**	**9,575,050**	**9,579,308**
1.2.1.	Import letter of acceptance		-	873,407	873,407	-	969,051	969,051
1.2.2.	Other bank acceptances	V-III-4	49,258	2,756,981	2,806,239	4,258	8,605,999	8,610,257
1.3.	**Letters of credit**	**V-III-4**	**1,714,806**	**47,594,116**	**49,308,922**	**568,802**	**48,276,760**	**48,845,562**
1.3.1.	Documentary letters of credit		1,714,806	47,594,116	49,308,922	568,802	48,276,760	48,845,562
1.3.2.	Other letters of credit		-	-	-	-	-	-
1.4.	**Pre-financings given as guarantee**		**-**	**14,896**	**14,896**	**-**	**10,657**	**10,657**
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**		**1,127,137**	**1,707,246**	**2,834,383**	**117,441**	**277,393**	**394,834**
1.8.	**Other guarantees**		**161,529**	**316,843**	**478,372**	**160,411**	**185,119**	**345,530**
1.9.	**Other warrantees**		**730,001**	**1,438,350**	**2,168,351**	**200,000**	**-**	**200,000**
II.	**COMMITMENTS**		**196,350,452**	**149,570,373**	**345,920,825**	**92,374,573**	**75,850,537**	**168,225,110**
2.1.	**Irrevocable commitments**	**V-III-1**	**167,179,222**	**52,771,984**	**219,951,206**	**78,922,048**	**11,469,988**	**90,392,036**
2.1.1.	Asset purchase and sales commitments	V-III-1	5,100,287	51,092,262	56,192,549	2,924,429	10,106,329	13,030,758
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	34,255	-	34,255
2.1.4.	Loan granting commitments	V-III-1	60,802,246	2,754	60,805,000	34,013,637	4,036	34,017,673
2.1.5.	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Commitments for cheque payments	V-III-1	6,916,438	-	6,916,438	7,029,711	-	7,029,711
2.1.8.	Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits	V-III-1	81,979,697	-	81,979,697	30,687,962	-	30,687,962
2.1.10.	Commitments for credit card and banking services promotions		5,676,476	-	5,676,476	524,897	-	524,897
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		6,704,078	1,676,968	8,381,046	3,707,157	1,359,623	5,066,780
2.2.	**Revocable commitments**		**29,171,230**	**96,798,389**	**125,969,619**	**13,452,525**	**64,380,549**	**77,833,074**
2.2.1.	Revocable loan granting commitments		29,171,230	96,798,389	125,969,619	13,452,525	64,380,549	77,833,074
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**V-III-5**	**38,801,134**	**365,273,978**	**404,075,112**	**57,396,585**	**291,962,714**	**349,359,299**
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**		**38,801,134**	**365,273,978**	**404,075,112**	**57,396,585**	**291,962,714**	**349,359,299**
3.2.1.	Forward foreign currency purchase and sale transactions		1,031,528	1,153,908	2,185,436	6,266,455	8,227,370	14,493,825
3.2.1.1.	Forward foreign currency purchase transactions		933,919	249,366	1,183,285	3,142,731	4,115,500	7,258,231
3.2.2.2.	Forward foreign currency sales		97,609	904,542	1,002,151	3,123,724	4,111,870	7,235,594
3.2.2.	Currency and interest rate swaps		25,130,648	280,115,374	305,246,022	40,183,475	216,164,627	256,348,102
3.2.2.1.	Currency swap purchase transactions		1,203,410	80,360,744	81,564,154	107,989	70,293,816	70,401,805
3.2.2.2.	Currency swap sale transactions		22,417,238	55,865,357	78,282,595	37,905,486	20,450,158	58,355,644
3.2.2.3.	Interest rate swap purchase transactions		755,000	71,944,637	72,699,637	1,085,000	62,710,327	63,795,327
3.2.2.4.	Interest rate swaps sale transactions		755,000	71,944,636	72,699,636	1,085,000	62,710,326	63,795,326
3.2.3.	Currency, interest rate and security options		10,648,322	11,846,306	22,494,628	2,536,251	4,745,424	7,281,675
3.2.3.1	Currency purchase option		10,648,322	716,531	11,364,853	1,664,791	1,939,892	3,604,683
3.2.3.2	Currency sale option		-	11,129,775	11,129,775	871,460	2,805,532	3,676,992
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	71,502,840	72,672,594	8,410,404	62,825,293	71,235,697
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**14,030,466,860**	**12,053,825,441**	**26,084,292,301**	**6,551,262,425**	**7,947,865,967**	**14,499,128,392**
IV.	**ITEMS HELD IN CUSTODY**		**162,969,413**	**72,430,393**	**235,399,806**	**89,655,684**	**48,710,897**	**138,366,581**
4.1.	Customer fund and portfolio balances		8,967,602	-	8,967,602	5,458,322	-	5,458,322
4.2.	Securities held in custody		60,034,179	23,547,755	83,581,934	49,974,424	15,941,897	65,916,321
4.3.	Checks received for collection		44,976,704	2,032,540	47,009,244	23,408,656	4,620,176	28,028,832
4.4.	Commercial notes received for collection		21,891,692	4,640,850	26,532,542	7,705,143	2,408,419	10,113,562
4.5.	Other assets received for collection		2,152	749	2,901	2,152	536	2,688
4.6.	Securities received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		1,006,161	36,811,019	37,817,180	466,829	21,514,783	21,981,612
4.8.	Custodians		26,090,923	5,397,480	31,488,403	2,640,158	4,225,086	6,865,244
V.	**PLEDGED ITEMS**		**2,228,692,422**	**619,386,476**	**2,848,078,898**	**1,176,944,808**	**445,151,990**	**1,622,096,798**
5.1.	Marketable securities		1,137,763	1,876,845	3,014,608	415,988	555,091	971,079
5.2.	Guarantee notes		5,376,514	6,818,656	12,195,170	1,435,450	7,150,950	8,586,400
5.3.	Commodity		168,878,389	8,073,124	176,951,513	129,796,090	5,966,459	135,762,549
5.4.	Warrant		-	-	-	-	-	-
5.5.	Immovables		1,783,113,213	504,987,569	2,288,100,782	879,409,988	363,737,452	1,243,147,440
5.6.	Other pledged items		269,844,038	97,432,224	367,276,262	165,412,990	67,579,365	232,992,355
5.7.	Depositories receiving pledged items		342,505	198,058	540,563	474,302	162,673	636,975
VI.	**ACCEPTED GUARANTEES AND WARRANTEES**		**11,638,805,025**	**11,362,008,572**	**23,000,813,597**	**5,284,661,933**	**7,454,003,080**	**12,738,665,013**
	TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		**14,392,943,131**	**12,720,701,338**	**27,113,644,469**	**6,763,491,310**	**8,446,677,417**	**15,210,168,727**

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Notes	Current Period January 1, 2022- December 31, 2022	Current Period January 1, 2021- December 31, 2021
I.	**INTEREST INCOME**	**V-IV-1**	**161,386,163**	**73,317,046**
1.1	Interest on loans	V-IV-1	86,782,377	53,157,911
1.2	Interest received from reserve deposits		273,019	906,502
1.3	Interest received from banks	V-IV-1	662,170	32,211
1.4	Interest received from money market transactions		94,928	3,756
1.5	Interest received from marketable securities portfolio	V-IV-1	72,142,088	18,826,612
1.5.1	Financial assets at fair value through profit or loss		411,122	240,985
1.5.2	Financial assets at fair value through other comprehensive income		26,452,946	9,315,289
1.5.3	Financial assets measured at amortised cost		45,278,020	9,270,338
1.6	Finance lease interest income		1,082,376	360,924
1.7	Other interest income		349,205	29,130
II.	**INTEREST EXPENSES (-)**	**V-IV-2**	**85,637,033**	**52,991,621**
2.1	Interest on deposits	V-IV-2	60,707,754	31,014,009
2.2	Interest on funds borrowed	V-IV-2	4,762,281	1,901,817
2.3	Interest on money market transactions		10,430,581	13,560,184
2.4	Interest on securities issued	V-IV-2	7,889,345	6,256,561
2.5	Leasing interest income		239,594	150,301
2.6	Other interest expenses		1,607,478	108,749
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**75,749,130**	**20,325,425**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**10,189,800**	**4,255,818**
4.1	Fees and commissions received		13,045,876	5,750,870
4.1.1	Non-cash loans		1,842,048	995,209
4.1.2	Other		11,203,828	4,755,661
4.2	Fees and commissions paid (-)		2,856,076	1,495,052
4.2.1	Non-cash loans		46,158	12,389
4.2.2	Other		2,809,918	1,482,663
V.	**DIVIDEND INCOME**		**57,391**	**23,394**
VI.	**TRADING PROFIT/LOSS (Net)**	**V-IV-3**	**5,762,820**	**(4,254,115)**
6.1	Profit/losses from capital market transactions	V-IV-3	**1,855,622**	**749,372**
6.2	Profit/losses from derivative financial transactions	V-IV-3	(563,852)	(6,946,541)
6.3	Foreign exchange profit/losses	V-IV-3	4,471,050	1,943,054
VII.	**OTHER OPERATING INCOME**	**V-IV-4**	**10,885,337**	**8,575,813**
VIII.	**GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)**		**102,644,478**	**28,926,335**
IX.	**ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)**	**V-IV-5**	**27,203,605**	**11,941,319**
X.	**OTHER PROVISION EXPENSES (-)**	**V-IV-5**	**17,301,139**	**726,429**
XI.	**PERSONNEL EXPENSES (-)**		**7,472,658**	**4,129,500**
XII.	**OTHER OPERATING EXPENSES (-)**	**V-IV-6**	**10,899,024**	**5,599,918**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**	**V-IV-6**	**39,768,052**	**6,529,169**
XIV.	**SURPLUS WRITTEN AS GAIN AFTER MERGER**		**-**	**-**
XV.	**PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES**		**342,159**	**93,677**
XVI.	**NET MONETORY POSITION GAIN/LOSS**		**-**	**-**
XVII.	**PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS III+...+XVI)**	**V-IV-7**	**40,110,211**	**6,622,846**
XVIII.	**PROVISION FOR TAXES ON INCOME FROM CONTINUING PERATIONS (±)**	**V-IV-9**	**(13,643,596)**	**(1,287,150)**
18.1	Current tax provision	V-IV-11	(20,041,060)	(391,092)
18.2	Expense effect of deferred tax (+)	V-IV-11	(7,321,279)	(5,885,070)
18.3	Income effect of deferred tax (-)	V-IV-11	13,718,743	4,989,012
XIX.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)**	**V-IV-10**	**26,466,615**	**5,335,696**
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 X-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 XII±XXIII)**		**-**	**-**
XXV.	**NET PROFIT/LOSSES (XIX+XXIV)**	**V-IV-12**	**26,466,615**	**5,335,696**
25.1	Group's profit/(loss)		25,811,449	5,165,856
25.2	Profit /(Loss) from Minority shares (-)		655,166	169,840
	Profit/Loss per 100 shares (full TL)	III-XXIV	4.0082	1.3662

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

Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

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

	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period January 1, 2022- December 31, 2022	Prior Period January 1, 2021- December 31, 2021
I.	**PROFIT (LOSS)**	**26,466,615**	**5,335,696**
II.	**OTHER COMPREHENSIVE INCOME**	**12,980,319**	**1,539,051**
2.1.	**Other comprehensive income that will not be reclassified to profit or loss**	**3,249,757**	**684,728**
2.1.1.	Gains (Losses) on Revaluation of Property, Plant and Equipment	2,903,263	5,740
2.1.2.	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3.	Gains (losses) on remeasurements of defined benefit plans	(777,939)	(65,358)
2.1.4.	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	1,406,650	768,843
2.1.5.	Taxes Relating To Components of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(282,217)	(24,497)
2.2.	**Other Comprehensive Income That Will Be Reclassified to Profit or Loss**	**9,730,562**	**854,323**
2.1.1.	Exchange Differences on Translation	513,456	451,421
2.2.2.	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	12,243,710	882,100
2.2.3.	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4.	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	118,670	(262,351)
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	(3,145,274)	(216,847)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**39,446,934**	**6,874,747**

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Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

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	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss 1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority Share	Minority interest	Total Shareholders' Equity
Current Period 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**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**	**3,905,622**	**6,303,367**	**-**	**(110,744)**	**892,669**	**(233,150)**	**1,627,520**	**977,197**	**1,703,781**	**(446,759)**	**33,168,288**	**5,197,169**	**-**	**52,984,960**	**1,215,068**	**54,200,028**
IV.	**Total Comprehensive Income**	**-**	**-**	**-**	**-**	**2,488,385**	**(567,429)**	**1,296,926**	**513,456**	**9,098,436**	**118,670**	**-**	**-**	**25,811,449**	**38,759,893**	**687,041**	**39,446,934**
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 difference**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Debt Instruments**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Increase/Decrease by Other Changes**	**-**	**1,366**	**-**	**47,567**	**-**	**-**	**-**	**-**	**-**	**-**	**173,625**	**(619,165)**	**-**	**(396,607)**	**(94,407)**	**(491,014)**
XI.	**Profit Distribution**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,138,796**	**(4,138,762)**	**-**	**34**	**(963)**	**(929)**
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	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**	**439,242**	**25,811,449**	**104,718,789**	**1,806,739**	**106,525,528**

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

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Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

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

STATEMENT OF CHANGES IN SHAREHOLDERS	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss 1	2	3	Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss 4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Total Shareholders' Equity
Prior Period December 31, 2021																	
I. Prior Period End Balance		**3,905,622**	**6,303,347**	**-**	**(37,820)**	**888,033**	**(181,150)**	**896,713**	**525,776**	**1,038,528**	**(184,408)**	**26,704,950**	**6,545,561**	**-**	**46,405,152**	**746,932**	**47,152,084**
Corrections and Accounting Policy Changes																	
II. Made According to TAS 8			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of the Changes in 2.2. Accounting Policies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		**3,905,622**	**6,303,347**	**-**	**(37,820)**	**888,033**	**(181,150)**	**896,713**	**525,776**	**1,038,528**	**(184,408)**	**26,704,950**	**6,545,561**	**-**	**46,405,152**	**746,932**	**47,152,084**
Total Comprehensive IV. Income									**451,421**	**665,253**	**(262,351)**	**-**	**-**	**5,165,856**	**6,703,702**	**171,045**	**6,874,747**
Capital Increase by Cash V. Capital Increase by		-	-	-	-	4,716	(52,000)	730,807	-	-	-	-	-	-	-	-	-
VI. Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-in capital inflation VII. adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated Debt IX. Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/Decrease by X. Other Changes		-	**20**	-	**(72,924)**	-	-	-	-	-	-	**1,157,723**	**(1,202,543)**	-	**(117,724)**	**297,694**	**179,970**
XI. Profit Distribution		-	-	-	-	**(80)**	-	-	-	-	-	**5,305,615**	**(5,311,705)**	-	**(6,170)**	**(603)**	**(6,773)**
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	(6,162)	-	(6,162)	(603)	(6,765)
11.2. Transfers to Reserves		-	-	-	-	(80)	-	-	-	-	-	5,302,264	(5,302,192)	-	(8)	-	(8)
11.3. Other		-	-	-	-	-	-	-	-	-	-	3,351	(3,351)	-	-	-	-
Ending 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**	**31,313**	**5,165,856**	**52,984,960**	**1,215,068**	**54,200,028**

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

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Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Notes	Current Period December 31, 2022	Prior Period December 31, 2021
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**47,954,301**	**6,339,574**
1.1.1	Interest received		130,865,417	69,087,290
1.1.2	Interest paid		(83,691,607)	(52,314,924)
1.1.3	Dividends received		57,391	23,394
1.1.4	Fee and commissions received		10,628,467	6,177,515
1.1.5	Other income		1,332,942	106,937
1.1.6	Collections from previously written off loans and other receivables		4,418,735	3,537,856
1.1.7	Cash payments to personnel and service suppliers		(8,146,612)	(4,507,169)
1.1.8	Taxes paid		(16,631,501)	(2,794,982)
1.1.9	Other	V-VI-1	9,121,069	(12,976,343)
1.2	**Changes in operating assets and liabilities subject to banking operations**		**27,139,668**	**21,160,019**
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(746,505)	(9,006,979)
1.2.2	Net decrease (increase) in due from banks		(106,484,046)	(32,816,068)
1.2.3	Net decrease (increase) in loans		(298,488,798)	(68,432,226)
1.2.4	Net decrease (increase) in other assets		(32,594,300)	10,155,604
1.2.5	Net increase (decrease) in bank deposits		44,738,936	10,147,253
1.2.6	Net increase (decrease) in other deposits		388,248,109	45,474,978
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		15,273,553	11,211,448
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	V-VI-1	17,192,719	54,426,009
I.	**Net cash provided from banking operations**		**75,093,969**	**27,499,593**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from investing activities**		**(44,847,511)**	**(14,777,230)**
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		(188,213)	(100,000)
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		(7,246,138)	(2,987,530)
2.4	Cash obtained from the sale of tangible and intangible asset		2,463,862	2,062,998
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(26,719,699)	(46,100,282)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		25,386,443	30,841,426
2.7	Cash paid for the purchase of financial assets at amortized cost		(41,636,940)	(1,418,048)
2.8	Cash obtained from sale of financial assets at amortized cost		3,320,778	2,975,048
2.9	Other	V-VI-1	(229,354)	(50,842)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash flows from financing activities**		**79,219**	**24,733,195**
3.1	Cash obtained from funds borrowed and securities issued		20,653,431	39,559,480
3.2	Cash outflow from funds borrowed and securities issued		(20,048,449)	(14,440,092)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	(603)
3.5	Payments for finance lease liabilities		(525,763)	(385,590)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**		**366,155**	**5,935,716**
V.	**Net increase/decrease in cash and cash equivalents**		**30,691,832**	**43,391,274**
VI.	**Cash and cash equivalents at beginning of the period**	**V-VI-4**	**98,987,321**	**55,596,047**
VII.	**Cash and cash equivalents at end of the period**	**V-VI-4**	**129,679,153**	**98,987,321**

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Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED DECEMBER 31, 2022

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

		Notes	Current Period December 31, 2022	Prior Period December 31, 2021
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT**			
1.1	**CURRENT YEAR'S PROFIT**		**37,243,595**	**5,295,721**
1.2	**TAXES AND LEGAL DUTIES PAYABLE**		**(13,226,363)**	**(1,120,257)**
1.2.1	Corporate tax (income tax)	V-IV-11	(19,688,536)	(166,899)
1.2.2	Withholding tax		-	-
1.2.3	Other taxes and duties (*)	V-IV-11	6,462,173	(953,358)
A.	**NET PROFIT FOR THE YEAR**		**24,017,232**	**4,175,464**
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**	**-**	**208,773**
1.6	**OTHER STATUTORY RESERVES**	**V-V-5**	**-**	**208,773**
C.	**NET PROFIT AVAILABLE FOR DISTRIBUTION(**)**		**-**	**3,757,918**
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**	**-**	**3,568,998**
1.14	**OTHER RESERVES**		**-**	**188,920**
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)**		**3.6377**	**1.0691**
3.2	**TO OWNERS OF ORDINARY SHARES (%)**		**363.77**	**106.91**
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 2022 profit distribution is not taken.

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Convenience translation of publicly announced consolidated financial originally issued in Turkish

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI

CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2022

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

SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

Covid-19 virus, which first appeared in China and spread rapidly worldwide in a short time, started to appear in our country in March, 2020. Declared as an epidemic by the World Health Organization, Covid-19 had economic and social impacts worldwide. In order to slow down the epidemic, many measures have been taken, including in our country, to restrict travels around the world, to take quarantine measures, to increase distance work, and various arrangements are made to reduce the economic effects of the epidemic. The Group has explained the effects of Covid-19, which it reflects in the financial statements dated December 31, 2022, in the following sections

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from January 1, 2021. Loans given from items indexed to benchmark interest rates in the Parent Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Parent Bank's financial position or performance. The process for the Benchmark Interest Rate Reform is expected to be completed by December 31, 2021, and the Parent Bank's efforts to adapt to the changes continue. As of December 31, 2022, the Parent Bank has no hedging transactions based on the benchmark interest rate.

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. IAS 29 identifies characteristics that may indicate an economy is a hyperinflationary. At the same time, According to TAS 29, all entities reporting in the currency of a hyperinflationary economy are required to apply this standard from the same date. From this basis, as stated in TAS 29, it is expected that all entities will start to apply TAS 29 simultaneously, with the announcement to be made by the Public Oversight, Accounting, and Auditing Standards Authority (POA) in order to ensure consistency in practice across the country. Nevertheless, POA has not made a statement regarding whether an adjustment will be made within the scope of TAS 29 in the financial statements for the accounting period ending on 31 December 2022. Therefore, TAS 29 has not been applied, and no inflation adjustment has been made in the financial statements as of 31 December 2022.

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.

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ACCOUNTING POLICIES (Continued)

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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.

ACCOUNTING POLICIES (Continued)

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

On March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of VakıfBank International AG Türkiye Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 million EUR of VakıfBank International AG's paid-in capital shares amounting to 100 million EUR, the fair value hedging strategy has been applied. In this context, 76 million EUR portion of the securities issued by the Bank on April, 24 2019 with a nominal amount of 700 million Euros and the redemption date of April 24, 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the profit or loss statement as long as the hedging transaction is effective. In this context, as of December 31, 2022, the foreign exchange income presented in the profit or loss statement is TL 361,224. 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, 2022, it was identified that the evaluations that were made about the process to protect from the net investment hedge were effective. Efficiency testing, which is consistent with the Parent Bank's risk strategies, is conducted using the "Dollar off-set method" in the protection from risk process. According to this method, hedging compares the change in value of protection subject from risk with the change in value of protection tool from risk and calculates the relation with the effectiveness ratio of the hedge. The calculated effectiveness ratio is being evaluated within the TAS-39 Financial Instruments: Recognition and Measurement standards and hedge accounting principles are being applied. The Parent Bank documents the hedging strategies along with risk management goals. Hedge accounting ends when protection subject from risk ends or being sold or effectiveness test results are not effective anymore.

Consolidated subsidiaries

As at and for the year ended December 31, 2022, the financial statements of T. Vakıflar Bankası T.A.O, VakıfBank International AG, Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ and Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ have been included in the consolidated financial statements of the Group.

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

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

Pursuant to the March 4, 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official authorisation of World Vakıf UBB Ltd., a subsidiary which was subject to consolidation in previous periods, is abrogated due to incompliance with the 7th and 9th articles of 41/2008 numbered Law of International Banking Units. World Vakıf UBB Ltd. will be liquidated according to May 24, 2010 dated decision of the Nicosia Local Court. Therefore, the financial statements of the company have not been consolidated as at December 31, 2022 and December 31, 2021 but until the liquidation decision date its accumulated previous years' loss has been included in the accompanying consolidated financial statements.

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

As per the resolution of the Board of Directors of the Parent Bank held on September 8, 2011, it has been decided to merge Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ with Vakıf Pazarlama Ticaret AŞ with dissolution of Vakıf Sistem Pazarlama Yazılım Servis Güvenlik Temizlik Ticaret ve Sanayi AŞ without liquidation, in accordance with Mülga Law No: 6762, article 451 of Turkish Commercial Code. Since Vakıf Pazarlama ve Ticaret AŞ is not a financial subsidiary anymore, its financial statements have not been consolidated as at December 31, 2022 and December 31, 2021, 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, 2022, the financial statements of Kıbrıs Vakıflar Bankası Ltd and Türkiye Sınai Kalkınma Bankası AŞ have been consolidated per equity method in the consolidated financial statements of the Group.

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

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

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

ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

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

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

Finance leasing activities

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

Factoring operations

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

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

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

Classification and Measurement of Financial Instruments

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

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

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

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

Derivative Financial Assets

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

The derivative financial instruments of the Group are classified as Financial assets at fair value through profit and loss in accordance with "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 amount and long-term collection process has been taken into account and LGD rate is calculated after deducting net collections amounts from the default amount and discounted with effective interest rates or approxiamate rate over the net amounts with an approximate value.

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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

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

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

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

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

Different macroeconomic models have been created for the individual portfolio and commercial portfolio, and macroeconomic forecasts affect the expected loss provision calculations in two separate scenarios, base and bad. The scenario weights used in the calculation of the "Expected Credit Loss Provision" were reconsidered in the year of 2020 and the weight of negative scenario was increased and adjustments were made in macroeconomic estimates in order to reflect the effects of Covid-19. The same approach has been continued in 2021 and December 31, 2022. The future macroeconomic expectations taken into account into TFRS 9 are in line with the Bank's current budget and ISEDES forecasts.

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Staging

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

Significant Increase in Credit Risk

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

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

Write off Policy

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on November 27, 2019. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) if it cannot reasonably be expected to be recovered. In accordance with the amendment in the related regulation on provisions, the deduction of loans from the records is an accounting practice and does not result in the right to waive. In the current period, a write-off transaction has been made for non-performing loans in the amount of TL 3,186,885 for which 100% provision has been made. (December 31, 2021: 834,885.)

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, 2022 and December 31, 2021 there are no transactions of this nature at the Parent Bank.

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

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ACCOUNTING POLICIES (Continued)

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

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

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

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

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

A discontinued operation is a part of the Group's business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the 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, 2022, the goodwill amount is TL 14,631 (December 31, 2021: TL 14,631)

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and is recognized in the profit or loss statement of the period.
Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

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

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

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

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at December 31, 2022 is TL 15,371 (full TL) (December 31, 2021: TL 8,285 (full TL)).

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

As of December 31, 2022, and December 31, 2021, actuarial estimates used are:

	Current Period - 31 December 2022	Prior Period - 31 December 2021
Discount Rate	18.45%	18.45%
Estimated Inflation Rate	15.00%	15.00%
Real Wage Increase Rate	3.00%	16.00%

Other benefits to employees

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

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

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ACCOUNTING POLICIES (Continued)

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

Pension fund

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

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAXATION

Corporate tax

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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 differ from cities that are related to centralized government and cities that are related to North Iraq. On the other hand, North Iraq tax administrations can impute taxes rather than the designated rates.

New York

The Parent Bank's branch that is operating in New York is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in 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 25% for the assets and liabilities as of the end of the reporting period

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

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

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The Parent Bank is not hedging about debt instruments.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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

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

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

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

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

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XXII. INFORMATION ON GOVERNMENT INCENTIVES

There is not within current period. As of December 31, 2021, the unused investment allowances of Vakıf Finansal Kiralama AŞ, one of the Group's subsidiaries within the scope of consolidation, in the previous period was TL 36,609.

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ACCOUNTING POLICIES (Continued)

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

XXIV. OTHER MATTERS

Earnings per shares

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

As at and for the year ended December 31, 2022, earnings per 100 shares are full TL 4.0082 (December 31, 2021: full TL 1.3662).

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

None.

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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. 10188 dated April 28, 2022, the exchange rates announced by the CBRT as of December 31, 2021, were used in the calculation of the amount based on credit risk.

As of December 31, 2022, Group's equity amount TL 142,255,854 (December 31, 2021: TL 81,950,359) and capital adequacy ratio is 14.34 % (December 31, 2021: 14.72 %).

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	7,111,364	3,905,622
Share Premium	16,469,500	6,303,367
Reserves	37,480,709	33,168,288
Income recognized under equity in accordance with TAS	20,250,745	6,793,706
Profit	26,250,691	5,197,169
Current Period's Profit	25,811,449	5,165,856
Prior Period's Profit	439,242	31,313
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	(63,177)	(110,744)
Minority shares	1,803,499	1,213,157
Common Equity Tier 1 Capital Before Deductions	**109,303,331**	**56,470,565**
Deductions from Common Equity Tier 1 Capital		
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	1,311,258	403,675
Leasehold Improvements on Operational Leases	207,555	184,453
Goodwill netted with deferred tax liability	14,631	14,631
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	449,004	282,664
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 provison	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	**1,982,448**	**885,423**
Common Equity Tier 1 capital (CET1)	**107,320,883**	**55,585,142**
Additional Tier 1 capital: instruments		
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank's borrowing instruments and related issuance premium	18,979,365	15,638,650
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital -	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier 1 Capital before deductions	**18,979,365**	**15,638,650**
Deductions from Additional Tier 1 Capital		
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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INFORMATION RELATED TO 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 Eguity 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 Eguity 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 1capital (AT1)	**18,979,365**	**15,638,650**
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	**126,300,248**	**71,223,792**
TIER 2 CAPITAL	-	
Bank's borrowing instruments and related issuance premium	4,145,000	4,299,907
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital -	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	3,240	1,911
Provisions (Article 8 of the Regulation on the Equity of Banks)	11,829,968	6,435,542
Tier 2 Capital Before Deductions	**15,978,208**	**10,737,360**
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	**15,978,208**	**10,737,360**
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	**142,278,456**	**81,961,152**
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 (-)	22,602	10,793
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	142,255,854	81,950,359
Total Risk Weighted Amounts	991,995,262	556,845,097
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	10.82	9.98
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.73	12.79
Consolidated Capital Adequacy Ratio (%)	14.34	14.72
BUFFERS		
Total buffer requirement (a+b+c)	4.024	3.515
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific counter-cyclical buffer requirement (%)	0.024	0.015
c) Systemically important banks buffer requirement (%) (*)	1.500	1.000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6.300	5.480
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)	25,944,071	12,249,919
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	11,829,968	6,435,542
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 2018, 1 and January 2022, 1)	-	-
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.

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

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, 2022	Coupons / dividends					
Fixed or floating dividend/coupon	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in six months, principal payment at the maturity date
Coupon rate and any related index	5 years maturity "Indicator Government Debt Security" +350 basis points	% 12.62 fixed interest rate	% 5.076 fixed interest rate	TLREF + 150 basis points	CPI (Annual Real Interest Rate 160 basis points)	17,50 % (Annuel simple interest)
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism	Has write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Possess Article 7	Not Possess Article 7

I. 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, 2021						
Issuer	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.	T. Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NAB91	XS1551747733 / US90015WAE30	TRSVKFB92719	TRSVKFBA0043	XS1984644812	TRSVKFB92925
Governing law(s) of the instrument	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment						
Subject to 10% deduction as of 1/1/2015	Subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
Eligible at solo/group/group&solo	Available	Available	Available	Available	Available	Available
Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	-	3,050	525	4,994	10,645	725
Par value of instrument (in million)	8,353	3,050	525	4,994	10,645	725
Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011-Subordinated Liabilities
Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval	Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount	Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
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FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. 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, 2021						
Coupons / dividends						
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate	8% fixed interest rate	5 years maturity "Indicator Government Debt Security" +350 basis points	% 12.62 fixed interest rate	% 5.076 fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible						
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil
Write-down feature						
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.	Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent write down feature
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7

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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, 2022	Prior Period December 31, 2021
Shareholders' equity	106,525,528	54,200,028
Valuation differences of the marketable securities (*)	1,469,785	1,868,773
Leasehold improvements on operational leases	(207,555)	(184,453)
Goodwill and intangible assets	(463,635)	(297,295)
General provision (1.25% of the amount that subject to credit risk) (**)	11,829,968	6,435,542
Subordinated debt	23,124,365	19,938,557
Deductions from shareholders' equity	(22,602)	(10,793)
Capital	**142,255,854**	**81,950,359**

(*) 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 letter dated April 28, 2022, and numbered 10188, the exchange rates announced by the CBRT as of December 31, 2021, were used in the calculation of the amount based on credit risk.

II. CONSOLIDATED CREDIT RISK

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

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

For credit risk management purposes, Risk Management Department operates in

- The determination of credit risk policies in coordination with the Bank's other units,
- The determination and monitoring of the distribution of concentration limits with respect to sector, 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 28 April 2022 and numbered 10188, taking into account the CBRTS foreign exchange buying rates for 31 December 2021.

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

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

The Group's largest 100 cash loan customers compose 36.35% of the total cash loan portfolio (December 31, 2021: 34.83%).

The Group's largest 100 non-cash loan customers compose 49.04% of the total non-cash loan portfolio (December 31, 2021: 51.55%).

The Group's largest 100 cash loan customers compose 19.62% of total assets of the Group and the Group's largest 100 non-cash loan customers compose 13.31% of total off-balance sheet items (December 31, 2021: 19.55% and 14.03%).

The Group's largest 200 cash loan customers compose 44.27% of the total cash loan portfolio (December 31, 2021: 41.99%).

The Group's largest 200 non-cash loan customers compose 60.79% of the total non-cash loan portfolio (December 31, 2021: 63.59%).

The Group's largest 200 cash loan customers compose 23.90% of total assets of the Group and the Bank's largest 200 non-cash loan customers compose 16.50% of total off-balance sheet items (December 31, 2021: 23.57% and 17.30%).

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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, 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**

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Prior Period-December 31,2021	**Balance**	**Provision**	**Balance**	**Provision**	**Balance**	**Provision**	**Balance**	**Provision**
Loans	**473,382,235**	**23,070,312**	**110,820,819**	**2,348,993**	**24,552,037**	**1,175,456**	**608,755,091**	**26,594,761**
Stage 1	386,924,555	2,226,524	105,744,802	255,234	23,002,578	359,619	515,671,935	2,841,377
Stage 2	71,305,242	8,760,253	2,040,095	297,539	597,891	77,184	73,943,228	9,134,976
Stage 3	15,152,438	12,083,535	3,035,922	1,796,220	951,568	738,653	19,139,928	14,618,408
Financial Assets	**422,678,064**	**68,606**	-	-	-	-	**422,678,064**	**68,606**
Non- Cash Loans and Commitments	**266,243,107**	**264,266**	-	-	-	-	**266,243,107**	**264,266**
Stage 1	261,395,489	186,096	-	-	-	-	261,395,489	186,096
Stage 2	4,196,076	18,864	-	-	-	-	4,196,076	18,864
Stage 3	651,542	59,306	-	-	-	-	651,542	59,306
Total	**1,162,303,406**	**23,403,184**	**110,820,819**	**2,348,993**	**24,552,037**	**1,175,456**	**1,297,676,262**	**26,927,633**

Information on expected loss provisions for loans:

Current 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**

Prior Period - December 31, 2021	**Stage 1**	**Stage 2**	**Stage 3**
Provision balance at the beginning	3,179,240	5,248,355	13,717,900
Additional provisions during the period	359,099	5,372,846	2,478,845
Disposals during the period (-)	564,426	1,531,419	820,816
Deleted from assets (-)	-	-	834,885
Transfers to stage 1	178,827	(178,513)	(314)
Transfers to stage 2	(261,240)	440,399	(179,159)
Transfers to stage 3	(47,173)	(190,751)	237,924
Exchange rate change	(2,950)	(25,941)	18,913
Provision Balance at the end of the Period	**2,841,377**	**9,134,976**	**14,618,408**

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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 25,944,071 (December 31, 2021: TL 12,249,919)

Risk Classifications:	**Current 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	539,704,260	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	65,566,122	37,427,900

(*) 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.

Risk Classifications:	**Prior Period Risk Amount (**)**	**Average Risk Amount (*)(**)**
Claims on sovereigns and Central Banks	421,820,561	341,992,057
Claims on regional governments or local authorities	7,888,575	8,540,052
Claims on administrative bodies and other non-commercial undertakings	891,138	540,324
Claims on multilateral development banks	-	11,376
Claims on international organizations	-	-
Claims on banks and intermediary institutions	56,128,011	56,631,461
Claims on corporate	317,343,080	279,013,004
Claims included in the regulatory retail portfolios	123,086,047	109,082,398
Claims secured by residential property	107,310,684	92,535,837
Past due loans	4,432,335	3,911,535
Higher risk categories decided by the Agency	14,114,969	4,079,284
Secured securities	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	7,806	7,336
Stock Investments	3,204,428	2,344,894
Other claims	21,252,612	20,555,873

(*) 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 2021 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, 2022	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short- term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	609,204,828	7,003,783	925,801	-	-	27,615,223	509,365,319	204,574,419	161,609,786	4,196,453	113,432,282	74,700	-	-	133,703	389,729	65,483,302	1,704,009,328
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	-	-	-	-	5,705,372	655,397	-	-	-	320,018	-	-	-	-	-	-	6,703,095
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	301,080	-	-	-	-	-	-	-	-	-	5,043,360	-	5,344,440
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**618,519,559**	**7,003,783**	**927,590**	**-**	**-**	**89,516,423**	**539,704,260**	**204,583,462**	**161,611,911**	**4,196,453**	**113,752,300**	**74,700**	**-**	**-**	**133,703**	**5,433,089**	**65,566,122**	**1,811,023,355**

(*) OECD countries except from EU countries, USA, Canada.
(**) The assets and liabilities that can not be distributed according to a consistent base.
(***) Risk amounts are given before credit risk mitigation, after multiplied by credit risk conversion ratio.

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

Prior Period - December 31, 2021	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non-commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	415,506,604	7,888,575	889,330	-	-	12,299,109	296,769,659	123,081,559	107,310,684	4,432,335	14,031,472	-	-	-	7,806	363,858	21,187,299	1,003,768,290
EU countries	4,424,946	-	1,808	-	-	34,656,565	5,078,937	4,325	-	-	7,570	-	-	-	-	-	65,313	44,239,464
OECD countries (*)	110,330	-	-	-	-	249,259	-	-	-	-	-	-	-	-	-	-	-	359,589
Off-shore banking regions	220,213	-	-	-	-	653,251	13,330,049	-	-	-	-	-	-	-	-	-	-	14,203,513
USA, Canada	1,363,321	-	-	-	-	5,967,414	1,829,542	-	-	-	-	-	-	-	-	-	-	9,160,277
Other countries	195,147	-	-	-	-	2,177,466	334,893	163	-	-	75,927	-	-	-	-	-	-	2,783,596
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	-	2,840,570	-	2,965,517
Undistributed Assets/ Liabilities (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**421,820,561**	**7,888,575**	**891,138**	**-**	**-**	**56,128,011**	**317,343,080**	**123,086,047**	**107,310,684**	**4,432,335**	**14,114,969**	**-**	**-**	**-**	**7,806**	**3,204,428**	**21,252,612**	**1,077,480,246**

(*) 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.

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period – December 31, 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**	**5,313,565**	-	-	-	-	-	-	**65,440,178**	**44,701,054**	**110,141,232**
Services	**54,505,073**	**6,426,700**	**501,564**	-	-	**89,357,734**	**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	-	-	-	-	-	-	144,900,536	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	-	-	89,357,734	10,573,156	2,029,784	590,669	86,948	3,439,228	74,700	-	-	133,703	389,727	-	68,237,213	78,681,421	146,918,634
Real Estate and renting services	113,077	-	299,067	-	-	-	3,837,375	7,683,316	3,686,282	17,638	3,805,254	-	-	-	-	-	-	14,199,842	5,242,167	19,442,009
Self-employment services	-	-	-	-	-	-	255,774	26,936	2,447	-	45,294	-	-	-	-	-	-	309,753	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	-	-	-	8,576,564	1,253,799	1,145,089	16,888	5,913,344	-	-	-	-	-	-	16,813,209	7,911,618	24,724,827
Other	**537,016,163**	**13,669**	**424,233**	-	-	**158,689**	**34,889,227**	**99,243,296**	**52,285,801**	**1,758,745**	**33,344,329**	-	-	-	-	**5,043,362**	**65,566,122**	**518,077,901**	**311,665,736**	**829,743,637**
Total	**618,519,559**	**7,003,783**	**927,590**	-	-	**89,516,423**	**539,704,260**	**204,583,462**	**161,611,911**	**4,196,453**	**113,752,300**	**74,700**	-	-	**133,703**	**5,433,089**	**65,566,122**	**1,114,649,688**	**696,373,667**	**1,811,023,355**

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Prior Period- December 31, 2021	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	**273,945**	**232**	**1,968**	-	-	-	**1,349,193**	**2,185,173**	**1,337,952**	**46,004**	**36,062**	-	-	-	-	-	-	**5,055,368**	**175,161**	**5,230,529**
Farming and raising livestock	247,223	232	1,968	-	-	-	817,947	2,094,820	1,306,716	42,936	35,667	-	-	-	-	-	-	4,456,716	90,793	4,547,509
Forestry	7,866	-	-	-	-	-	445,558	50,954	23,359	480	344	-	-	-	-	-	-	523,152	5,409	528,561
Fishing	18,856	-	-	-	-	-	85,688	39,399	7,877	2,588	51	-	-	-	-	-	-	75,500	78,959	154,459
Manufacturing	**9,202,821**	**486,109**	**1,023**	-	-	-	**142,473,978**	**16,936,353**	**18,790,444**	**729,341**	**48,750**	-	-	-	-	-	-	**99,317,654**	**89,351,165**	**188,668,819**
Mining	194,087	-	-	-	-	-	11,163,270	401,241	359,682	61,551	487	-	-	-	-	-	-	3,339,014	8,841,304	12,180,318
Production	8,882,093	-	658	-	-	-	100,175,419	16,069,824	17,931,763	500,076	47,702	-	-	-	-	-	-	86,416,732	57,190,803	143,607,535
Electric, Gas, Water	126,641	486,109	365	-	-	-	31,135,289	465,288	498,999	167,714	561	-	-	-	-	-	-	9,561,908	23,319,058	32,880,966
Construction	**15,131,781**	**64**	**22**	-	-	-	**37,744,619**	**5,734,913**	**10,674,129**	**909,746**	**23,834**	-	-	-	-	-	-	**40,272,928**	**29,946,180**	**70,219,108**
Services	**287,200,441**	**7,398,079**	**533,163**	-	-	**53,886,725**	**113,092,133**	**36,485,454**	**37,299,125**	**985,117**	**1,023,303**	-	-	-	**7,806**	**363,859**	-	**332,829,811**	**205,445,394**	**538,275,205**
Wholesale and retail trade	9,308,332	1,298	1,491	-	-	-	36,503,130	23,716,960	18,857,005	721,748	229,108	-	-	-	-	-	-	73,093,525	16,245,547	89,339,072
Hotel, Food and Beverage Services	1,426,515	-	90	-	-	-	7,979,462	2,046,964	8,764,555	77,271	91,455	-	-	-	-	-	-	8,624,258	11,762,054	20,386,312
Transportation and Telecommunication	8,052,676	21	10,078	-	-	-	48,907,922	5,899,945	4,574,084	103,514	124,623	-	-	-	-	-	-	17,024,076	50,648,787	67,672,863
Financial Institutions	267,013,115	-	2,333	-	-	53,886,725	12,476,611	884,259	478,163	7,741	101,325	-	-	-	7,806	363,859	-	212,401,418	122,820,519	335,221,937
Real Estate and renting services	302,610	-	436,309	-	-	-	3,207,970	2,873,320	2,809,170	40,892	436,737	-	-	-	-	-	-	8,973,692	1,133,316	10,107,008
Self-employment services	-	-	-	-	-	-	229,623	8,517	-	-	-	-	-	-	-	-	-	211,828	26,312	238,140
Education services	313,650	-	372	-	-	-	976,024	338,550	986,976	22,456	3,345	-	-	-	-	-	-	2,543,157	98,216	2,641,373
Health and social services	783,543	7,396,760	82,490	-	-	-	2,811,391	716,939	829,172	11,495	36,710	-	-	-	-	-	-	9,957,857	2,710,643	12,668,500
Other	**110,011,573**	**4,091**	**354,962**	-	-	**2,241,286**	**22,683,157**	**61,744,154**	**39,209,034**	**1,762,127**	**12,983,020**	-	-	-	-	**2,840,569**	**21,252,612**	**180,279,917**	**94,806,668**	**275,086,585**
Total	**421,820,561**	**7,888,575**	**891,138**	-	-	**56,128,011**	**317,343,080**	**123,086,047**	**107,310,684**	**4,432,335**	**14,114,969**	-	-	-	**7,806**	**3,204,428**	**21,252,612**	**657,755,678**	**419,724,568**	**1,077,480,246**

(*) 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)

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

	According to their outstanding maturities					
Risk Classifications- Current 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	69,082,492	-
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	-	3,790,102	-	-	-	406,351
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	-	-	-	65,483,302	-
TOTAL	**107,616,947**	**654,701,560**	**115,406,160**	**167,773,792**	**765,118,545**	**406,351**

(*) 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, 2021	**1 month**	**1-3 month**	**3-6 month**	**6-12 month**	**1 year and over**	**Undistributed**
Claims on sovereigns and Central Banks	90,246,196	1,889,721	6,082,777	20,024,705	303,577,162	-
Claims on regional governments or local authorities	11,158	135,669	135,852	203,021	7,402,875	-
Claims on administrative bodies and other non-commercial undertakings	38,595	17,055	14,654	375,732	445,102	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	15,711,222	3,306,462	1,902,066	3,356,556	31,851,705	-
Claims on corporate	17,587,762	26,438,725	22,495,907	55,906,202	194,914,484	-
Claims included in the regulatory retail portfolios	1,545,804	2,810,779	4,057,680	19,893,336	94,778,448	-
Claims secured by residential property	982,588	2,612,424	3,800,744	16,742,570	83,172,358	-
Past due loans	-	-	-	-	-	4,432,335
Higher risk categories decided by the Agency	1,552	8,950	887	25,935	14,077,645	-
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	-	-	-	-	7,806	-
Stock Investments	3	-	-	-	3,204,425	-
Other claims	65,313	-	-	-	21,187,299	-
TOTAL	**126,190,193**	**37,219,785**	**38,490,567**	**116,528,057**	**754,619,309**	**4,432,335**

(*) 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, 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	549,986,456	45,581,202	68,265,971	693,792
Amount after Credit Risk Mitigation	674,494,702	15,324,777	26,818,275	113,760,135	72,018,646	133,238,550	162,841,686	498,736,074	45,524,536	68,265,971	693,792

Risk Weights Prior Period - December 31, 2021	**0%**	**2%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Other Risk Weights**	**Deductions from the shareholders' equity**
Pre-Amount of Credit Risk Mitigation	410,527,623	12,579,732	-	38,570,637	50,436,951	71,832,864	118,231,980	360,911,727	14,388,732	-	492,541
Amount after Credit Risk Mitigation	446,697,579	1,223,365	3,760,956	32,872,364	50,436,951	66,679,791	116,471,248	345,016,606	14,321,386	-	492,541

Information According to Sectors and Counterparties

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

	Loans		
Prior Period- December 31, 2021	**Impaired (*)**	**Past Due (**)**	**Value Adjustments (***)**
Agricultural	**883,107**	**200,187**	**187,741**
Farming and raising livestock	569,915	183,780	173,750
Forestry	310,902	1,840	2,989
Fishing	2,290	14,567	11,002
Manufacturing	**30,119,553**	**4,312,213**	**5,380,691**
Mining	501,844	339,115	313,822
Production	21,566,077	3,087,315	3,668,628
Electric, Gas, Water	8,051,632	885,783	1,398,241
Construction	**10,974,799**	**3,991,335**	**4,731,379**
Services	**29,082,042**	**7,277,619**	**10,746,226**
Wholesale and retail trade	9,654,112	4,401,810	4,573,330
Hotel, Food and Beverage Services	7,435,417	250,646	2,011,689
Transportation and telecommunication	5,611,281	510,553	1,075,956
Financial Institutions	872,496	45,835	63,476
Real estate and renting services	3,655,923	213,837	1,571,512
Self-employment services	1,190,305	1,646,220	1,238,705
Education services	286,532	103,241	88,879
Health and social services	375,976	105,477	122,679
Other	**2,883,727**	**3,358,574**	**2,707,347**
Total	**73,943,228**	**19,139,928**	**23,753,384**

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

II. CONSOLIDATED CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2022	Opening Balance 1 January 2021	Provisions reserved during the period	Cancelations	Other Adjustments (*)	Closing Balance
Provisions (stage 3)	14,677,714	6,176,059	(3,793,274)	(38,379)	17,022,120
Provisions (stage 1-2)	12,249,919	21,027,546	(7,299,268)	(34,126)	25,944,071

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

Prior Period- December 31, 2021	Opening Balance 1 January 2021	Provisions reserved during the period	Cancelations	Other Adjustments (*)	Closing Balance
Provisions (stage 3)	13,779,782	3,555,064	(2,731,001)	73,869	14,677,714
Provisions (stage 1-2)	8,777,846	8,386,255	(4,914,253)	71	12,249,919

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

Fair value of collateral held against impaired loans

	Current Period- December 31, 2022	Prior Period - December 31, 2021
Cash collateral (*)	-	-
Mortgage	8,307,714	8,187,737
Promissory note (*)	-	-
Others (**)	12,527,822	10,952,191
Total	**20,835,536**	**19,139,928**

(*) 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, 2022	Prior Period - December 31, 2021
Secured Loans:	**644,305,626**	**441,061,763**
Secured by mortgages	149,310,129	101,069,066
Secured by cash collateral	15,559,342	3,261,049
Guarantees issued by financial institutions	3,887,138	2,039,416
Secured by government institutions or government securities	32,968,702	43,639,424
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	442,580,315	291,052,808
Unsecured Loans	**308,176,091**	**148,553,400**
Total performing loans	**952,481,717**	**589,615,163**

Non-cash loans	Current Period- December 31, 2022	Prior Period - December 31, 2021
Secured Loans:	**158,761,047**	**100,710,338**
Secured by mortgages	19,463,047	10,517,180
Secured by cash collateral	4,195,436	1,479,603
Guarantees issued by financial institutions	-	515,712
Secured by government institutions or government securities	128,509	225,107
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	134,974,055	87,972,736
Unsecured Loans	**120,595,184**	**92,745,588**
Total performing loans	**279,356,231**	**193,455,926**

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

II. CONSOLIDATED CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period – December 31, 2022

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	917,112,943	-	917,112,943
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
BAE	865,020	-	865,020
Iraq	840,873	-	840,873
Italy	543,811	-	543,811
Other	3,091,750	-	3,091,750
Total	**944,924,039**	**-**	**944,924,039**

Prior Period - December 31, 2021

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Türkiye	495,181,948	-	495,181,948
England	5,094,320	-	5,094,320
Germany	3,314,302	-	3,314,302
USA	2,421,312	-	2,421,312
Austria	1,144,571	-	1,144,571
France	1,265,090	-	1,265,090
Switzerland	650,906	-	650,906
Bahrain	582,988	-	582,988
Luksemburg	491,353	-	491,353
Iraq	424,920	-	424,920
Other	1,346,983	-	1,346,983
Total	**511,918,693**	**-**	**511,918,693**

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

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, 2022 and December 31, 2021, 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 sectionIII.

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	**18.7300**	**19.9797**
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	18.7201	19.9556
Day 2	18.7140	19.9397
Day 3	18.7144	19.8766
Day 4	18.7085	19.8732
Day 5	18.5639	19.6983
	US Dollar	**Euro**
Last 30-days arithmetical average rate	**18.6328**	**19.6211**

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

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- December 31, 2022	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of the Republic of Türkiye	117,166,657	88,891,651	14,521,564	220,579,872
Banks	2,885,557	21,919,238	3,811,963	28,616,758
Financial assets at fair value through profit or loss [7]	-	383,329	16,478,801	16,862,130
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	28,797,192	90,655,214	-	119,452,406
Loans [1] [2]	156,610,307	144,865,507	257,358	301,733,172
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	18,788,683	15,247,960	-	34,036,643
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	2,455	43,602	4,204	50,261
Intangible assets	9,518	1,125	-	10,643
Other assets [3]	3,379,283	6,261,767	686,940	10,327,990
Total assets	**327,639,655**	**368,269,393**	**35,760,830**	**731,669,878**
Liabilities:				
Bank deposits	15,304,225	12,243,806	1,620,688	29,168,719
Foreign currency deposits	155,384,389	224,043,284	45,279,922	424,707,595
Interbank money market takings	36,570,520	45,727,488	-	82,298,008
Other funding	52,622,461	63,715,325	8,549,896	124,887,682
Securities issued [4]	14,475,926	61,708,540	1,831,608	78,016,074
Miscellaneous payables	5,952,887	3,473,707	691	9,427,285
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities [3]	2,632,519	6,557,818	660,927	9,851,264
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
Prior Period - December 31, 2021	**Euro**	**US Dollar**	**Other FC**	**Total**
Total assets	207,742,833	266,893,349	26,888,840	501,525,022
Total liabilities	194,922,482	310,651,117	39,932,687	545,506,286
Net 'on balance sheet' position	12,820,351	(43,757,768)	(13,043,847)	(43,981,264)
Net 'off-balance sheet' position	(8,878,381)	46,453,550	12,990,072	50,565,241
Derivative assets [5]	10,816,208	55,713,234	21,148,983	87,678,425
Derivative liabilities [5]	19,694,589	9,259,684	8,158,911	37,113,184
Non-cash loans [6]	49,920,167	78,318,507	2,759,525	130,998,199

(1) Foreign currency indexed loans amounting to TL 462,190 (December 31, 2021: TL 522,078) 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 397,931 (December 31, 2021: TL 647,069) presented in TL column in the accompanying consolidated balance sheet is included.

(3) Other Derivative Financial Instruments Currency Income Costs TL 72,291 (December 31, 2021: TL 390,124), Prepaid Expenses TL 512,039 (December 31, 2021: TL 293,022), 1st and 2nd stage expected loss provisions TL (245,313) (December 31, 2021: TL (59,471)), deferred tax assets TL 221,208 (December 31, 2021: None). Derivative financial instruments currency expense accruals of TL 135,989 (December 31, 2021: TL 290,286), (deferred tax liabilities December 31, 2021: TL 14,719), unearned income TL 348,802 (December 31, 2021: TL 296,504) and shareholders' equity TL 1,371,048 (December 31, 2021: TL 1,970,390) are not taken into consideration in the currency risk calculation.

(4) Subordinated loans are shown under securities issued.

(5) Asset purchase commitments amounting to TL 25,503,640 (December 31, 2021: TL 4,512,599) and asset sales commitments amounting to TL 25,588,622 (December 31, 2021: TL 5,593,730) 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, 2022 and December 31, 2021 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, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(283,523)	(283,523)	266,699	266,699
Euro	282,569	616,674	394,024	640,350
Other currencies	(9,242)	(9,242)	(5,378)	(5,378)
Total, net (**)	**(10,196)**	**323,909**	**655,345**	**901,671**

(*) 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, 2022 and December 31, 2021 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, 2022		Prior Period- December 31, 2021	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	283,523	283,523	(266,699)	(266,699)
Euro	(282,569)	(616,674)	(394,024)	(640,350)
Other currencies	9,242	9,242	5,378	5,378
Total, net (**)	**10,196**	**(323,909)**	**(655,345)**	**(901,671)**

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

IV. CONSOLIDATED INTEREST RATE RISK

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

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

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

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

Current Period- December 31, 2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
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
Financial assets at fair value through other comprehensive income	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
Financial assets measured at amortized cost	92,202,765	3,392,410	1,985,174	44,033,660	16,978,843	-	158,592,852
Other assets (2)	2,073,949	12,328,132	3,146,075	2,735,311	977,365	22,978,556	44,239,388
Total assets	**452,516,446**	**275,674,736**	**326,424,051**	**205,667,614**	**111,590,267**	**335,158,743**	**1,707,031,857**
Liabilities:							
Bank deposits	68,496,222	6,513,088	49,181	-	-	3,038,984	78,097,475
Other deposits	601,075,975	149,262,786	45,698,685	3,431,712	73,015	254,458,095	1,054,000,268
Interbank money market takings	61,719,001	63,912,568	10,343,985	3,098,435	-	-	139,073,989
Miscellaneous payables	-	-	-	-	-	42,666,111	42,666,111
Securities issued (3)	14,995,718	5,304,856	5,822,331	63,528,037	5,470,463	-	95,121,405
Funds borrowed	11,080,507	73,954,780	18,510,170	24,694,117	5,658,719	5,470,526	139,368,819
Other liabilities (4)	1,640,632	9,209,757	2,718,815	754,400	1,768,109	142,612,077	158,703,790
Total liabilities	**759,008,055**	**308,157,835**	**83,143,167**	**95,506,701**	**12,970,306**	**448,245,793**	**1,707,031,857**
On balance sheet long position	-	-	243,280,884	110,160,913	98,619,961	-	452,061,758
On balance sheet short position	(306,491,609)	(32,483,099)	-	-	-	(113,087,050)	(452,061,758)
Off-balance sheet long position	1,226,200	18,470,911	694,287	3,664,326	-	-	24,055,724
Off-balance sheet short position	-	-	-	-	(1,962,997)	-	(1,962,997)
Net position	**(305,265,409)**	**(14,012,188)**	**243,975,171**	**113,825,239**	**96,656,964**	**(113,087,050)**	**22,092,727**

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

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

IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets:							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,770,986	144,172,545
Banks	134,941	812,580	307,252	5	-	20,370,518	21,625,296
Financial assets at fair value through profit/loss	3,616,623	3,147	645,747	11,807,732	-	518,575	16,591,824
Interbank money market placements	-	-	3,499	-	-	6,914,400	6,917,899
Available-for-sale financial assets	11,534,612	9,995,171	40,768,230	67,098,989	9,534,697	21,978	138,953,677
Loans [1]	157,104,580	148,946,965	131,830,612	84,850,824	66,882,182	19,139,928	608,755,091
Held-to-maturity investments	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets [2]	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(5,100,063)	18,022,783
Total assets	**223,077,601**	**171,690,127**	**188,492,029**	**188,401,503**	**96,603,516**	**160,636,322**	**1,028,901,098**
Liabilities:							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,223	33,227,916
Other deposits	301,949,276	90,963,725	23,174,797	2,413,723	91,591	143,988,950	562,582,062
Interbank money market takings	123,375,347	7,719,245	8,144,599	9,478,171	-	-	148,717,362
Miscellaneous payables	-	-	-	-	-	20,796,858	20,796,858
Securities issued [3]	2,021,309	4,860,646	21,323,621	57,345,076	5,955,402	-	91,506,054
Funds borrowed	3,413,408	56,216,975	11,228,359	18,123,503	7,087,156	2,367,270	98,436,671
Other liabilities [4]	1,196,457	3,700,400	1,591,568	1,031,003	2,666,436	63,448,311	73,634,175
Total liabilities	**454,270,487**	**172,486,994**	**65,462,944**	**88,391,476**	**15,800,585**	**232,488,612**	**1,028,901,098**
On balance sheet long position	-	-	123,029,085	100,010,027	80,802,931	-	303,842,043
On balance sheet short position	(231,192,886)	(796,867)	-	-	-	(71,852,290)	(303,842,043)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
Net position	**(227,241,236)**	**13,500,392**	**122,988,798**	**99,310,695**	**79,016,734**	**(71,852,290)**	**15,723,093**

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

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IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments [*]:

Current Period- December 31, 2022	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
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
	-	-	-	-
Liabilities:	-	-	-	-
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

Prior Period - December 31, 2021	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	17.60
Financial assets at fair value through profit/loss	-	-	-	19.29
Interbank money market placements	-	-	-	19.50
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans	4.77	7.24	-	16.02
Financial assets measured at amortized cost	4.59	6.34	-	12.59
	-	-	-	-
Liabilities:	-	-	-	-
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.43	1.07	-	16.13
Interbank money market takings	0.87	2.06	-	14.05
Miscellaneous payables	-	-	-	-
Securities issued [**]	5.08	6.11	-	15.47
Funds borrowed	1.68	2.51	-	17.63

[*] 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, 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.

Prior Period - December 31, 2021	Comparison		
Stock Investments	**Carrying Value**	**Fair Value (*)**	**Market Value (*)**
Stocks quoted in exchange (*)	**907,239**	**907,239**	**907,239**
1.Stocks Investments Group A	876,601	876,601	876,601
2.Stock Investments Group B	30,638	30,638	30,638
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange (**)	**2,429,047**	**2,175,410**	**-**

(*) 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, 2021 valuation reports prepared by independent valuation companies.

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

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

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

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

		Revaluation Surplus		Unrealized Gain and Loss	
Portfolio-Prior Period – December 31, 2021	**Realized Gain/Loss in Current Period**	**Total (*)**	**Included in Supplementary Capital**	**Total (*)**	**Included in Supplementary Capital**
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,733,817	1,733,817	-	-
4. Total	**-**	**1,733,817**	**1,733,817**	**-**	**-**

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

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

V. CONSOLIDATED STOCK POSITION RISK (Continued)

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current 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**

(*) Pursuant to the BRSA's letter no.10188 dated April 28, 2022, the exchange rates announced by the CBRT as of December 31, 2021 were used in the calculation of the amount based on credit risk.

Portfolio-Prior Period- December 31, 2021	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	907,239	907,239	72,579
3.Other Stocks	2,429,047	2,297,189	183,775
4. Total	**3,336,286**	**3,204,428**	**256,354**

(*) In accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

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.

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

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

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

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

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

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

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

Current Period- 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

		Total unweighted value (*)		Total weighted value(*)	
Current Period- December 31, 2022		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**	**368.45**

(*) 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, 2021

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	October 2021	132.23	November 2021	273.14
The highest value	December 2021	161.33	October 2021	368.89

Liquidity Coverage Ratio

Prior Period- December 31, 2021		Total unweighted value (*)		Total weighted value(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			179,928,821	128,428,918
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	251,766,629	144,226,722	23,061,501	14,422,672
3	Stable deposits	42,303,253	-	2,115,163	-
4	Less stable deposits	209,463,376	144,226,722	20,946,338	14,422,672
5	Unsecured wholesale funding, of which:	271,766,414	135,592,521	115,934,247	55,244,647
6	Operational deposits	176,062,029	89,894,415	44,015,507	22,473,604
7	Non-operational deposits	63,757,843	32,017,125	40,082,844	19,199,738
8	Other Unsecured debts	31,946,542	13,680,981	31,835,896	13,571,305
9	Secured wholesale funding			-	-
10	Other cash outflows, of which;	34,706,198	14,219,227	34,706,197	14,219,228
11	Outflows related to derivative exposures and other collateral requirements	34,636,637	14,219,227	34,636,636	14,219,228
12	Outflows related to loss of funding on debt products	69,561	-	69,561	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	58,301,245	52,448,818	2,915,062	2,622,441
15	Other contingent funding obligations	157,426,522	52,740,033	12,870,440	4,234,748
16	**TOTAL CASH OUTFLOWS**			**189,487,447**	**90,743,736**
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	38,086,783	17,038,593	28,719,072	13,830,975
19	Other cash inflows	36,755,265	36,164,775	36,755,265	36,164,775
20	**TOTAL CASH INFLOWS**	74,842,048	53,203,368	65,474,337	49,995,750
				Upper Limit Applied Values	
21	**TOTAL HQLA STOCK**			**179,928,821**	**128,428,918**
22	**TOTAL NET CASH OUTFLOWS**			**124,013,110**	**40,747,986**
23	**LIQUIDITY COVERAGE RATIO (%)**			**144.44**	**331.34**

(*) 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 liablity 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, 2022	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	251,197,705	17,777,609	-	-	-	-	-	268,975,314
Banks	23,447,976	2,016,560	3,296,033	-	109	-	-	28,760,678
Financial assets at fair value through profit/loss	265,682	6,739	9,373	9,632	16,478,799	113,196	483,462	17,366,883
Interbank money market placements	-	12,096,010	-	-	-	-	-	12,096,010
Financial assets at fair value through other comprehensive	-	3,668,132	4,192,977	61,286,667	88,631,232	45,769,882	134,589	203,683,479
Loans	-	90,903,381	92,325,312	250,227,818	304,092,813	214,932,393	20,835,536	973,317,253
Financial assets measured at amortized cost	-	206,972	3,049,979	11,943,469	71,803,378	71,589,054	-	158,592,852
Other assets (3)(4)	1,916,834	9,831,102	4,568,418	430,375	9,066,925	9,196,005	9,229,729	44,239,388
Total assets	**276,828,197**	**136,506,505**	**107,442,092**	**323,897,961**	**490,073,256**	**341,600,530**	**30,683,316**	**1,707,031,857**
Liabilities:								
Bank deposits	3,039,064	68,496,142	6,513,088	49,181	-	-	-	78,097,475
Other deposits	256,717,323	598,816,748	149,262,786	45,698,685	3,431,711	73,015	-	1,054,000,268
Funds Provided	-	5,834,463	5,028,743	51,490,638	51,912,657	25,102,318	-	139,368,819
Interbank money market takings	-	61,719,001	55,196,633	11,819,830	9,996,336	342,189	-	139,073,989
Securities issued (2)	-	14,552,197	3,881,592	2,993,178	64,127,079	9,567,359	-	95,121,405
Miscellaneous payables	59,637	25,465,645	235,381	449,871	1,128,671	-	15,326,906	42,666,111
Other liabilities	666,976	1,464,845	9,194,651	443,516	1,941,640	3,217,812	141,774,350	158,703,790
Total liabilities	**260,483,000**	**776,349,041**	**229,312,874**	**112,944,899**	**132,538,094**	**38,302,693**	**157,101,256**	**1,707,031,857**
Liquidity gap	**16,345,197**	**(639,842,536)**	**(121,870,782)**	**210,953,062**	**357,535,162**	**303,297,837**	**(126,417,940)**	**-**
Net Off Balance Sheet Position	**-**	**199,435**	**825,043**	**19,787**	**7,564,155**	**3,113,732**	**-**	**11,722,152**
Receivables from Derivative Financial Instruments	-	60,929,376	12,199,784	7,175,722	69,734,388	57,859,362	-	207,898,632
Payables from Derivative Financial Instruments	-	60,729,941	11,374,741	7,155,935	62,170,233	54,745,630	-	196,176,480
Non-cash Loans	**89,941,836**	**48,818,805**	**28,134,743**	**65,818,642**	**42,177,366**	**3,733,046**	**731,793**	**279,356,231**

Prior Period – December 31, 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (1)	Total
Total assets	165,318,205	73,069,414	41,107,035	144,697,519	372,337,505	223,965,765	8,405,655	1,028,901,098
Total liabilities	148,035,310	461,333,737	118,057,161	83,339,246	113,926,611	34,109,272	70,099,761	1,028,901,098
Liquidity gap	**17,282,895**	**(388,264,323)**	**(76,950,126)**	**61,358,273**	**258,410,894**	**189,856,493**	**(61,694,106)**	**-**
Net Off Balance Sheet Position	**-**	**8,067,835**	**938,244**	**328,206**	**3,720,350**	**4,262,132**	**-**	**17,316,767**
Receivables from Derivative Financial Instruments	-	59,643,827	9,532,720	17,848,520	28,260,382	68,052,584	-	183,338,033
Payables from Derivative Financial Instruments	-	51,575,992	8,594,476	17,520,314	24,540,032	63,790,452	-	166,021,266
Non-cash Loans	79,337,989	13,223,627	22,155,655	45,704,404	29,669,939	3,162,907	201,405	193,455,926

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

(2) Subordinated debt are shown under securities issued.

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

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

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VII. CONSOLIDATED LEVERAGE RATIO

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

The Group's consolidated leverage rate which is calculated due to "Regulation on Banks' Measurement and Evaluation of Leverage Level" actualised as 6.07 %. Increase in balance sheet assets and Tier I Capital transactions resulted in change on leverage rate compared to previous period (December 31, 2021: 5.56 %). The Regulation adjudicated minimum leverage rate as 3%.

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

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

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

Leverage ratio common disclosure template

	On-balance sheet exposures	Current Period - December 31, 2022 (*)	Prior Period- December 31, 2021(*)
1.	On-balance sheet items (excluding derivatives and SFTs; including collateral)	1,579,480,664	936,780,229
2.	Assets deducted in determining Basel III Tier 1 capital	(658,766)	(478,249)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs)	1,578,821,898	936,301,980
	Derivative exposures		
4.	Replacement cost	13,314,756	18,000,876
5.	Add-on amount	2,363,583	2,286,605
6.	Total derivative exposures	15,678,339	20,287,481
	Securities financing transaction exposures		
7.	Gross SFT assets (with no recognition of accounting netting)	12,426,388	12,360,212
8.	Agent transaction exposures	-	-
9.	Total securities financing transaction exposures	12,426,388	12,360,212
	Other off-balance sheet exposures		
10.	Off-balance sheet exposures with gross nominal amount	582,274,540	338,555,893
11.	Adjustment amount off-balance sheet exposures with credit conversion factor	(198,113,388)	(103,938,729)
12.	Total off-balance sheet exposures	384,161,152	234,617,164
	Capital and total exposures		
13.	Tier 1 capital	120,718,155	66,554,350
14.	Total exposures	1,991,087,777	1,203,566,837
	Leverage ratio		
15.	Leverage ratio	6.07	5.56

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

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 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

Prior Period- December 31, 2021	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	6,917,899	6,917,899
Banks	21,625,296	21,625,296
Financial Assets at Fair Value through Profit or Loss	16,591,824	16,591,824
Financial Assets at Fair Value through Other Comprehensive Income	138,953,677	138,953,677
Assets Measured at Amortised Cost	73,861,983	77,492,786
Loans	608,755,091	604,403,844
Financial Liabilities:		
Bank Deposits	33,227,916	33,227,916
Other Deposits	562,582,062	561,913,129
Funds Borrowed	98,436,671	98,101,000
Marketable Securities	62,537,627	62,537,790
Subordinated Loans	28,968,427	28,990,293

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

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

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

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

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

Classification of Fair Value Measurement

TFRS 7 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basicly 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);

Level 3: Fair value measurements using inpus for the assets or liabilitity 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, 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.

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

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

Prior Period- December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	**474,794**	**15,939,741**	**177,289**	**16,591,824**
Debt securities	118,890	15,939,741	-	16,058,631
Equity securities	318,988	-	169,483	488,471
Other financial assets	36,916	-	7,806	44,722
Financial assets at fair value through other comprehensive income	129,874,442	9,071,989	7,246	138,953,677
Government debt securities	127,138,430	8,798,400	-	135,936,830
Equity securities	14,732	-	7,246	21,978
Other financial assets	2,721,280	273,589	-	2,994,869
Derivative financial assets at fair value through profit or loss	-	21,246,426	-	21,246,426
Investments in affiliates and subsidiaries	588,251	-	1,992,295	2,580,546
Total Financial Assets	**130,937,487**	**46,258,156**	**2,176,830**	**179,372,473**
Financial liabilities at fair value through profit/loss:	**-**	**-**	**-**	**-**
Derivative financial liabilities at fair value through profit or loss	**-**	**(5,490,278)**	**-**	**(5,490,278)**
Total Financial Liabilities	**-**	**(5,490,278)**	**-**	**(5,490,278)**

(*) 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, 2022, is as follows:

Level 3	Current Period - December 31, 2022	Prior Period- December 31, 2021
Balance at the beginning of the year	2,176,830	1,401,953
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	1,698,150	774,877
Balance at the end of the year	**3,874,980**	**2,176,830**

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.

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

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

X. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	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	-	-	-	10,885,337	10,885,337
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**	**67,075,602**	**(51,919,296)**	**40,110,211**
Provision for taxes	-	-	-	-	(13,643,596)
Net Profit/ Loss	**-**	**-**	**-**	**-**	**26,466,615**
Segment Assets	181,290,929	625,766,110	816,722,533	78,223,659	1,702,003,231
Subsidiaries and Associates (Net)	-	-	5,028,626	-	5,028,626
TOTAL ASSETS	**181,290,929**	**625,766,110**	**821,751,159**	**78,223,659**	**1,707,031,857**
Segment Liabilities	384,202,958	682,591,466	444,620,321	89,091,584	1,600,506,329
Equity	-	-	-	106,525,528	106,525,528
TOTAL LIABILITIES	**384,202,958**	**682,591,466**	**444,620,321**	**195,617,112**	**1,707,031,857**

Prior Period	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	14,232,802	31,550,127	27,504,987	29,130	73,317,046
Interest Expense	12,657,285	17,742,731	22,500,142	91,463	52,991,621
Net Interest Income/Losses (Net)	1,575,517	13,807,396	5,004,845	(62,333)	20,325,425
Net Fees and Commissions Income	1,069,526	2,831,077	355,215	-	4,255,818
Dividend Income	-	-	23,394	-	23,394
Trading Income/ Losses (Net)	-	-	(4,254,115)	-	(4,254,115)
Other Income	-	-	-	8,575,813	8,575,813
Allowance for Expected Credit Losses	-	-	-	12,667,748	12,667,748
Other Expenses	-	-	-	9,729,418	9,729,418
Based on Equity Method	-	-	93,677	-	93,677
Profit Before Taxes	**2,645,043**	**16,638,473**	**1,223,016**	**(13,883,686)**	**6,622,846**
Provision for taxes	-	-	-	-	(1,287,150)
Net Profit/ Loss	**-**	**-**	**-**	**-**	**5,335,696**
Segment Assets	128,072,758	354,478,813	515,448,627	28,075,063	1,026,075,261
Subsidiaries and Associates (Net)	-	-	2,825,837	-	2,825,837
TOTAL ASSETS	**128,072,758**	**354,478,813**	**518,274,464**	**28,075,063**	**1,028,901,098**
Segment Liabilities	247,651,905	320,011,164	373,266,181	33,771,820	974,701,070
Equity	-	-	-	54,200,028	54,200,028
TOTAL LIABILITIES	**247,651,905**	**320,011,164**	**373,266,181**	**87,971,848**	**1,028,901,098**

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

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; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The stress conditions that emerged with the Covid-19 outbreak were included in the evaluations in this period, and the possible effects on the Parent Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

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

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

Risk Management Strategy

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.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

In response to the sudden and unexpected changes in the macroeconomic indicators and the Group's specific circumstances, the risks the 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.

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

Risk weighted amounts

		Risk Weighted Amount		Minimum Capital Requirements
		Current Period- December 31, 2022	Prior Period - December 31, 2021	Current Period- December 31, 2022
1	**Credit Risk (excluding counterparty credit risk) (*)**	**929,408,502**	**505,046,417**	**74,352,680**
2	Standardised approach	929,408,502	505,046,417	74,352,680
3	Internal rating- based approach	-	-	-
4	**Counterparty Credit Risk**	**16,855,252**	**9,789,165**	**1,348,420**
5	Standardised approach for counterparty credit risk	16,855,252	9,789,165	1,348,420
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**	**133,703**	**7,806**	**10,696**
9	**Equity investments in funds - mandate-based approach**	**-**	**-**	**-**
10	**Equity investments in funds - 1250% weighted risk approach**	**-**	**-**	**-**
11	**Settlement Risk**	**-**	**-**	**-**
12	**Securitization positions in banking accounts**	**-**	**-**	**-**
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	**Market risk**	**9,909,960**	**9,769,976**	**792,797**
17	Standardised approach	9,909,960	9,769,976	792,797
18	Internal model approaches	-	-	-
19	**Operational Risk**	**35,687,845**	**32,231,733**	**2,855,028**
20	Basic Indicator Approach	35,687,845	32,231,733	2,855,028
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)**	**991,995,262**	**556,845,097**	**79,359,621**

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

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

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 of items (according to TAS)				
Current Period- December 31, 2022	**Carrying values as reported in published financial statements**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitization**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Assets						
Cash and balances at central bank	268,975,314	268,975,314	-	-	-	-
Banks	28,760,678	28,760,678	-	-	2,171,648	-
Receivables from Money Markets	12,096,010	12,096,010	-	-	-	-
Financial assets at fair value through profit or loss	17,366,883	517,033	-	-	371,050	-
Financial assets at fair value through other comprehensive income	203,683,479	203,683,479	89,788,350	-	-	-
Financial assets measured at amortised cost	158,592,852	158,592,852	37,480,964	-	-	-
Derivative financial assets	17,367,825	-	17,367,825	-	484,946	-
Non-performing financial assets	20,835,536	20,835,536	-	-	-	-
Allowance for expected credit losses (-)	(42,492,833)	(16,853,166)	-	-	-	(25,639,667)
Loans (Net)	952,481,717	952,504,318	-	-	-	(22,602)
Non-Currents Assets or Dısposal Groups "Held For Sale" And "From Dıscontınued Operatıons (Net)	410,978	410,978	-	-	-	-
Investments in associates (Net)	4,139,588	4,139,588	-	-	-	-
Leasing receivables	889,038	889,036	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Tangıble Assets (Net)	11,683,247	11,890,802	-	-	-	(207,555)
Intangıble Assets And Goodwıll (Net)	469,876	-	-	-	-	(469,876)
Investment properties (net)	1,307,194	-	-	-	-	-
Currents Tax Assets (Net)	-	-	-	-	-	-
Deferred Tax Assets	3,061,414	3,061,414	-	-	-	-
Other assets	47,403,061	47,460,198	-	-	-	(57,137)
Total assets	**1,707,031,857**	**1,696,964,070**	**144,637,139**	**-**	**3,027,644**	**(26,396,837)**
Liabilities						
Deposits	1,132,097,743	-	-	-	2,209,673	1,129,888,070
Loans Received	139,368,819	-	-	-	-	139,368,819
Money Market Funds	139,073,989	-	137,754,703	-	-	1,319,286
Marketable Securities (Net)	71,078,119	-	-	-	-	71,078,119
Funds	3,005	-	-	-	-	3,005
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	4,719,597	-	4,719,597	-	487,226	-
Factoring Payables	5,468	-	-	-	-	5,468
Lease Payables	1,024,719	-	-	-	-	1,024,719
Provisions	23,376,344	-	-	-	-	23,376,344
Current Tax Liabilities	5,410,397	-	-	-	-	5,410,397
Deferred Tax Assets	56,404	-	-	-	-	56,404
Liabilities Related to Non-Current Assets "Held for Sale" and "Discontinued Operations" (Net)	-	-	-	-	-	-
Subordinated debts	24,043,286	-	-	-	-	24,043,286
Other Liabilities	60,248,439	-	-	-	-	60,248,438
Shareholders' Equity	106,525,528	-	-	-	-	106,525,526
Total liabilities	**1,707,031,857**	**-**	**142,474,300**	**-**	**2,696,899**	**1,562,347,881**

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

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 of items (according to TAS)				
Prior Period - December 31, 2021	**Carrying values as reported in published financial statements**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the securitization**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Assets						
Cash and balances at central bank	144,172,545	144,172,545	-	-	-	-
Financial assets held for trading	21,625,296	21,625,296	-	-	-	-
Financial assets designated at fair value through profit or loss	6,917,899	-	6,917,899	-	-	-
Banks	16,591,824	463,762	-	-	188,322	-
Available for sale financial assets (net)	73,861,983	73,861,983	57,188,376	-	-	-
Loans and receivables	21,246,426	-	21,246,426	-	425,540	-
Factoring receivables	19,139,928	19,139,928	-	-	-	-
Held to maturity investments (net)	(26,617,393)	(14,513,660)	-	-	-	(12,103,733)
Investments in associates (net)	589,615,163	589,625,956	-	-	-	(10,793)
Investments in subsidiaries (net)	755,253	755,253	-	-	-	-
Investments in joint ventures (net)	2,306,548	2,306,548	-	-	-	-
Leasing receivables	519,289	519,289	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	4,141,051	4,325,504	-	-	-	(184,453)
Intangible assets (net)	299,405	-	-	-	-	(299,405)
Investment properties (net)	972,154	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	72,767	72,767	-	-	-	-
Other assets	14,327,283	14,373,334	-	-	-	(46,051)
Total assets	**1,028,901,098**	**995,682,182**	**160,396,095**	**-**	**613,862**	**(12,644,435)**
Liabilities						
Deposits	595,809,978	-	-	-	-	595,809,978
Derivative financial liabilities held for trading	98,436,671	-	-	-	-	98,436,671
Loans	148,717,362	-	142,091,998	-	-	6,625,364
Debt to money markets	62,537,627	-	-	-	-	62,537,627
Debt securities in issue	3,005	-	-	-	-	3,005
Funds	-	-	-	-	-	-
Various debts	5,490,278	-	5,490,278	-	426,764	-
Other liabilities	7,309	-	-	-	-	7,309
Factoring debts	958,593	-	-	-	-	958,593
Debts from leasing transactions	3,955,116	-	-	-	-	3,955,116
Derivative financial liabilities held for hedges	1,100,367	-	-	-	-	1,100,367
Provisions	14,719	-	-	-	-	14,719
Tax liability	-	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	28,968,427	-	-	-	-	28,968,427
Subordinated debts	28,701,618	-	-	-	-	28,701,618
Equity	54,200,028	-	-	-	-	54,200,028
Total liabilities	**1,028,901,098**	**-**	**147,582,276**	**-**	**426,764**	**881,318,822**

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

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

	Current Period- December 31, 2022	**Total**	**Items subject to credit risk**	**Items subject to securitisation**	**Items subject to counterparty credit risk**	**Items subject to market risk**
1	**Asset carrying value amount under scope of regulatory consolidation**	**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**

	Prior Period- December 31, 2021	**Total**	**Items subject to credit risk**	**Items subject to securitisation**	**Items subject to counterparty credit risk**	**Items subject to market risk**
1	**Asset carrying value amount under scope of regulatory consolidation**	**1,016,256,663**	**995,682,182**	**-**	**160,396,095**	**613,862**
2	Liabilities carrying value amount under regulatory scope of consolidation	147,582,276	-	-	147,582,276	426,764
3	Total net amount under regulatory scope of consolidation	868,674,387	995,682,182	-	12,813,819	187,098
4	Off-balance sheet amounts	283,597,671	102,251,725	-	8,233,240	-
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	-	-	-	122,857,259	-
10	**Exposure amounts considered for regulatory**	**868,674,387**	**1,097,933,907**	**-**	**131,090,499**	**187,098**

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

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 legistation 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)			
Current Period- December 31, 2022		**Defaulted Exposures**	**Defaulted Exposures**	**Allowances / Impairment**	**Net Values**
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	498,724,076	50,421	499,257,016
4	**Total**	**21,418,897**	**1,814,994,230**	**43,419,965**	**1,792,993,162**

		Gross carrying values of (according to TAS)			
Prior Period – December 31, 2021		**Defaulted Exposures**	**Defaulted Exposures**	**Allowances / Impairment**	**Net Values**
1	Loans	19,139,928	589,615,164	26,594,761	582,160,331
2	Debt Securities	-	214,831,771	1,566,946	213,264,825
3	Off-balance sheet exposure	507,691	278,259,971	44,305	278,723,357
4	**Total**	**19,647,619**	**1,082,706,906**	**28,206,012**	**1,074,148,513**

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

		Current Period- December 31, 2022	**Prior Period- December 31, 2021**
1	**Defaulted Loans and debt securities at end of the previous reporting period**	**19,139,928**	**17,930,171**
2	Loans and debt securities that have defaulted since the last reporting period	11,069,005	5,508,365
3	Returned to non-defaulted status	47,396	143,467
4	Amounts written-off	3,186,885	834,885
5	Other Changes	(6,139,116)	(3,320,256)
6	**Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)**	**20,835,536**	**19,139,928**

(*) 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	Curret Period – December 31, 2022	Prior Period - December 31, 2022
Domestic	875,242,568	533,115,373
European Union Countries	9,967,191	7,784,885
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	6,465,241	2,939,074
Other	60,806,717	45,775,831
Total	**952,481,717**	**589,615,163**

(*) 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, 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**

Prior Period- December 31, 2021

Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	**4,757,664**	**200,187**	**158,850**
Farming and raising livestock	4,302,481	183,780	146,393
Forestry	348,237	1,840	1,633
Fishing	106,946	14,567	10,824
Manufacturing	**169,809,346**	**4,312,213**	**3,521,536**
Mining and Quarrying	15,868,492	339,115	276,272
Production	118,229,167	3,087,315	2,527,486
Electricity, Gas, Water	35,711,687	885,783	717,778
Construction	**63,825,821**	**3,991,335**	**3,080,360**
Services	**214,388,273**	**7,277,619**	**5,470,449**
Wholesale and Retail Trade	73,444,817	4,401,810	3,449,088
Accommodation and Dining	21,743,941	250,646	188,316
Transportation and Telecommunication	74,558,206	510,553	420,544
Financial Institutions	11,217,119	45,835	39,143
Real Estate and Rental Services	23,001,578	213,837	185,875
Professional Services	5,892,016	1,646,220	1,012,058
Educational Services	2,415,018	103,241	81,053
Health and Social Services	2,115,578	105,477	94,372
Other	**136,834,059**	**3,358,574**	**2,387,213**
Total	**589,615,163**	**19,139,928**	**14,618,408**

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

Breakdown by outstanding maturity

Current 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

Prior Period - December 31, 2021

Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
56,477,962	28,868,818	112,391,210	225,347,693	166,529,480	**589,615,163**

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, 2022

Geographical Area	Loans Receivanles(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.

Prior Period- December 31, 2021

Geographical Area	Loans Receivanles(Risks)	Provisions
Domestic	18,488,858	14,301,587
European Union Countries	551,708	252,999
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
Total	**19,139,928**	**14,618,408**

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

Aging analysis for overdue receivables

	Current Period- December 31, 2022	Prior Period- December 31, 2021
31-60 days overdue	2,246,668	3,158,375
61-90 days overdue	1,693,750	1,854,042

(*) 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, 2022	Prior Period- December 31, 2021
Standard Loans	80,452	114,299
Loans Under Close Monitoring	44,480,460	24,668,538
Non-performing Loans	2,665,886	2,145,575

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Credit Risk Explanations (Continued)

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

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

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

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

Credit Risk Mitigation Techniques

	Current Period – December 31, 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	696,341,044	234,529,412	167,428,336	49,255,181	40,352,926	-	-
2	Debt Securities	362,879,004	-	-	-	-	-	-
3	**Total**	**1,059,220,048**	**234,529,412**	**167,428,336**	**49,255,181**	**40,352,926**	**-**	**-**
4	Of which Defaulted	20,835,536	-	-	-	-	-	-

	Prior Period – December 31, 2021	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	421,586,612	160,573,719	105,407,593	63,035,950	51,202,158	-	-
2	Debt Securities	213,264,825	-	-	-	-	-	-
3	**Total**	**634,851,437**	**160,573,719**	**105,407,593**	**63,035,950**	**51,202,158**	**-**	**-**
4	Of which Defaulted	19,139,928	-	-	-	-	-	-

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

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 Rank	Fitch	IIRA	JCR Eurasia Rating	
				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, 2022	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	565,121,087	768,779	582,762,368	550,492	723,735	0.12%
2	Exposures to regional governments or local authorities	6,232,224	1,556,289	6,232,224	771,130	3,474,083	49.61%
3	Exposures to public sector entities	756,339	407,335	756,339	170,394	884,041	95.39%
4	Exposures to multilateral development banks	-	-	-	-	-	0.00%
5	Exposures to international organizations	-	-	-	-	-	0.00%
6	Exposures to institutions	31,193,767	9,392,696	31,193,768	5,502,659	12,701,264	34.61%
7	Exposures to corporates	394,804,299	331,879,970	377,163,617	139,905,761	431,310,052	83.41%
8	Retail exposures	169,715,268	137,919,165	169,715,268	16,881,354	141,369,249	75.76%
9	Exposures secured by residential property	70,062,629	3,955,445	70,062,629	1,956,017	25,206,526	35.00%
10	Exposures secured by commercial real estate	79,268,087	15,507,602	79,268,087	10,325,178	58,295,720	65.07%
11	Past-due loans	4,196,453	-	4,196,453	-	3,121,794	74.39%
12	Higher-risk categories by the Agency Board	113,602,521	301,641	113,602,521	149,779	204,873,495	180.10%
13	Exposures in the form of covered bonds	74,700	-	74,700	-	7,470	10.00%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	133,703	-	133,703	-	133,703	100.00%
16	Other assets	65,566,122	-	65,566,122	-	42,007,984	64.07%
17	Investment in equities	5,433,089	-	5,433,089	-	5,433,089	100.00%
18	Total	1,506,160,888	501,688,922	1,506,160,888	176,212,764	929,542,205	55.25%

Prior Period-December 31, 2021	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1	Exposures to central governments or central banks	315,385,361	771,950	329,064,633	431,534	999,394	0.30%
2	Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,937,000	49.94%
3	Exposures to public sector entities	815,709	192,293	815,709	75,366	876,608	98.38%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	19,480,652	5,508,229	19,480,652	3,531,154	7,447,443	32.36%
7	Exposures to corporates	243,926,688	195,551,356	230,247,416	80,774,830	301,021,221	96.78%
8	Retail exposures	111,641,382	70,467,000	111,641,382	10,896,764	91,849,129	74.96%
9	Exposures secured by residential property	49,614,306	1,985,151	49,614,306	822,645	17,652,933	35.00%
10	Exposures secured by commercial real estate	51,442,638	8,532,029	51,442,638	5,431,096	38,485,571	67.67%
11	Past-due loans	4,432,335	-	4,432,335	-	3,007,931	67.86%
12	Higher-risk categories by the Agency Board	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	7,806	-	7,806	-	7,806	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	21,252,612	-	21,252,612	-	15,486,284	72.87%
16	Other assets	3,204,428	-	3,204,428	-	3,204,428	100.00%
17	Investment in equities	-	-	-	-	-	-
18	Total	842,914,657	283,597,671	842,914,657	102,251,726	505,054,223	53.44%

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

3. Credit Risk Explanations (Continued)

Exposures by asset classes and risk weights

Current Period-December 31, 2022	Asset Classes/ Risk Weight*	0%	10%	20%	%35 (Secured bu real estate)	50%	75%	100%	150%	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 multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	658,893	-	20,550,607	-	13,791,568	-	1,695,359	-	-	36,696,427
7	Exposures to corporates	10,522,300	-	71,198,458	-	36,556,517	-	398,792,103	-	-	517,069,378
8	Retail exposures	3,548,505	-	1,263,951	-	644	162,669,542	19,113,980	-	-	186,596,622
9	Exposures secured by residential property	-	-	-	72,018,646	-	-	-	-	-	72,018,646
10	Exposures secured by commercial real estate	-	-	-	-	62,595,091	-	26,998,174	-	-	89,593,265
11	Past-due loans	-	-	-	-	2,244,192	-	1,857,388	94,873	-	4,196,453
12	Higher Risk categories by the Agency Board	35,294	-	21,372	-	-	-	-	45,429,663	68,265,971	113,752,300
13	Exposures in the form of covered bonds	-	74,700	-	-	-	-	-	-	-	74,700
14	Exposures to institutions and corporates with a short term credit assesments	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	133,703	-	-	133,703
16	Other assets	-	-	-	-	-	-	5,433,089	-	-	5,433,089
17	Investments in equities	11,339,150	-	437,174	-	-	-	41,678,320	-	12,111,478	65,566,122
18	**Total**	**608,196,260**	**74,700**	**93,512,388**	**72,018,646**	**123,260,630**	**162,669,542**	**496,739,501**	**45,524,536**	**80,377,449**	**1,682,373,652**

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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, 2021	Asset Classes/ Risk Weight*	0%	10%	20%	%35 (Secured bu real estate)	50%	75%	100%	150%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	328,106,310	-	-	-	957,547	-	255,690	176,620	-	329,496,167
2	Exposures to regional governments or local authorities	9,954	-	260	-	7,873,894	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	-	6,988	-	-	-	875,210	-	-	891,075
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,563	-	14,802,986	-	6,222,813	-	1,375,444	-	-	23,011,806
7	Exposures to corporates	944,780	-	7,671,585	-	5,837,954	-	296,567,927	-	-	311,022,246
8	Retail exposures	794,266	-	990,939	-	-	116,408,001	4,344,940	-	-	122,538,146
9	Exposures secured by residential property	-	-	-	50,436,951	-	-	-	-	-	50,436,951
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	20,097,408	-	-	56,873,734
11	Past-due loans	-	-	-	-	2,945,951	-	1,389,241	97,143	-	4,432,335
12	Higher Risk categories by the Agency Board	32,146	-	35,200	-	-	-	-	14,047,623	-	14,114,969
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assesments	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	7,806	-	-	7,806
16	Other assets	-	-	-	-	-	-	3,204,428	-	-	3,204,428
17	Investments in equities	3,855,916	-	2,388,015	-	-	-	15,008,681	-	-	21,252,612
18	**Total**	**334,362,812**	**-**	**25,895,973**	**50,436,951**	**60,614,485**	**116,408,001**	**343,126,775**	**14,321,386**	**-**	**945,166,383**

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

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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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

	Current Period- December 31, 2022	Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk pha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	-	-			-	-
2	Standard approach - KKR (for derivatives)	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 instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	**Total**						**13,596,322**

	Prior Period- December 31, 2021	Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk pha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	6,756,001	1,477,240			8,233,240	4,237,133
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method (for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)			-	-	-	-
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)					122,857,258	2,504,164
5	A comprehensive method for credit risk reduction-(for derivative financial instruments, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	**Total**						**6,741,297**

Capital requirement for credit valuation adjustment (CVA)

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

	Prior Period- December 31, 2021	EAD post CRM	RWA
	Total portfolios subject to the Advanced CVA capital obligation	-	-
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	8,233,240	3,023,178
4	Total subject to the CVA capital obligation	8,233,240	3,023,178

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

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, 2022

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diğer	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	-	-	-	-	-	-	-	-	-	-
Claims from institutions	30,071,901	-	8,665,140	-	9,977,920	-	914,691	-	3,190,344	7,700,486
Corporates	871,011	11,108,010	9,551,382	-	-	-	1,081,557	-	22,923	4,103,093
Retail portfolios	148,831	15,634,608	2,031,224	-	-	172,145	-	-	32	2,098,815
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	**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)

Prior Period- December 31, 2021

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	92,324,394	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	449
Claims from administration and non- commercial entity	-	63	-	-	-	-	-	-	-	6
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	19,034,357	-	6,976,365	-	6,065,306	-	119,546	-	920,632	4,565,885
Corporates	896,983	3,375,992	-	-	-	-	1,770,288	-	277,571	2,113,439
Retail portfolios	79,031	380,460	-	-	-	63,248	-	-	25,162	85,985
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-	-
Total	**112,334,765**	**3,760,956**	**6,976,391**	**-**	**6,065,306**	**63,248**	**1,889,834**	**-**	**1,223,365**	**6,765,764**

(*) 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, 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**	**-**

Prior Period - December 31, 2021	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	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	16,680,847	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**134,046,866**	**-**

Loan Derivatives

Current 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

Prior Period - December 31, 2021	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	**1,169,754**	**5,676,270**
Fair Values	**185,667**	**2,340,553**
Positive fair values (asset)	185,667	-
Negative fair values (liability)	-	2,340,553

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

	Current 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	-	-

	Prior Period- December 31, 2021	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs) (total)**		**24,690**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,223,365	24,467
3	(i) OTC Derivatives	254,347	5,087
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	969,018	19,380
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	88,375	223
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, 2022	Prior Period - December 31, 2021
		RWA	RWA
	Outright products		
1	Interest rate risk (general and specific)	2,110,088	1,788,713
2	Stock risk (general and specific)	464,219	109,628
3	Foreign exchange risk	6,432,658	7,386,951
4	Commodity risk	834,371	457,555
	Options		
5	Simplified approach	-	-
6	Delta-plus method	68,626	27,129
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	**9,909,960**	**9,769,976**

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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-tomaturity 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, 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

Prior Period- December 31, 2021	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	14,753,373	15,438,683	21,378,716	17,190,257	15	2,578,539
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	32,231,733

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

XI. INFORMATION ON RISK MANAGEMENT (Continued)

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

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

Current Period-December 31, 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)**

Prior Period-December 31, 2021	Currency	Applied Shock (+/- x basis points) *	Gains/Losses	Gains / Shareholders' Equity Losses/ Shareholders' Equity
1	TRY	500/(400)	(5,486,562)/5,070,845	(%7.06) / %6.53
2	EURO	200/(200)	(4,431,583)/785,195	(%5.71) / %1.01
3	USD	200/(200)	(737,408)/786,504	(%0.95) / %1.01
	Total (for negative shocks)	**-**	**6,642,544**	**%8.55**
	Total (for positive shocks)	**-**	**(10,655,553)**	**(%13.72)**

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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, 2022		Prior Period – December 31, 2021	
	TL	**FC**	**TL**	**FC**
Cash	4,766,490	8,799,152	1,930,257	2,041,142
Central Bank of the Republic of Türkiye (*)	43,544,012	211,076,405	26,610,644	109,585,919
Other	84,940	704,315	819,123	3,185,460
Total	**48,395,442**	**220,579,872**	**29,360,024**	**114,812,521**

(*) TL 82,537,852 (December 31, 2021: TL 56,969,055) of the foreign currency deposit at Central Bank of the Republic of Türkiye consists of foreign currency reserve deposits.

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

In accordance with "Announcement on Reserve Deposits" of CBRT numbered 2013/15, all banks operating in Türkiye shall provide a reserve rate ranging from %3 to %8 (December 31, 2021: ranging from %3 to %8). For foreign currency liabilities, all banks shall provide a reserve rate ranging from %5 to %26 in US Dollar or Euro (December 31, 2021: ranging from %5 to %26).

Balances with the Central Bank of the Republic of Türkiye

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposits	42,937,215	50,293,731	25,948,962	52,616,864
Restricted demand deposits	606,797	-	375,623	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	78,244,822	-	-
Reserve Deposits	-	82,537,852	286,059	56,969,055
Total	**43,544,012**	**211,076,405**	**26,610,644**	**109,585,919**

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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. (31 December 2021: Subject to Repo Transactions TL 14,383,082)

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Forward transactions	134,695	443	1,186,318	5,610
Swap transactions	14,094,488	3,085,122	17,972,859	1,895,937
Futures	-	-	-	-
Options	474	52,603	12,457	173,245
Other	-	-	-	-
Total	**14,229,657**	**3,138,168**	**19,171,634**	**2,074,792**

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of December 31, 2022, the fair value of this transaction is TL 1,722,403, with a nominal amount of 120 million USD and an average maturity of 1.54 years. (As of December 31, 2021, the fair value of this transaction was TL 1,079,186 with a nominal amount of 120 million USD, and an average maturity of 2.54 years.)

3. Information on banks

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Banks				
Domestic	143,920	19,799	151,858	309,039
Foreign	-	28,596,959	1,120,350	20,044,049
Foreign Head Offices and Branches	-	-	-	-
Total	**143,920**	**28,616,758**	**1,272,208**	**20,353,088**

Due from foreign banks

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	Unrestricted Balance	Restricted Balances (**)	Unrestricted Balance	Restricted Balances (**)
EU Countries	4,077,788	719,061	471,899	1,029,715
USA, Canada	4,962,554	2,504,957	2,150,852	3,809,939
OECD Countries (*)	2,587,473	12,741,608	2,252,210	10,828,879
Off-shore Banking Regions	69,185	-	1,350	-
Others	934,333	-	619,555	-
Total	**12,631,333**	**15,965,626**	**5,495,866**	**15,668,533**

(*) EU countries, OECD countries except USA and Canada.
(**) Restricted balances that occur from securisation loans and other common banking activities

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	6,024,871	13,831,275	13,880,235	2,604,505
Other	-	-	-	-
Total	**6,024,871**	**13,831,275**	**13,880,235**	**2,604,505**

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

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Government bonds	26,356,794	48,817,628	10,777,067	56,651,084
Treasury bills	-	-	-	-
Other debt securities	-	14,613,928	-	7,615,243
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**26,356,794**	**63,431,556**	**10,777,067**	**64,266,327**

Information on financial assets at fair value through other comprehensive income

	Current Period- December 31, 2022	Prior Period- December 31, 2021
Debt securities	**205,770,179**	**140,716,197**
Quoted on a Stock Exchange	203,769,735	140,442,608
Unquoted	2,000,444	273,589
Equity securities	**134,589**	**21,978**
Quoted on a Stock Exchange	-	-
Unquoted	134,589	21,978
Provisions for impairment losses (-)	**2,221,289**	**1,784,498**
Total	**203,683,479**	**138,953,677**

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2022		Prior Period - December 31, 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	**-**	**1,187**	**-**	**8,344**
Legal entities	-	1,187	-	8,344
Real persons	-	-	-	-
Indirect loans provided to the shareholders	**-**	**-**	**-**	**-**
Loans provided to the employees	**602,165**	**-**	**481,072**	**-**
Total	**602,165**	**1,187**	**481,072**	**8,344**

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

Current Period - December 31, 2022

		Loans and other receivables under close monitoring		
			Agreement conditions modified	
Cash Loans	**Standard loans**	***Loans not Subject to Restructuring***	***Loans with Revised Contract Terms***	***Refinance***
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**

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

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

Prior Period - December 31, 2021

		Loans and other receivables under close monitoring		
			Agreement conditions modified	
Cash Loans	**Standard loans**	***Loans not Subject to Restructuring***	***Loans with Revised Contract Terms***	***Refinance***
Non-specialized loans	**515,671,935**	**37,498,201**	**2,263,559**	**22,404,979**
Loans given to enterprises	166,055,276	15,170,278	2,059,659	21,754,384
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	7,066,112	5,075	-	281
Consumer loans	105,744,802	1,356,478	45,645	637,972
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
Specialized lending	**-**	**-**	**-**	**-**
Other receivables	**-**	**11,776,489**	**-**	**-**
Total	**515,671,935**	**49,274,690**	**2,263,559**	**22,404,979**

Current 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

Prior Period - December 31, 2021	**Standard Loans**	**Loans under close monitoring**
12-Month expected credit losses	2,841,377	-
Significant Increase in Credit Risk	-	9,134,976

Maturity analysis of cash loans

		Loans under close monitoring	
Current Period - December 31, 2022	***Standard loans***	***Loans not Subject to Restructuring***	***Agreement conditions modified***
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

		Loans under close monitoring	
Prior Period - December 31, 2021	***Standard loans***	***Loans not Subject to Restructuring***	***Agreement conditions modified***
Short-term Loans	131,765,550	16,226,293	140,321
Medium, Long-term Loans	383,906,385	33,048,397	24,528,217

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Current Period - December 31, 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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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, 2021	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	**1,817,360**	**96,628,548**	**98,445,908**
Housing loans	12,983	48,250,850	48,263,833
Automobile loans	7,534	592,792	600,326
General purpose loans	1,796,843	47,784,906	49,581,749
Other	-	-	-
Consumer loans – FC indexed	**-**	**-**	**-**
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**6,294**	**6,294**
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	3,216	3,216
Other	-	3,078	3,078
Retail credit cards – TL	**16,598,355**	**151,890**	**16,750,245**
With instalment	6,821,639	148,638	6,970,277
Without instalment	9,776,716	3,252	9,779,968
Retail credit cards – FC	**42,680**	**-**	**42,680**
With instalment	-	-	-
Without instalment	42,680	-	42,680
Personnel loans – TL	**9,419**	**295,591**	**305,010**
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,419	295,591	305,010
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	**175,386**	**333**	**175,719**
With instalment	65,268	301	65,569
Without instalment	110,118	32	110,150
Personnel credit cards – FC	**343**	**-**	**343**
With instalment	-	-	-
Without instalment	343	-	343
Overdraft Checking Accounts – TL (Real person)	**9,027,058**	**-**	**9,027,058**
Overdraft Checking Accounts – FC (Real person)	**627**	**-**	**627**
Total	**27,671,228**	**97,082,656**	**124,753,884**

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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, 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**

Prior Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	**2,464,113**	**112,812,382**	**115,276,495**
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	2,135,270	107,081,659	109,216,929
Other	-	-	-
Instalment-based commercial loans – FC indexed	**-**	**383,398**	**383,398**
Real estate loans	-	-	-
Automobile loans	-	2,906	2,906
General purpose loans	-	380,492	380,492
Other	-	-	-
Instalment-based commercial loans – FC	**1,651,467**	**60,752,723**	**62,404,190**
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,221,370	54,308,178
Other	1,564,659	6,495,476	8,060,135
Corporate credit cards – TL	**6,498,981**	**120,778**	**6,619,759**
With instalment	2,344,436	106,288	2,450,724
Without instalment	4,154,545	14,490	4,169,035
Corporate credit cards – FC	**11,723**	**-**	**11,723**
With instalment	-	-	-
Without instalment	11,723	-	11,723
Overdraft Checking Accounts – TL (Corporate)	**1,369,480**	**-**	**1,369,480**
Overdraft Checking Accounts – FC (Corporate)	**-**	**-**	**-**
Total	**11,995,764**	**174,069,281**	**186,065,045**

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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, 2022	Prior Period- December 31, 2021
Public Sector	27,239,912	18,853,395
Private Sector	925,241,805	570,761,768
Total	**952,481,717**	**589,615,163**

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

Allocation of domestic and overseas loans (*)

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Domestic loans	941,033,981	580,835,414
Foreign loans	11,447,736	8,779,749
Total	**952,481,717**	**589,615,163**

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

Loans to associates and subsidiaries

	Current Period - December 31, 2022	Prior Period- December 31, 2021
Direct loans to associates and subsidiaries	126,530	50,676
Indirect loans to associates and subsidiaries	-	-
Total	**126,530**	**50,676**

Specific provisions accounted for loans (Stage 3)

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Loans and receivables with limited collectability	1,091,792	531,455
Loans and receivables with doubtful collectability	1,301,592	977,216
Uncollectible loans and receivables	14,563,609	13,109,737
Total	**16,956,993**	**14,618,408**

Information on non-performing loans (Net)

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

Current period - December 31, 2022	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Gross Amounts Before The Reserves	**129,331**	**401,229**	**2,138,138**
Loans Which Are Restructured	129,331	401,229	2,138,138
Prior period - December 31, 2021			
Gross Amounts Before The Reserves	**204,656**	**371,451**	**1,581,011**
Loans Which Are Restructured	204,656	371,451	1,581,011

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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

Current Period - December 31, 2022	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
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 Transfers from and to other categories of loans under follow-up.

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

Prior Period - December 31, 2021	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Balance at the beginning of the period	**520,617**	**2,403,646**	**15,005,908**
Additions (+)	5,023,344	114,790	370,231
Transfers from other categories of loans under follow-up (+)	-	4,261,340	3,906,850
Transfers to other categories of loans under follow-up (-)	4,272,245	3,895,946	-
Collections (-) (*)	166,535	729,678	2,641,643
Write-offs (-) (**)	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	399	-	73,735
Balance at the end of the period	**1,105,580**	**2,154,152**	**15,880,196**
Provision (-)	531,455	977,216	13,109,737
Net balance	**574,125**	**1,176,936**	**2,770,459**

(*) 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, 2021, the Parent Bank has TL 834,885 from 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 written off. After the loans are written off, the Parent Bank's NPL ratio decreased from 3.23% to 3.09%.

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

Current Period - December 31, 2022	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Balance at the end of the period	1,363,356	470,985	5,735,580
Provision (-)	618,801	328,422	5,440,474
Net balance on balance sheet	**744,555**	**142,563**	**295,106**
Prior Period –December 31, 2021			
Balance at the end of the period	11,300	437,240	5,037,148
Specific provision (-)	4,711	104,367	4,071,240
Net balance on balance sheet	**6,589**	**332,873**	**965,908**

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

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

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

Prior Period - December 31, 2021	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Prior Period (Net)	**574,125**	**1,176,936**	**2,770,459**
Consumer and Commercial Loans (Gross)	1,105,245	2,154,140	15,857,216
Provision (-)	531,120	977,208	13,086,778
Consumer and Commercial Loans (Net)	**574,125**	**1,176,932**	**2,770,438**
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	**-**	**-**	**-**
Other Loans and Receivables (Gross)	335	12	22,980
Provision (-)	335	8	22,959
Other Loans and Receivables (Net)	**-**	**4**	**21**

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, 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
Prior Period (Net) - December 31, 2021	**41,802**	**87,321**	**398,494**
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Government bonds	124,497,259	22,217,950	48,358,190	15,883,492
Treasury bills	-	-	-	-
Other securities issued by the governments	-	11,611,721	-	9,293,290
Total	**124,497,259**	**33,829,671**	**48,358,190**	**25,176,782**

Information on financial assets measured at amortized cost

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Debt Securities	**158,592,852**	**73,861,983**
Quoted at stock exchanges	158,385,880	73,593,922
Unquoted at stock exchanges	206,972	268,061
Impairment losses (-)	-	-
Total	**158,592,852**	**73,861,983**

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

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Balances at the beginning of the period	**73,861,983**	**58,747,252**
Foreign currency differences on monetary assets	8,334,895	9,987,748
Purchases during the period	41,636,940	1,418,048
Disposals through sales/redemptions	(3,320,778)	(2,975,048)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	38,079,812	6,683,983
Balances at the end of the period	**158,592,852**	**73,861,983**

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Cost		Carrying Value	
Current Period - December 31, 2022	**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.

	Cost		Carrying Value	
Prior Period - December 31, 2021	**TL**	**FC**	**TL**	**FC**
Collateralized/blocked investment securities	3,724,514	8,171,526	5,222,046	8,553,080
Investments subject to repurchase agreements	28,266,611	14,139,847	42,200,956	14,987,420
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	719,513	1,576,739	994,138	1,904,343
Total	**32,710,638**	**23,888,112**	**48,417,140**	**25,444,843**

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

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

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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 (Continued)

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Period's Profit/Loss	Fair Value
1	19,395,343	6,735,373	2,119,538	76,360	2,876	2,667,040	783,247	28,520,000
2	805,905	685,073	131,150	82,758	-	314,832	137,294	-
3	875,483	117,467	414,875	42,415	1,333	(1,800)	75,307	-
4	131,036	(244,148)	88,063	1	-	(139,204)	21,149	-
5	81,583	(656,613)	71,756	-	-	(226,086)	(67,129)	-
6	85,804,572	4,516,938	176,860	1,493,313	193,627	1,732,121	890,757	-
7	1,975,639	1,186,043	25,815	94,539	-	205,844	87,976	-
8	255,837	223,572	39,466	15,414	-	146,841	28,767	-
9	420,964	327,342	123,853	26,266	-	(22,715)	261	-
10	156,130	138,959	31,453	9,643	-	78,817	46,508	-
11	66,975	64,773	1,609	1,914	885	12,972	-	-
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, 2022.
(**) The financial statement information provided for these associate is taken from the financial statements dated December 31, 2019.

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

It has been decided to increase the paid-in capital of Roketsan Roket Sanayii ve Ticaret AŞ from TL 147,053 to TL 1,005,842 in the current 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 current 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 current 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 current period, it has been decided to increase the paid-in capital of Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, one of the Parent Bank's subsidiaries, from 145,000 TL to 340,000 TL by means of a paid-in increase. After the capital increase, the share which corresponds to the Parent Bank is TL 64,994.

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, Platform Ortak Kartlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ and JCR Avrasya Derecelendirme AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements in accordance with TFRS 9.

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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

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	3,776,619	189,229	9,269	286,536	4,164	57,996	20,690	-
2	117,621,660	12,992,456	3,534,763	6,235,037	4,139,197	3,980,412	1,081,109	12,280,799

In the current 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, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	**349,103**	**428,622**
Movements during the period	**694,838**	**(79,519)**
Transfers	-	-
Acquisitions	-	-
Bonus shares received	4,500	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	690,338	-
Impairment losses	-	(79,519)
Balance at the end of the period	**1,043,941**	**349,103**
Capital commitments	**-**	**-**
Share percentage at the end of period (%)	**-**	**-**

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

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, 2022	Prior Period – December 31, 2021
Banks	1,043,941	349,103
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	**1,043,941**	**349,103**

Quoted associates

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Quoted at domestic stock exchanges	1,028,822	338,484
Quoted at international stock exchanges	-	-
Total	**1,028,822**	**338,484**

Investments in associates disposed during the period

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

As of January 8, 2021, all of the Bank's shares in Keskinoğlu Tavukçuluk ve Damızlık İşletmeleri Sanayi ve Ticaret AŞ, which were monitored in the subsidiaries account on the main partnership bank balance sheet in the previous period, were transferred to T.C. Ziraat Bank INC and the Main Partnership Bank had no share in the relevant company.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Investments in subsidiaries

Information on significant subsidiaries

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

(*) Audited BRSA financial statements as of December 31, 2022 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, 2021	VakıfBank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ	Vakıf Yatırım Menkul Değerler AŞ
Paid in Capital	311,248	468,895	350,000	1,000,000	30,000	150,000
Share Premium	-	13,232	-	322,717	121	137
Equity share premiums	-	-	-	301,118	28	-
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	13,232	-	21,599	93	137
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	27,067	5,594	(187)	(36)	10,720
Other accumulated comprehensive income that will be reclassified in profit or loss	2,203,220	-	-	-	-	-
Profit Reserves	21,149	64,612	118,794	145,336	408	151,446
Legal Reserves	21,149	14,333	23,191	11,781	395	33,808
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	95,603	133,008	13	42,588
Other Profit Reserves	-	-	-	547	-	75,050
Profit/Loss	153,745	88,836	84,425	159,988	1,669	206,348
Prior Period's Profit/Loss	68,433	(65,147)	(41,420)	6,752	(1,401)	4,081
Current Period's Profit/Loss	85,312	153,983	125,845	153,236	3,070	202,267
Minority Rights	-	-	-	-	-	-
Total Core Capital	**2,689,362**	**662,642**	**558,813**	**1,627,854**	**32,162**	**518,651**
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	**2,689,362**	**662,642**	**558,813**	**1,627,854**	**32,162**	**518,651**
NET AVAILABLE EQUITY	**2,689,362**	**662,642**	**558,813**	**1,627,854**	**32,162**	**518,651**

(*) Audited BRSA financial statements as of December 31, 2021 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)

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

Unconsolidated investments in subsidiaries

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	253,396	253,038	34,327	5,091	-	62,788	(4,077)	140,984
2	569,640	530,410	202,882	33,524	-	81,938	50,921	816,136
3	251,605	154,673	109,784	10,547	194	8,733	(422)	180,670
4	71,920	61,154	360	5,876	-	5,194	(8,732)	61,154
5	109,290	109,088	2,123	14,488	-	8,760	-	100,000

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of September 31, 2022.

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

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

In the current 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 current period, the entire 1.77% nominal share of 1,504 TL, 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 2,494 TL. After the capital increase, the share which corresponds to the Parent Bank is TL 2,494.

In the current period, all of the 9.76% nominal shares of 9,761 TL 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 17,635 TL. After the capital increase, the share which corresponds to the Parent Bank is TL 17,635.

In the prior period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. After the capital increase, the share which corresponds to the Parent Bank is TL 8,029.

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.

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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)

Investments in consolidated subsidiaries

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

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	23,001,644	1,154,300	5,883	2,422,296	-	546,720	116,286	1,022,000
2	13,219,851	1,324,939	221,292	1,212,791	-	518,566	128,071	3,213,600
3	4,900,471	798,083	51,603	130	23,992	383,652	202,267	839,000
4	17,688,826	3,413,754	12,032	384,950	-	36,590	61,782	1,843,727
5	38,120	37,366	102	399	8,810	5,643	3,067	242,370
6	6,702,899	4,772,769	5,245,478	204,154	41,248	2,332,117	474,688	7,215,790

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Balance at the beginning of the period	**4,141,635**	**3,272,863**
Movements during the period	**5,136,522**	**868,772**
Transfers	-	-
Acquisitions	257,307	426,846
Bonus shares received	307,337	175,660
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	4,587,310	848,932
Impairment losses	(15,432)	(582,666)
Balance at the end of the period	**9,278,157**	**4,141,635**
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

In the current 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 140,069 TL. TL 140,069 share corresponding to the Bank's is shown under the Acquisitions row in the movement table of subsidiaries.

In the current 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 40,150 TL. 40,150 TL shares corresponding to the Bank's are shown under the Acquisitions row in the movement table of subsidiaries.

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

In the current 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.

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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)

Investments in consolidated subsidiaries (Continued)

In the current 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 Bank's share are shown under Acquisitions in the Movement table of consolidated investments in subsidiaries in consolidated financial statements.

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

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

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

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

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 200,000 to TL 250,000. Bonus shares worth TL 29,356 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 250,000 to TL 500,000 by an increase of TL 250,000. Shares worth TL 146,780 corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 460,000 to TL 500,000. Bonus shares amounting to TL 18,286 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 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares corresponding to the Parent Bank's share are shown under Purchases in the movement table for subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 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 250,000 to TL 350,000. 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.

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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)

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Measured at cost	-	-
Measured at fair value (*)	9,278,157	4,141,635
Equity method of accounting	-	-
Total	**9,278,157**	**4,141,635**

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

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period - December 31, 2022	Prior Period- December 31, 2021
Banks	1,843,727	1,369,078
Factoring companies	941,244	460,454
Leasing companies	1,993,897	905,048
Financing companies	-	-
Other financial subsidiaries	4,499,289	1,407,055
Total	**9,278,157**	**4,141,635**

Quoted consolidated subsidiaries

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Quoted at domestic stock exchanges	5,658,381	1,716,749
Quoted at international stock exchanges	-	-
Total	**5,658,381**	**1,716,749**

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.

In the prior period, the Parent Bank established Vakıf Elektronik Para ve Dağıtım Hizmetleri AŞ with a capital of 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on November 25, 2021. The Parent Bank's share in the Company is 100% and shares worth 100,000 TL.

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, 2022		Prior Period - December 31, 2021	
	Gross	Net	Gross	Net
Less than 1 year	2,039,611	1,813,736	1,197,813	1,234,244
Between 1-4 years	7,001,171	5,335,389	3,555,711	3,004,845
Longer than 4 years	1,981,371	1,274,852	957,785	742,242
Total	**11,022,153**	**8,423,977**	**5,711,309**	**4,981,331**

Net investments in finance lease receivables

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Gross finance lease receivables	11,022,153	5,711,309
Unearned income on finance lease receivables (-)	2,598,176	729,978
Terminated lease contracts (-)	-	-
Net finance lease receivables	**8,423,977**	**4,981,331**

Finance lease agreements

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

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

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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	2,912,029	1,588,642	232,622	2,374,364	7,107,657
Accumulated depreciation (-)	59,158	722,979	98,098	1,548,789	2,429,024
Impairment (-)	299,302	-	-	238,280	537,582
Net book value	**2,553,569**	**865,663**	**134,524**	**587,295**	**4,141,051**
Current Period:					
Net book value at the beginning of the current year	2,553,569	865,663	134,524	587,295	4,141,051
Additions	6,792,509	1,216,248	2,260	628,121	8,639,138
Transfered cost	1,022,158	-	-	-	1,022,158
Transfered amortisation	13	-	-	-	13
Cost of the disposals (-)	665,976	1,023,765	3,396	40,116	1,733,253
Depreciation of the disposals (-)	678	157,308	1,562	13,870	173,418
Depreciation of the current year (-)	12,389	312,212	41,591	207,335	573,527
Impairment (-)	12,267	-	-	1,687	13,954
Exchange differences related to foreign associates	573	-	457	27,173	28,203
Cost at the end of the current year	10,061,293	1,781,125	231,943	2,989,542	15,063,903
Accumulated depreciation at the end of the year (-)	70,856	877,883	138,127	1,742,254	2,829,120
Impairment (-)	311,569	-	-	239,967	551,536
Net book value at the end of the current year	**9,678,868**	**903,242**	**93,816**	**1,007,321**	**11,683,247**

13. Information on intangible assets

Group's intangible assets consist of computer softwares and licences. The estimated useful life or depletion share of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lifes. 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, 2022, there are investment properties with a net balance sheet value of TL 1,307,194 (December 31, 2021: TL 972,154) and a fair value of TL 3,444,057 (December 31, 2021: 1,594,627 TL), belonging to the Parent Bank's subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on tax assets

a) Current tax assets

None.

b) Deferred tax assets

The deferred tax asset of the Bank as of December 31, 2022 is TL 3,061,414 (December 31, 2021: TL 72,767). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of December 31, 2022 and December 31, 2021 is as follows:

	Current Period – December 31, 2022	Priror Period – December 31, 2021
As of 1 January	**58,048**	**1,177,204**
Deferred tax income/(loss)	6,397,464	(896,058)
Deferred tax that is accounted under Equity	(3,427,490)	(241,344)
Other	(23,012)	18,246
Deferred tax asset/(liability)	**3,005,010**	**58,048**

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

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

As of December 31, 2022, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 411,964 (December 31, 2021: TL 756,999), and the provision for impairment is TL 986 (December 31, 2021: TL 1,746).

17. Information on other asset

As of December 31, 2022, and December 31, 2021, "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, 2022	Prior Period - December 31, 2021
Balances with the Central Bank	2,865	1,532
Banks	9,849	12,853
Total	**12,714**	**14,385**
Financial Assets Measured at Amortized Cost	20,008	8,247
Total	**32,722**	**22,632**

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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, 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**

Prior Period December 31, 2021	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	**15,231,477**	**-**	**11,559,594**	**46,268,755**	**10,470,493**	**1,432,528**	**1,827,314**	**9,738**	**86,799,899**
Foreign currency deposits	**67,643,026**	**-**	**51,026,724**	**149,584,017**	**7,492,896**	**5,620,206**	**14,354,238**	**-**	**295,721,107**
Residents in Türkiye	63,112,972	-	50,374,815	144,540,887	6,023,351	3,303,784	5,794,328	-	273,150,137
Residents in abroad	4,530,054	-	651,909	5,043,130	1,469,545	2,316,422	8,559,910	-	22,570,970
Public sector deposits	**13,816,572**	**-**	**8,028,818**	**8,796,107**	**920,075**	**372,760**	**125,928**	**-**	**32,060,260**
Commercial deposits	**10,981,552**	**-**	**29,169,742**	**34,593,719**	**2,239,806**	**917,073**	**138,202**	**-**	**78,040,094**
Other	**11,570,970**	**-**	**4,063,921**	**20,653,480**	**3,433,962**	**445,265**	**336,249**	**-**	**40,503,847**
Precious metal deposits	**26,593,579**	**-**	**-**	**14,891**	**-**	**2,585,813**	**262,572**	**-**	**29,456,855**
Bank deposits	**1,887,223**	**-**	**17,814,826**	**13,011,031**	**-**	**67,299**	**447,537**	**-**	**33,227,916**
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,251	-	17,098,189	2,192,613	-	-	-	-	20,406,053
Foreign banks	529,713	-	716,637	10,818,418	-	67,299	447,537	-	12,579,604
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
Total	**147,724,399**	**-**	**121,663,625**	**272,922,000**	**24,557,232**	**11,440,944**	**17,492,040**	**9,738**	**595,809,978**

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, 2022		Prior Period – December 31, 2021	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	67,118,488	127,237,104	38,157,515	48,642,384
Foreign currency saving deposits	47,027,029	134,690,674	35,113,479	119,335,680
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	**114,145,517**	**261,927,778**	**73,270,994**	**167,978,064**

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Saving deposits out of insurance coverage limits

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Deposits and other accounts at foreign branches	187,327	127,496
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	31,444	17,472
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, 2022		Prior Period- December 31, 2021	
	TL	FC	TL	FC
Forwards	5,120	79	1,167,111	3,555
Swaps	202,661	4,458,210	428,039	3,702,220
Futures	-	-	-	-
Options	-	53,527	14,062	175,291
Other	-	-	-	-
Total	**207,781**	**4,511,816**	**1,609,212**	**3,881,066**

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	9,000,667	1,116,440	484,900	1,791,814
Domestic banks and institutions	5,445,312	9,805,240	2,839,703	9,120,177
Foreign banks, institutions and funds	35,158	113,966,002	182,724	84,017,353
Total	**14,481,137**	**124,887,682**	**3,507,327**	**94,929,344**

b) Maturity information of funds borrowed

	Current Period - December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Short-term (*)	9,702,933	3,675,359	2,953,951	4,334,216
Medium and Long-term (*)	4,778,204	121,212,323	553,376	90,595,128
Total	**14,481,137**	**124,887,682**	**3,507,327**	**94,929,344**

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

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.71 % (December 31, 2021: 10.10 %) of the Group's liabilities. There is no risk concentration on funding sources of the Group.

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Syndicated Loans Receive

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

Securitisation Loans Received

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

(*) In the table, the relevant loan amounts are stated over each foreign currency amount.
(**) In the table, the amounts in the relevant credit tranches are given in USD.

As of December 31, 2022, the total securitization balance is equivalent of USD 1,616 million and EUR 252 million. (December 31, 2021: USD 1,689 million and EUR 337 million).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Information on securities issued

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

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

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

	TL		FC	
Current Period - December 31, 2022	**Short Term**	**Medium-Long Term**	**Short Term**	**Medium-Long Term**
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
Prior Period - December 31, 2021				
Nominal	6,124,552	5,180,500	870,290	49,466,408
Cost	5,922,474	5,180,500	869,722	49,272,954
Net Book Value	6,031,337	5,301,471	871,154	50,333,665

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

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Obligations under finance leases

The amounts recognized under TFRS 16 as of December 31, 2022 and December 31, 2021 are presented below.

Current 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

Prior Period - December 31, 2021	Service Buildings	Vehicles	Total
Lease payables	1,436,078	60,517	1,496,595
Deferred rental expenses	527,727	10,275	538,002
Lease payables (Net)	**908,351**	**50,242**	**958,593**
Right of use assets	817,913	47,750	865,663

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, 136,575 TL of lease payments were made in the related period. (December 31, 2021: 92,072 TL).

	Current Period - December 31, 2022		Prior Period-December 31,2021	
	Gross	Net	Gross	Net
Under 1 year	837,410	370,323	50,901	46,361
1-4 Years	571,224	279,115	367,671	300,266
Over 4 years	752,974	375,281	1,078,023	611,966
Total	**2,161,608**	**1,024,719**	**1,496,595**	**958,593**

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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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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, 2022, TL 1,994,327 (December 31, 2021: TL 998,880) provision for severance pay and TL 195,642 (December 31, 2021: TL 104,852) 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, 2022	Prior Period - December 31, 2021
Opening balance	**998,880**	**794,007**
Current service cost	97,786	77,524
Previous service cost	226	377
Interest cost	179,074	97,427
Paid compensation	(66,890)	(40,527)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	5,051	2,055
Actuary loss/(gain)	777,939	65,121
Net foreign exchange differences from foreign subsidiaries	2,261	2,896
Closing balance	**1,994,327**	**998,880**

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 the actuarial report dated January 2022, neither technical nor actual deficit has been identified that requires provisioning.

Transferable retirement and health liabilities	Current Period - December 31, 2022	Prior Period - December 31, 2021
Net Present Value of Transferable Retirement Liabilities	(22,011,351)	(10,570,828)
Net Present Value of Transferable Retirement and Health Contributions	20,122,767	10,470,302
General Administration Expenses	(220,114)	(105,708)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(2,108,698)	(206,234)
Fair Value of Plan Assets (2)	11,482,979	7,215,596
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	9,374,281	7,009,362

Actuarial assumptions used in valuation of Non-Transferable Benefits based on TAS 19 are as follows:

Discount Rates	Current Period – December 31, 2022	Previous Period - December 31, 2021
Benefits Transferable to SSI	%9.80	%9.80
Non-Transferable Benefits	%2.50	%2.50

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

Distribution of total assets of the Retirement Fund as of December 31, 2022 and December 31, 2021 is presented below:

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Bank placements	2,862,885	4,183,613
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	3,279,039	518,000
Tangible assets (*)	5,011,158	2,232,947
Other	329,895	281,036
Total	**11,482,979**	**7,215,596**

(*) As of 31 December 2022, 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

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Provision for currency exchange loss on foreign currency indexed loans	-	8,963

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

As of December 31, 2022 the Parent Bank has recorded TL 50,421 (December 31, 2021: TL 44,305) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of December 31, 2022, the free provision in the financial statements amounted to a total of TL 19,000,000, of which is constituted by TL 17,228,000 in the current period and TL 1,772,000 in the prior periods. (December 31, 2021: TL 1,772,000)

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

8. Taxation

Current Taxes

Tax provision

As at and for the year ended December 31, 2022, the tax liability of the Group is amounting to TL 4,020,030 (December 31, 2021: TL 127,147).

Information on taxes payable

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Corporate taxes payable	4,020,030	127,147
Taxation on securities	464,843	372,700
Capital gains tax on property	5,540	5,763
Banking and Insurance Transaction Tax (BITT)	640,813	359,635
Taxes on foreign exchange transactions	22,623	59,585
Value added tax payable	49,505	31,105
Other	187,204	133,366
Total	**5,390,558**	**1,089,301**

Information on premiums payable

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Social security premiums- employee share	2,856	695
Social security premiums- employer share	2,577	642
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	127	32
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	4,789	3,153
Unemployment insurance- employer share	9,488	6,284
Other	2	260
Total	**19,839**	**11,066**

Information on deferred tax liabilities

Group's deferred tax debts as of December 31, 2022, TL 56,404 (December 31, 2021: TL 14,719).

The reconciliation of the deferred tax on the assets directly related to the equity is as follows as of December 31, 2022 and December 31, 2021:

	Current Period December 31, 2022	Prior Period December 31, 2021
Financial assets at fair value through other comperehensive income	(3,145,274)	(216,847)
Associates and subsidiaries	(108,291)	(37,800)
Tangible assets	(383,084)	333
Actuarial gains and losses	209,159	12,970
Total	**(3,427,490)**	**(241,344)**

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

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 24,043,286 as of December 31, 2022 (December 31, 2021: TL 28,968,427).

	Current Period- December 31, 2022		Prior Period - December 31, 2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	**5,145,157**	**14,475,926**	**5,145,230**	**11,018,134**
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,157	14,475,926	5,145,230	11,018,134
Debt instruments to be included in the additional capital calculation	**4,422,203**	**-**	**1,259,521**	**11,545,542**
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	4,422,203	-	1,259,521	11,545,542
Total	**9,567,360**	**14,475,926**	**6,404,751**	**22,563,676**

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

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on shareholders' equity

Paid-in capital

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Common stock	7,111,364	3,905,622
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 7,111,364 is divided into groups comprised of 15.12% Group (A), 5.49 % Group (B), 5.68% Group (C) and 73.71 % 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	7,111,364	10,000,000

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

In the current period, the Parent Bank increased its paid-in capital from TL 3,905,622 to TL 7,111,364, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated February 9, 2022. Accordingly, the amendment made in the related article of the Articles of Association was registered on March 21, 2022.

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, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	3,675,834	-	1,720,269	-
Financial assets at fair value through other comprehensive income	11,620,755	(816,613)	1,263,629	440,429
Foreign exchange differences	14,526	-	8,748	-
Total	**15,311,115**	**(816,613)**	**2,992,646**	**440,429**

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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, 2022	Prior Period - December 31, 2021
Commitments for credit card limits	81,979,697	30,687,962
Loan granting commitments	60,805,000	34,017,673
Commitments for cheque payments	6,916,438	7,029,711
Asset purchase sale commitments	56,192,549	13,030,758
Other	14,057,522	5,625,932
Total	**219,951,206**	**90,392,036**

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

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

The Parent Bank provided specific provision amounting to TL 583,361 (December 31, 2021: TL 507,691) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 50,421 (December 31, 2021: TL 44,305).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Provisional letters of guarantee	5,312,468	3,239,783
Final letters of guarantee	79,435,509	51,344,606
Letters of guarantee for advances	28,688,031	14,848,052
Letters of guarantee given to custom offices	5,938,641	2,542,604
Other letters of guarantee	101,497,012	62,104,990
Total	**220,871,661**	**134,080,035**

2. Non-cash loans

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Non-cash loans given for cash loan risks	54,770,548	44,781,413
With original maturity of 1 year or less	7,674,681	8,896,727
With original maturity of more than 1 year	47,095,867	35,884,686
Other non-cash loans	224,585,683	148,674,513
Total	**279,356,231**	**193,455,926**

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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, 2022				Prior Period – December 31, 2021			
	TL	%	FC	%	TL	%	FC	%
Agricultural	**244,348**	**0.20**	**472,287**	**0.31**	**139,996**	**0.23**	**615,401**	**0.47**
Farming and Cattle	224,411	0.18	187,736	0.12	124,298	0.2	537,647	0.41
Forestry	8,032	0.01	-	-	12,157	0.02	-	-
Fishing	11,905	0.01	284,551	0.19	3,541	0.01	77,754	0.06
Manufacturing	**49,401,506**	**38.80**	**69,019,266**	**45.41**	**19,502,805**	**31.22**	**71,808,891**	**54.82**
Mining	1,038,377	0.82	1,482,590	0.98	436,029	0.7	1,021,326	0.78
Production	38,985,823	30.62	61,690,706	40.58	12,775,324	20.45	65,154,049	49.74
Electric, gas and water	9,377,306	7.36	5,845,970	3.85	6,291,452	10.07	5,633,516	4.3
Construction	**23,530,449**	**18.48**	**25,771,591**	**16.95**	**14,800,027**	**23.7**	**17,549,761**	**13.4**
Services	**51,427,383**	**40.39**	**43,592,565**	**28.68**	**26,382,572**	**42.25**	**33,902,378**	**25.88**
Wholesale and retail trade	22,972,726	18.05	16,005,899	10.53	11,533,354	18.48	13,427,929	10.25
Hotel, food and beverage Services	1,520,860	1.19	1,096,002	0.72	599,846	0.96	863,562	0.66
Transportation and telecommunication	8,373,286	6.58	21,195,269	13.94	5,179,687	8.29	16,557,952	12.64
Financial institutions	11,073,975	8.70	1,224,508	0.81	4,841,677	7.75	1,352,144	1.03
Real estate and renting Services	3,022,793	2.37	1,914,088	1.26	2,180,150	3.49	1,323,085	1.01
Self-employment services	3,634,382	2.85	989,576	0.65	1,721,447	2.76	315,385	0.24
Education services	423,681	0.33	56,232	0.04	124,387	0.2	49,930	0.04
Health and social services	405,680	0.32	1,110,991	0.73	202,024	0.32	12,391	0.01
Other	**2,720,999**	**2.13**	**13,175,837**	**8.65**	**1,632,327**	**2.6**	**7,121,768**	**5.43**
Total	**127,324,685**	**100.00**	**152,031,546**	**100.00**	**62,457,727**	**100.00**	**130,998,199**	**100.00**

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

	Group I		Group II	
Current Period - December 31, 2022	**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**

	Group I		Group II	
Prior Period - December 31, 2021	**TL**	**FC**	**TL**	**FC**
Letters of Guarantee	59,422,198	70,763,599	1,737,613	1,649,347
Confirmed Bills of Exchange and Acceptances	4,258	9,575,050	-	-
Letters of Credit	568,389	47,986,477	-	290,283
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	117,441	277,393	-	-
Other Guarantees and Sureties	360,411	195,776	-	-
Non-Cash Loans	**60,472,697**	**128,798,295**	**1,737,613**	**1,939,630**

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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)

5. Information on derivative transactions

	Current Period – December 31, 2022	Prior Period – December 31, 2021
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	**186,003,245**	**150,532,949**
Currency Forwards	2,185,436	14,493,825
Currency Swaps	159,846,749	128,757,449
Currency Futures	1,476,432	-
Currency Options	22,494,628	7,281,675
Interest Rate Derivative Transactions (II)	**145,399,273**	**127,590,653**
Interest Rate Forwards	-	-
Interest Rate Swaps	145,399,273	127,590,653
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	**72,672,594**	**71,235,697**
A. Total Trading Derivatives (I+II+III)	**404,075,112**	**349,359,299**
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	**404,075,112**	**349,359,299**

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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)

5. Information on derivative transactions (Continued)

Current 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**

Prior Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	49,837,375	4,784,639	3,402,204	-	402,000	58,426,218
Sale	45,122,140	3,714,711	3,381,030	-	-	52,217,881
Currency forwards:						
Purchase	272,988	1,995,127	4,990,116	-	-	7,258,231
Sale	272,496	1,990,262	4,972,836	-	-	7,235,594
Cross currency interest rate swaps:						
Purchase	-	-	-	5,982,041	6,204,653	12,186,694
Sale	-	-	-	3,130,009	2,796,647	5,926,656
Interest rate swaps:						
Purchase	15,000	15,000	6,340,371	11,333,954	46,091,002	63,795,327
Sale	15,000	15,000	6,340,370	11,333,954	46,091,002	63,795,326
Options:						
Purchase	913,138	2,042,735	648,810	-	-	3,604,683
Sale	805,646	2,179,284	692,062	-	-	3,676,992
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Other trading derivatives:						
Purchase	8,605,326	695,218	2,467,019	10,944,387	15,354,929	38,066,879
Sale	5,360,710	695,218	2,134,018	10,076,069	14,902,803	33,168,818
Total purchases	**59,643,827**	**9,532,719**	**17,848,520**	**28,260,382**	**68,052,584**	**183,338,032**
Total sales	**51,575,992**	**8,594,475**	**17,520,316**	**24,540,032**	**63,790,452**	**166,021,267**
Total	**111,219,819**	**18,127,194**	**35,368,836**	**52,800,414**	**131,843,036**	**349,359,299**

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

7. Contingent assets and liabilities

Group allocates TL 40,057 as provision for lawsuits against the Group (December 31, 2021: TL 43,729).

8. 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, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Short-term Loans	32,018,642	1,935,226	13,920,417	911,092
Medium and Long-Term Loans	37,913,231	14,008,145	29,481,757	8,181,771
Non-performing Loans	907,019	114	662,874	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	**70,838,892**	**15,943,485**	**44,065,048**	**9,092,863**

Information on interest income received from banks

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	-	276,567	-	-
Domestic Banks	31,910	35,591	16,121	5,675
Foreign Banks	-	318,102	-	10,415
Foreign Head Office and Branches	-	-	-	-
Total	**31,910**	**630,260**	**16,121**	**16,090**

Information on interest income received from marketable securities portfolio

	Current Period – December 31, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	52,282	358,840	23,531	217,454
Financial assets at fair value through other comprehensive income	21,639,349	4,813,597	6,861,009	2,454,280
Financial assets measured at amortized cost	43,664,117	1,613,903	8,260,089	1,010,249
Total	**65,355,748**	**6,786,340**	**15,144,629**	**3,681,983**

Information on interest income received from associates and subsidiaries

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Interest Received from Associates and Subsidiaries	11,125	4,332

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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, 2022		Prior Period – December 31, 2021	
	TL	FC	TL	FC
Banks	**979,390**	**3,587,016**	**311,912**	**1,519,459**
Central Bank of the Republic of Türkiye	329,049	7,441	17,505	7,059
Domestic Banks	636,920	263,962	269,767	209,949
Foreign Banks	13,421	3,315,613	24,640	1,302,451
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	**-**	**195,875**	**-**	**70,446**
Total	**979,390**	**3,782,891**	**311,912**	**1,589,905**

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2022	Prior Period - December 31, 2021
Interests paid to the associates and subsidiaries	304,923	18,641

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2022 is TL 7,889,345 (TL 2,587,381 and FC 5,301,964). (December 31, 2021: TL 6,256,561 (TL 2,730,791 and FC 3,525,770)).

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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

Maturity structure of the interest expense on deposits

	Time Deposits							
Current Period – December 31, 2022	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**More than 1 Year**	**Cumulative deposit**	**Total**
TL								
Interbank deposits	-	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**

	Time Deposits							
Prior Period – December 31, 2021	**Demand Deposits**	**Up to 1 Month**	**Up to 3 Months**	**Up to 6 Months**	**Up to 1 Year**	**More than 1 Year**	**Cumulative deposit**	**Total**
TL								
Interbank deposits	-	371,866	756,887	-	-	-	-	1,128,753
Saving deposits	762	1,578,025	9,318,284	406,703	174,710	206,367	745	11,685,596
Public sector deposits	36,343	905,346	1,162,027	101,172	58,270	10,175	-	2,273,333
Commercial deposits	2,009	4,180,252	5,293,222	213,160	113,171	40,389	-	9,842,203
Other deposits	56	344,756	2,587,379	484,868	281,539	164,856	-	3,863,454
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	**39,170**	**7,380,245**	**19,117,799**	**1,205,903**	**627,690**	**421,787**	**745**	**28,793,339**
FC								
Foreign currency deposits	21,574	304,807	1,460,101	88,281	69,654	109,804	-	2,054,221
Interbank deposits	4,552	50,563	102,912	-	-	-	-	158,027
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	7,364	1,034	-	8,422
Total	**26,126**	**355,370**	**1,563,037**	**88,281**	**77,018**	**110,838**	**-**	**2,220,670**
Grand Total	**65,296**	**7,735,615**	**20,680,836**	**1,294,184**	**704,708**	**532,625**	**745**	**31,014,009**

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Dividend Income

	Current Period – December 31, 2022	**Prior Period – December 31, 2021**
Financial assets at fair value through profit or loss	3,796	1,253
Financial assets at fair value through other comprehensive income	7,704	1,789
Investments in Associates	45,891	20,352
Total	**57,391**	**23,394**

4. Information on trading income/losses

	Current Period – December 31, 2022	**Prior Period – December 31, 2021**
Income	**108,491,269**	**87,769,285**
Income from capital market operations	29,100,035	21,178,963
Income from derivative financial instruments	53,451,938	39,365,112
Foreign exchange gains	25,939,296	27,225,210
Losses	**(102,728,449)**	**(92,023,400)**
Loss from capital market operations	(27,244,413)	(20,429,591)
Loss from derivative financial instruments	(54,015,790)	(46,311,653)
Foreign exchange loss	(21,468,246)	(25,282,156)
Net trading profit/loss	**5,762,820**	**(4,254,115)**

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 1,413,106 as at and for the year ended December 31, 2022 (December 31, 2021: net loss of TL 5,651,017).

5. Information on other operating income

	Current Period – December 31, 2022	**Prior Period – December 31, 2021**
Income from reversal of the provisions for loans from prior periods	7,968,066	6,829,661
Communication income	24,095	22,335
Gain on sale of assets	1,086,428	953,567
Rent income	12,684	108,093
Other income	1,794,064	662,157
Total	**10,885,337**	**8,575,813**

6. Expected credit loss and other provision expenses

	Current Period - December 31, 2022	**Prior Period – December 31, 2021**
Expected Credit Loss	**27,203,605**	**11,941,319**
12 month expected credit loss (stage 1)	6,036,427	2,042,036
Significant increase in credit risk (stage 2)	14,991,119	6,344,219
Non-performing loans (stage 3)	6,176,059	3,555,064
Marketable Securities Impairment Expense	**24,928**	**9,530**
Financial Assets at Fair Value through Profit or Loss	12,747	1
Financial Assets at Fair Value Through Other Comprehensive Income	12,181	9,529
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	**4,253**	**16,899**
Investments in Associates	4,253	16,899
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	**17,271,958**	**700,000**
Total	**44,504,744**	**12,667,748**

(*) Free provision balance calculated in 2022 is TL 17,228,000 (December 31, 2021 TL 700,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on other operating expenses

	Current Period - December 31, 2022	Prior Period - December 31, 2021
Reserve for Employee Termination Benefits	217,709	138,008
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	17,754	-
Depreciation Expenses on Tangible Assets	573,527	481,757
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	56,462	47,115
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	6,786,523	3,207,911
Leasing expenses related toTFRS 16 exceptions	136,575	92,072
Repair and maintenance expenses	197,612	131,627
Advertisement expenses	558,995	291,463
Other expenses	5,893,341	2,692,749
Loss on sale of assets	1,188	4,267
Other (*)	3,245,861	1,720,860
Total	**10,899,024**	**5,599,918**

(*) Other operating expenses amounting to TL 3,245,861 (December 31, 2021: TL 1,720,860) is comprised of provision expenses for dividends to the personnel amounting to TL 948,282 (December 31, 2021: TL 375,840), tax, fees and funds expenses amounting to TL 651,910 (December 31, 2021: TL 371,021), Saving Deposits Insurance Fund expenses amounting to TL 848,641 (December 31, 2021: TL 515,735) and other expenses amounting to TL 797,028 (December 31, 2021: TL 458,264)

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

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

9. Information on tax provision from discontinued and continuing operations

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

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

Information on net profit/loss from continuing operations is presented in disclosures 1-13 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 (20,041,060) (December 31, 2021: TL (391,092)) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

As of December 2022, the Group's deferred tax income from the occurrence/ (Closing) of deductible temporary differences is TL 6,155,964 (December 31, 2021: TL 1,941,524), from the taxable temporary differences (Occurrence)/Closing TL 241,500 (December 31, 2021: (TL 2,837,582)) has deferred tax expense.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

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 161,386,163 interest income and TL 85,637,033 interest expense, also incurred TL 10,189,800 amount of net fee and commission income from its ordinary banking operations (December 31, 2021: TL 73,317,046 interest income, TL 52,991,621 interest expense, TL 4,255,818 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, 2022	Prior Period – December 31, 2021
Income/(losses) related to non-controlling interest	655,166	169,840

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, insurence commissions and intelligence commissions.

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

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 Bank from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period December 31, 2022	Previous Period December 31, 2021
Independent audit fee for the reporting period	4,105	3,109
Fees for other assurance services	1,621	2,771
Total	**5,726**	**5,880**

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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

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, 2022	Prior Period - December 31, 2021
Valuation differences at the beginning of the year	1,703,781	897,478
Fair value changes in the current year	10,309,721	299,489
Valuation differences transferred to the statement of income	1,933,989	723,661
Effect of deferred and corporate taxes	(3,145,274)	(216,847)
Valuation differences at the end of the year	**10,802,217**	**1,703,781**

Valuation Difference of the Subsidiaries and Affiliates	Current Period – December 31, 2022	Prior Period - December 31, 2021
Valuation differences at the beginning of the year	1,643,222	865,452
Fair value changes in the current year	1,406,650	769,740
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	(108,291)	8,030
Valuation differences at the end of the year	**2,941,581**	**1,643,222**

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.

5. Information on profit distribution

At the 68th General Assembly Meeting of the Parent Bank held on March 25, 2022, it was decided to distribute TL 4,175,464 of the distributable net period profit of 2021 totalling TL 417,546 to shareholders as legal reserves, TL 3,568,998 of it as extraordinary reserves, TL 188,920 as special funds.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with increase in the current year. Detailed information about the increases is explained above in Note 1.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for "other" items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

"Other" item under the "operating profit before changes in operating assets and liabilities" amounting to TL 9,121,069 (December 31, 2021: TL (12,976,343)) 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 17,192,719 (December 31, 2021: TL 54,426,009) 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 (229,354) (December 31, 2021: TL (50,842)) 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, 2022 impact of the exchange rate change on cash and cash equivalents is TL 366,155 (December 31, 2021: TL 5,935,716).

2. Cash flows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Prior Period- December 31, 2021	Prior Period- December 31, 2020
Cash on hand	**3,971,399**	**3,115,943**
Cash in TL	1,953,701	1,699,186
Cash in foreign currency	2,017,698	1,416,757
Cash equivalents	**95,015,922**	**52,480,104**
CBRT	136,196,563	88,034,872
Banks	21,625,296	3,092,180
Receivables from money markets	6,917,899	206,589
Other	4,004,583	2,056,427
Loans and advances to banks having maturity of more than 3 months	(425,803)	(73,182)
Restricted cash and cash equivalents	(73,299,265)	(40,835,818)
Unrealized foreign exchange rate differences on cash equivalents	(3,351)	(964)
Total	**98,987,321**	**55,596,047**

(*) As of December, 31 2021, TL 4,004,583 (December, 31 2020: 2,056,427) and TL 3,164,283 (December 31, 2020: 1,849,161) out of TL, 840,300 (December 31, 2021: 207,266) that were classified under "Other" was cash in transit and precious metals, respectively.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

Information on cash and cash equivalents at the end of the year

	Current Period- December 31, 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: TL 4,004,582) and TL 566,026 (December 31, 2021: TL 3,164,283) out of TL 223,229 (December 31, 2021: TL 840,300) 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 160,782,674 as at December 31, 2022 (December 31, 2021: TL 57,255,114) has not been included in cash and cash equivalents.

Deposits of the Group amounting to TL 19,000,637 (December 31, 2021: TL 16,044,151) is blocked due to securitization loans and other ordinary operations of the Group.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Current Period	**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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
Prior Period	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**	**Cash**	**Non-Cash**
Loans						
Balance at the beginning of the year	33	412,813	-	32,511	63,311	64,767
Balance at the end of the year	50,676	78,364	-	8,344	228,644	22,489
Interest and commission income	4,332	228	-	-	5,337	43

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

	Associates and Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**	**Current Period**	**Prior Period**
Deposits						
Balance at the beginning of the year	1,153,273	1,718,208	3,908,130	2,237,815	82,435	117,989
Balance at the end of the year	9,740,031	1,153,273	2,398,302	3,908,130	195,275	82,435
Interest on deposits	304,923	18,641	668,436	548,536	26,196	1,892

Information on forwards, options and other derivative transactions held by the Parent Bank's risk group

None.

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DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

Information on Benefits Provided to Directors

In the accounting period ending on December 31, 2022, a total amount of TL 104,865 was paid to the Group top management. (December 31, 2021: TL 62,714).

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	Country	Total Assets	Capital
Domestic Branches (*)	945	16,921			
Foreign Representative Offices	-	-			
Foreign Branches	1	20	USA	11,245,877	309,045
	1	12	Iraq	1,691,944	936,500
	1	3	Qatar	15,893	-
Off-shore Branches	1	5	Bahrain	92,444,554	-

(*) 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 2022, 14 new domestic branches (2021: 4 domestic branches) have been opened and 5 braches have been closed (2021: 1).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK'S ACTIVITY

As per the resolution of 68th Annual General Assembly held on March 25, 2022, the net profit of year 2021 has been decided to be distributed as follows:

	Profit Distribution Table of Year 2021
Bank's unconsolidated profit in its statutory financial statements	**4,175,464**
Deferred tax credits	-
Net profit of the year subject to distribution	**4,175,464**
Legal reserves	417,546
First Legal Reserves	208,773
Reserves allocated according to banking law and articles of association.	208,773
Net profit of the year subject to distribution	**3,757,918**
Gain on sale of immovable and shares of associates and subsidiaries	188,920
Extraordinary reserves	3,568,998
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	Negatif
Long Term Local Currency	B
Short Term Local Currency	B
Local Currency Outlook	Negatif
National Long Term	AA (tur)
National Outlook	Durağan
Support	ns
Support Rating Floor	b-

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

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

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

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OTHER DISCLOSURES (Continued)

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

The Bank has issued financial bonds in various maturities between January 6, 2023, and January 20, 2023.

On February 20, 2023, the Parent Bank signed the DPR securitization transaction, which consists of two different tranches, totaling approximately USD 1.8 billion. The dollar tranche of the transaction in question, based on foreign remittance flows and treasury transactions; With the participation of 5 banks, the amount is approximately 1.7 billion USD with a 2-year grace period and a total maturity of 5 years. The Euro tranche based on foreign remittance flows; With the participation of 2 banks, the amount was 75 million Euros, with a 2-year grace period and a total maturity of 4 years. The transaction in question is the largest one-time securitization and funding transaction among Turkish banks.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette dated 14 January 2023 and numbered 32073, the procedures and principles of the law articles that allow the revaluation of fixed properties and depreciable economic assets have been rearranged. Accordingly, the Bank will be able to revalue the fixed properties in its balance sheet and its depreciable economic assets, provided that the conditions in the Tax Procedure Law Provisional Article 32 and Reiterated Article 298/ç are met. Thus, corporate tax can be paid by calculating the values of fixed properties and depreciable economic assets after revaluation.

Due to the negativities caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and devastating our whole country, a state of emergency was declared including 10 provinces in the region. The developments regarding the natural disaster are being closely monitored and analyses are continuing to determine the situation. Within the framework of its corporate social responsibility approach, the Group continues its disaster relief and donation activities for the victims of the earthquake, primarily the Disaster and Emergency Management Presidency (AFAD), in order to eliminate the conditions that adversely affect the general life after earthquakes and to meet the needs of the disaster victims.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. INFORMATION ON INDEPENDENT AUDITORS' REPORT

The Group's consolidated financial statements and footnotes as at and for the year ended December 31, 2022 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent audit report dated February 28, 2023 is presented before the accompanying financial statements.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

International Credit Ratings

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

August 2022*	Moody's
Baseline Credit Assessment	caa2
Long Term Local Currency Deposit	B3
Outlook on Local Currency DR	Stable
Long Term Foreign Currency Deposit	B3
Outlook on Foreign Currency DR	Stable

June 2022*	JCR Eurasia
Long Term International Foreign Currency Institutional Credit Rating	BB (Stable)
Short Term International Foreign Currency Institutional Credit Rating	J3 (Stable)
Long Term International Local Currency Institutional Credit Rating	BB
Short Term International Local Currency Institutional Credit Rating	J3
Long Term National Institutional Credit Rating	AAA (Stable)
Short Term National Institutional Credit Rating	J1 + (Stable)

(*)The dates refer to the last rating changes.

Evaluation of the Bank's Financial Position, Profitability and Solvency

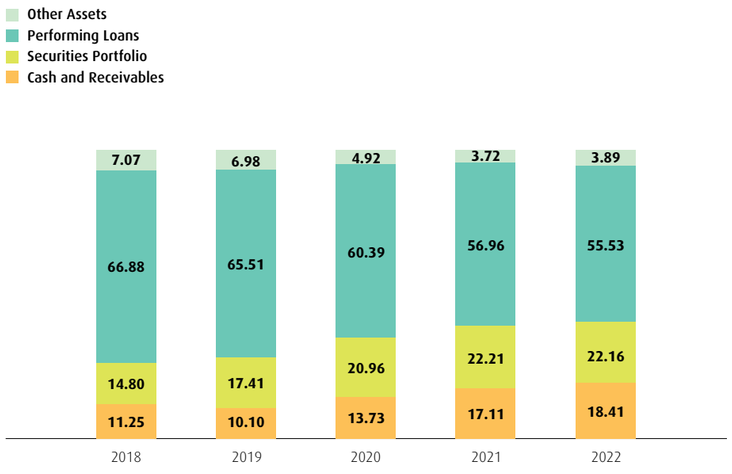
As of the end of 2022, our bank continued to serve its customers with 949 branches and 16,961 employees.

Sustainable Growth

Our bank increased its assets by 67% compared to the end of the previous year and raised it to TL 1,681,061 million. In the distribution of assets, loans had the biggest share with 56%. Our performing loans increased by 63% in this period and reached TL 933,451 million. In this period, 81% of our performing loans consisted of commercial loans and 19% were retail loans. Our commercial loans went up by 68% and our retail loans increased by 43%. When it comes to sub-breakdown of our retail loans, there was a 12% increase in mortgage loans and a 466% increase in auto loans. Our Bank's market share reached 12% in commercial loans and 12% in retail loans. Thus, our total performing loans market share was 12%.

The ratio of our Bank's Non-Performing Loans (NPL) was 2.13% in 2022. Securities portfolio increased by 67% to TL 377,588 million, and its share in assets was 22%.

Distribution of Assets (%)



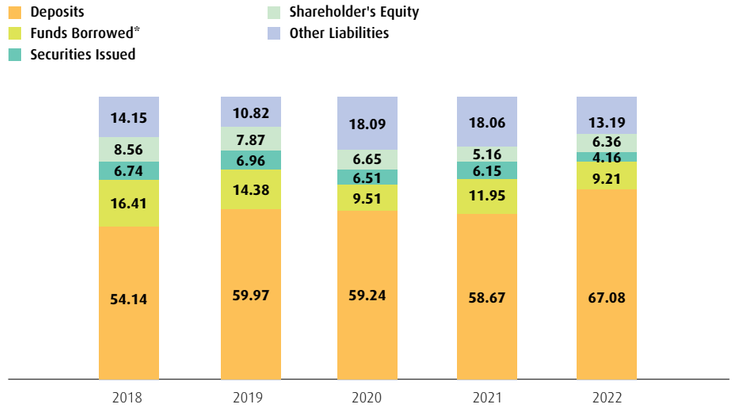
Deposit-Weighted Funding, Manageable Debt and Strong Equity Structure

In 2022, our main funding source was once again a deposit. In this period, our deposit increased by 91% and reached TL 1,127,702 million. The share of deposits in total liabilities was 67%. Within the funding structure, 77% of the deposit item, which has the most significant weight, constituted term and 23% demand deposit. In this period, demand deposits increased by 77% while time deposits increased by 95%. With the support of the strong deposit growth, the Bank's loan/deposit ratio realized at 83%.

Our bank continued its effectiveness in international debt capital markets with its long-term and cost-effective funding sources provided by various instruments such as syndication loans, securitization loans and subordinated loans. Our issued securities reached TL 69,854 million. Securities issued contributed to diversification of our Bank's funding sources and extension of the maturity structure. During this period, our Bank successfully renewed its syndication loans and provided a total of USD 3.3 billion in 2022 from abroad.

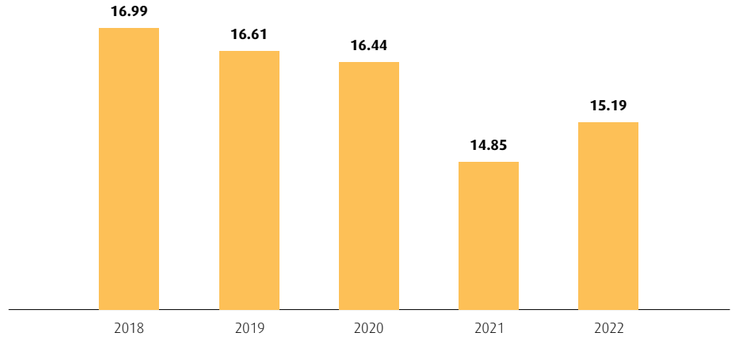
Our bank's equities increased by 106% in 2022 compared to the end of the previous year and reached the level of TL 106,985 million.

Distribution of Liabilities (%)



** Subordinated Loans are included.*

Capital Adequacy Ratio (%)



Evaluation of Profitability

Our Bank's net profit for the period was TL 24,017 million in 2022. In the same period, interest revenues reached TL 158,569 million, interest expenses reached TL 84,854 million, and net interest income reached TL 73,715 million. In this period, the ratio of interest income to cover interest expenses was 187%.

In this period, our Bank's net fee and commission income increased by 140% compared to the end of the previous year and reached TL 10,793 million.

At the end of 2022, our Bank's average return on equity was 30.22%, and average return on assets was 1.79%.

Solvency

In 2022, VakıfBank maintained its solvency by keeping the share of interest-earning assets in total assets at 85%.

Maintaining its growth in loans without compromising on risk control, our Bank's capital adequacy ratio was 15.19% above the treshold. The long-term evolution of the capital adequacy ratio is shown in the graph below.

It is estimated that the economy of our country will grow by 5% in 2023. VakıfBank will continue its sustainable growth in 2023, by increasing the number of customers and product range, and by using potential growth opportunities at domestic and abroad.

(*) The dates refer to the last rating changes.

Annex 1: Loan Agreements with International Financial Institutions

ANNEX 1: LOAN AGREEMENTS WITH INTERNATIONAL FINANCIAL INSTITUTIONS				
Period	**Organization**	**Project/Credit Name**	**Amount**	**Agreement Date**
2010	EBRD (European Bank for Reconstruction and Development)	TurSEFF I (Türkiye Sustainable Energy Financing Facility I)	USD 60 million	May 2010
	The World Bank	SME II (Access of SMEs to Finance II)	USD 200 million	July 2010
	EIB (European Investment Bank)	GACF I (Greater Anatolia Credit Facilities)	EUR 50 million	October 2010
2011	EBRD (European Bank for Reconstruction and Development)	MidSEFF (Türkiye Medium-Sized Sustainable Energy Financing Program)	USD 100 million	May 2011
	EIB (European Investment Bank)	GACF II (Greater Anatolia Credit Facilities II)	EUR 50 million	December 2011
		Climate Change Project	EUR 75 million	December 2011
2012	EBRD (European Bank for Reconstruction and Development)	TurAFF I (Turkish Agricultural Enterprise SME Financing)	USD 25 million	August 2012
	EIB (European Investment Bank)	Financing of SMEs and Medium-Sized Companies I	EUR 200 million	December 2012
2013	The World Bank	Energy Efficiency Project	USD 67 million	May 2013
	EBRD European Bank for Reconstruction and Development)	TurSEFF II	USD 80 million	May 2013
	EIB (European Investment Bank)	TurSEFF II	EUR 50 million	July 2013
		GACF I (Greater Anatolia Credit Facilities I) Loan Extension	EUR 25 million	December 2013
		Financing of Municipal Infrastructure Projects (Municipal Loan)	EUR 100 million	December 2013
	KfW (German Development Bank)	MSME I (Micro, Small, and Medium Enterprises Loan I)	EUR 100 million	October 2013
2014	EIB (European Investment Bank)	Financing of SMEs and Medium-Sized Companies II-A	EUR 100 million	November 2014
	EBRD (European Bank for Reconstruction and Development)	TurAFF II	EUR 75 million	November 2014
		WIB (Women in Business Facility)	EUR 25 million	December 2014
2015	KfW (German Development Bank)	Micro, Small, and Medium Enterprises Loan II (MSME II)	EUR 200 million	June 2015
	EIB (European Investment Bank)	Financing of SMEs and Medium-Sized Companies II-B	EUR 100 million	May 2015
	EIB (European Investment Bank)	GACF II (Greater Anatolia Credit Facilities II) Extension Credit-I	EUR 25 million	December 2015
2016	EBRD (European Bank for Reconstruction and Development)	Women in Business Facility (Women's Enterprises Financing Support Program)	EUR 25 million	April 2016
		Agri Funding (Turkish Agricultural Enterprise SME Financing)	EUR 25 million	April 2016
	EIB (European Investment Bank)	Additional SME Credit- B (Its former name is Municipal Loan)	EUR 100 million	May 2016
	EBRD (European Bank for Reconstruction and Development)	TurSEFF II-Extension (Türkiye Sustainable Energy Financing)	USD 55 million	September 2016
		TurSEFF III (Türkiye Sustainable Energy Financing)	USD 55 million	September 2016
	EIB (European Investment Bank)	GACF II (Greater Anatolia Credit Facilities II) Extension Credit-II	EUR 50 million	December 2016
		Financing of SMEs and Medium-Sized Companies III/A	EUR 100 million	December 2016
2017	AFD (French Development Agency)	Agricultural and Rural Development Loan	EUR 80 million	November 2017
2020	The World Bank	Emergency Company Support Project	USD 250 million	September 2020
2020	AFD (French Development Agency)	Green MortgageFinancing Loan	EUR 200 million	December 2020
2021	Intesa Sanpaolo		EUR 50 million	March 2021
2021	China Development Bank		CNY 3.5 billion	December 2021
2021	Intesa Sanpaolo		Euro 80 million	December 2021

Annex 2: Five-Year Summary Financial Information

ASSETS (TL thousand)	**2018**	**2019**	**2020**	**2021**	**2022**
Cash and Receivables*	37,273,082	42,356,563	95,961,458	172,369,725	309,576,715
Securities Portfolio	49,054,049	73,016,285	146,510,383	223,736,789	372,587,589
Loans	221,606,750	274,776,822	422,043,159	573,700,310	933,450,970
Commercial Loans	170,194,709	209,295,237	314,674,689	448,952,720	755,178,112
Retail Loans	51,412,041	65,481,585	107,368,470	124,747,590	178,272,858
Non-Performing Loans	10,800,157	17,314,228	17,444,257	18,309,561	20,274,348
Stage III Expected Credit Loss	8,019,949	12,181,535	13,307,249	14,133,868	16,483,985
Subsidiaries and Affiliates	3,051,217	2,801,276	5,045,540	6,697,833	14,201,803
Property and Equipment	4,186,187	7,678,270	6,081,856	5,621,885	11,991,371
Other Assets	16,244,589	17,125,571	27,398,203	32,703,971	60,232,577
Total Assets	**331,355,641**	**419,425,553**	**698,897,118**	**1,007,213,697**	**1,681,060,623**

** Receivables from Financial Markets are included.*

LIABILITIES (TL thousand)	**2018**	**2019**	**2020**	**2021**	**2022**
Deposits	179,407,907	251,530,899	414,043,543	590,943,387	1,127,701,975
Term Deposits	143,326,141	200,837,273	333,507,221	445,059,915	870,034,865
Demand Deposits	36,081,766	50,693,626	80,536,322	145,883,472	257,667,110
Money Markets	28,723,737	24,946,375	99,051,464	143,880,784	132,531,955
Funds Borrowed	41,349,836	41,078,550	46,986,798	91,430,530	130,746,242
Subordinated Loans	13,022,023	19,245,453	19,458,798	28,968,427	24,043,286
Securities Issued	22,347,064	29,176,369	45,512,967	61,974,897	69,854,008
Provisions	2,271,359	2,209,804	2,972,407	3,849,848	23,247,158
Shareholder's Equity	28,350,190	33,026,273	46,484,658	51,952,740	106,984,889
Paid-in Capital	2,500,000	2,500,000	3,905,622	3,905,622	7,111,364
Profit or Loss	4,725,138	2,802,291	5,911,327	4,175,464	24,017,232
Previous Year's Profit/Loss	570,816	0	900,871	0	0
Net Profit/Loss for the Period	4,154,322	2,802,291	5,010,456	4,175,464	24,017,232
Other Liabilities	15,883,525	18,211,830	24,386,483	34,213,084	65,951,110
Total Liabilities	**331,355,641**	**419,425,553**	**698,897,118**	**1,007,213,697**	**1,681,060,623**

GRI 203-1

Annex 2: Five-Year Summary Financial Information

INCOME STATEMENT (TL thousand)	2018	2019	2020	2021	2022
Interest Income	33,953,817	42,074,839	47,263,551	72,200,597	158,569,464
Interest Expenses	23,113,130	29,060,127	27,376,148	52,657,216	84,854,301
Net Interest Income	10,840,687	13,014,712	19,887,403	19,543,381	73,715,163
Net Fees and Commission Income	2,293,210	3,978,688	3,395,062	4,501,363	10,792,735
Dividend Income	129,624	50,939	167,839	120,849	149,074
Trading Income (Net)	417,655	-3,183,137	53,761	-5,959,875	987,422
Foreign Exchange Income (Net)	225,980	599,443	-2,604,485	1,210,090	4,002,748
Other Operating Income	2,003,613	4.035.254	6,273,122	7,947,393	9,677,887
Total Operating Income	15,910,769	18,495,899	27.172.702	27.363.201	99.325.029
Personnel Expenses	2.191.782	2.837.255	3.334.128	3.999.201	7.230.357
Provisions for Loans and Other Receivables	4.883.505	8.264.699	11.769.618	12.559.091	44.149.647
Other Operating Expenses	3.681.555	3.781.362	5.629.683	5.509.188	10.701.430
Net Operating Income/Loss	5.153.927	3.612.583	6.439.273	5.295.721	37.243.595
Net Profit/Loss	**4,154,322**	**2,802,291**	**5,010,456**	**4,175,464**	**24,017,232**

INDICATOR RATIOS (%)	2018	2019	2020	2021	2022
Securities Portfolio / Total Assets	14.80	17.41	20.96	22.21	22.16
Loans/Total Assets	66.88	65.51	60.39	56.96	55.53
Loans/Deposits	123.52	109.24	101.93	97.08	82.77
Retail Loans/ Loans	23.20	23.83	25.44	21.74	19.10
Commercial Loans/ Loans	76.80	76.17	74.56	78.26	80.90
NPL Ratio	4.65	5.93	3.97	3.09	2.13
Deposits/Total Liabilities	54.14	59.97	59.24	58.67	67.08
Demand Deposits / Total Deposits	20.11	20.15	19.45	24.69	22.85
Shareholders' Equity/ Total Liabilities	8.56	7.87	6.65	5.16	6.36
Funds Borrowed/ Total Liabilities	12.48	9.79	6.72	9.08	7.78
Capital Adequacy Ratio	16.99	16.61	16.44	14.85	15.19
Average Return on Assets	1.38	0.75	0.90	0.49	1.79
Average Return on Equity	16.10	9.13	12.60	8.48	30.22

MARKET SHARES (%)	2018	2019	2020	2021	2022
Securities Portfolio	10.27	11.05	14.33	15.15	15.72
Loans	9.26	10.35	11.80	11.48	12.12
Commercial Loans	9.00	10.10	11.42	11.20	12.25
Retail Loans	10.20	11.20	13.08	12.64	11.60
Non-Performing Loans	11.17	11.48	11.43	11.44	12.41
Deposits	8.81	9.80	11.98	11.14	12.73
Term Deposits	8.95	10.39	14.32	13.68	15.21
Demand Deposits	8.31	7.99	7.15	7.11	8.20
Gross Loans*	8.69	9.34	8.47	9.43	10.06
Guarantees and Warranties	8.35	9.49	10.10	11.48	10.87
Total Assets	8.57	9.34	11.45	10.93	11.72
Shareholder's Equity	6.72	6.71	7.75	7.28	7.60
Net Profit/Loss	7.68	5.71	8.56	4.49	5.54

** Subordinated Loans Included.*

GRI 203-1

Annex 3: Environmental Performance Indicators

Carbon Emissions (tons of CO_2e)	2019	2020	2021 √	2022 √
Scope 1	15,534	12,750	12,796	12,825
Scope 2	32,637	23,976	5,406	112
Scope 3	5,241	3,703	3,461	2,532
Scope 1+2	48,171*	36,726	18,202	12,937
Carbon Emission (Scope 1 and 2) Ratio Density to Spatial Area (kg CO_2e/m^2)	77.9*	60.73	29.82	19.91

* The increase in emissions in 2019 is due to quit on renewable energy consumption by "Private Purchasing Agreement."

Energy Consumption (GJ)	2019	2020	2021 √	2022 √
Electrical Energy (Renewable Energy and from Grid)	252,843	247,136	241,550	236,305
Natural Gas	77,936	90,606	79,885	80,605
Lignite (coal)	497	580	688	21
Diesel	98,942	78,938	57,281	55,763
Heating Oil	235	284	596	602
Gasoline	378	3,476	20,565	30,064

Other Environmental Performance Data	2019	2020	2021 √	2022 √
Water Consumption (cubic meters)	234,228	204,479	188,366	217,176
Recycled Waste (tons)	448	342	455	606
Paper Consumption (tons)	469	383	672	1,092

Scope 1, scope 2 and scope 3 carbon emissions are calculated in accordance with ISO 14064-3 and with the operational control principle within the framework of the "GHG Protocol Corporate Accounting and Reporting Standard." In calculation of Scope 3 Emissions, employee commuting, air travel, paper consumption, tap water, drinking water, waste oil, paper waste disposal, courier/post at the all relevant locations of the Bank during the reporting period are included.

** Our branches receive water from the network, and it is assumed that the same amount of water is discharged.

GREENHOUSE GASES IN THE 2022 ISO 14064-1:2018 STANDARD	2021	2022	tCO_2e
1- Direct greenhouse gas emissions and their elimination	12,796	12,825	tCO_2e
2- Indirect greenhouse gas emissions from imported energy; Purchased Electricity	5,406	112	tCO_2e
3- Indirect greenhouse gas emissions arising from transportation	1,699	47,607	tCO_2e
4- Indirect greenhouse gas emissions from products used by the organization	763	2,291	tCO_2e
5- Indirect greenhouse gas emissions associated with the use of products coming from the organization	392,728	415,176,615	tCO_2e
6- Greenhouse gas emissions from other sources	999	65	tCO_2e
TOTAL	**414,391**	**415,239,515**	**tCO_2e**
Non-biogenic GHG emissions	414,391	415,239,515	tCO_2e
Anthropogenic biogenic GHG emissions	0	0	tCO_2e
Non-anthropogenic biogenic GHG emissions	0	0	tCO_2e
TOTAL	**414,391**	**415,239,515**	**tCO_2e**

In 2021, ISO 14064-1:2006 version was changed to ISO 14064-1:2018 version and new categories were included in the Greenhouse Gas Inventory report. Dahil olan yeni kategorilerle birlikte sera gazı emisyonlarımızda artış görülmektedir.Our Bank will continue its efforts to reduce emissions in the coming period with new planning and policies.

01/01/2021- 31/12/2021 period has been determined as the base year and the options offered by the ISO 14064-1: 2018 version will be open for evaluation in the coming years.

DESCRIPTION UNIT KTON	2020		2021		2022	
	Hazardous Waste	Non-Hazardous Waste	Hazardous Waste	Non-Hazardous Waste	Hazardous Waste	Non-Hazardous Waste
Recovery	0	342,216	626	453,698	2,676	591,535
Disposed of	12,522	0	14,064	0	20,514	0
Total Waste	12,522	342,216	14,690	453,698	23,190	591,535

√ *It has been subjected to limited assurance by the Independent Audit Firm.*

GRI 302-1, 302-4, 303-3, 303-4, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2

Annex 4: Social Performance Indicators

ANNEX 4: SOCIAL PERFORMANCE INDICATORS								
	2019		2020		2021		2022	
Number of Employees by Gender and Location	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Türkiye	8,541	8,249	8,458	8,249	8,530	8,358	8,547	8,374
Abroad	19	26	19	22	21	20	20	20
Total (by Gender)	**8,560**	**8,275**	**8,477**	**8,271**	**8,551**	**8,378**	**8,567**	**8,394**
Total	**16,835**		**16,748**		**16,929**		**16,961**	

	2019		2020		2021		2022	
Number of Employees by Employee Type	**Full Time**	**Part Time**	**Full Time**	**Part Time**	**Full Time**	**Part Time**	**Full Time**	**Part Time**
Number of Employees	16,657	178	16,547	201	16,723	206	16,664	297
Total	**16,835**		**16,748**		**16,929**		**16,961**	

	2019		2020		2021		2022	
Number of Employees by Gender and Age	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Over 50	58	344	82	414	113	479	163	581
Between 30-50	6,901	6,344	7,206	6,568	7,419	6,742	7,504	6,767
Under 30	1,601	1,587	1,189	1,289	1,019	1,157	900	1,046
Total (by Gender)	**8,560**	**8,275**	**8,477**	**8,271**	**8,551**	**8,378**	**8,567**	**8,394**
Total	**16,835**		**16,748**		**16,929**		**16,961**	

	2019		2020		2021		2022	
Number of Newly-Recruited Employees by Gender and Age	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Over 50	-	4	0	0	0	0	0	0
Between 30-50	27	45	7	34	20	42	14	52
Under 30	207	332	114	215	244	318	254	339
Total (by Gender)	**234**	**381**	**121**	**249**	**264**	**360**	**268**	**391**
Total	**615**		**370**		**624**		**659**	

	2019		2020		2021		2022	
Number of Subcontractor's* Employees	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Employees	941	2,660	1,576	2,125	1,567	2,131	1,490	2,024
Total	**3,601**		**3,701**		**3,698**		**3,514**	

** Security Officers are also included in the number of subcontractors.*

Employee Turnover*	**2019**	**2020**	**2021 √**	**2022 √**
Employee Turnover Rate	1.87	1.65	1.69	2.89

** Number of employees leaving by resignation and termination of the Employment Contract are considered.*

	2019		2020		2021		2022 √	
Maternity Leave	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Employees Benefitting from Maternity Leave	691	597	637	549	590	518	471	462
Number of Employees Returned to Work After Maternity Leave	691	597	637	549	590 √	518	355	453
Number of Employees Working After 12 Months of Maternity Leave	688	594	636	545	588	515	354	448

Training Hours	**2019**	**2020**	**2021 √**	**2022 √**
Total Training Hours	986,605	786,577	564,193	789,361
Average Training Hours per Employee	58.6	46.97	33.32	46.54

	2019		2020		2021 √		2022 √	
Number of Employees in Managing Bodies (Manager and Higher Level)*	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Under 30	0	0	0	0	0	0	0	0
Between 30-50	309	757	294	742	281	704	272	695
Over 50	25	165	30	200	36	254	40	315
Total (by Gender)	334	922	324	942	317	958	312	1,010
Total	**1,256**		**1,266**		**1,275**		**1,322**	

** The employees in managerial roles include CEO, Executive Vice President, Chief Legal Advisor, Senior Vice President, Manager, Regional Manager, Assistant Chief Legal Advisor, New York Branch General Manager, Manager, New York Branch Manager, Legal Advisor.*

√ It has been subjected to limited assurance by the Independent Audit Firm.

GRI 2-7, 2-8, 2-30, 401-1, 401-3, 403-8, 403-9, 403-10, 404-1, 405-1, 407-1

GRI 2-7, 2-8, 2-30, 401-1, 401-3, 403-8, 403-9, 403-10, 404-1, 405-1, 407-1

Annex 4: Social Performance Indicators

	2019		2020		2021		2022	
Board of Directors by Gender and Age	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Under 30	0	0	0	0	0	0	0	0
Between 30-50	1	0	1	1	1	0	0	1
Over 50	0	8	0	7	0	8	0	8
Total (by Gender)	1	8	1	8	1	8	0	9
Total	**9**		**9**		**9**		**9**	

	2019		2020		2021 √		2022 √	
Number of Employees with Disabilities by Gender	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Disabled Employees	105	237	104	232	104	234	103	226
Total	**342**		**336**		**338**		**329**	

	2019		2020		2021		2022	
Unionization	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Unionized	7,768	6,613	7,682	6,584	7,714	6,609	7,697	6,534
Non-Unionized	792	1,662	795	1.687	837	1,769	870	1,860
Total (by Gender)	**8,560**	**8,275**	**8,477**	**8,271**	**8,551**	**8,378**	**8,567**	**8,394**
Total	**16,835**		**16,748**		**16,929**		**16,961**	

	2019		2020		2021		2022	
Number of Employees by Seniority	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Between 0-5 Years	1,870	2,695	1,551	2,295	1,421	2,044	1,323	1,639
Between 5-10 Years	3,757	2,598	3,607	2,604	3,015	2,556	2,328	2,539
10 Years and Above	2,933	2,982	3,319	3,372	4,115	3,778	4,916	4,216
Total (by Gender)	**8,560**	**8,275**	**8,477**	**8,271**	**8,551**	**8,378**	**8,567**	**8,394**
Total	**16,835**		**16,748**		**16,929**		**16,961**	

	2020		2021		2022 √	
	Female	**Male**	**Female**	**Male**	**Female**	**Male**
Average of Seniority Years	10.02	9.92	10.62	10.38	11.27	10.94

√ *It has been subjected to limited assurance by the Independent Audit Firm.*

GRI 2-7, 2-8, 2-30, 401-1, 401-3, 403-8, 403-9, 403-10, 404-1, 405-1, 407-1

	2019		2020		2021		2022	
Occupational Health and Safety	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Employees	8,560	8,275	8,477	8,271	8,551	8,378	8,567	8,394
Number of Accidents	9	2	9	5	2	1	4	4
Number of Fatalities	0	0	0	1	0	0	0	0
Number of Occupational Diseases	0	0	0	0	0	0	0	0
Number of Absenteeism Days caused by Accident	211	7	138	48	17	0	40	45
Number of Absenteeism Days*	59,772	47,095	142,554	97,300	63,632	52,144	75,228	56,550
Accident Frequency Ratio (IR)**	0.066		0.083		0.018√		0.047√	
Occupational Disease Rate (ODR)	0		0		0√		0√	
Lost Day Rate***	0.01		0.005		0.0004√		0.002√	
Absenteeism Rate****	2.59		5.74		2.78√		3.09√	

** Annual paid leaves, unpaid leaves, hourly leaves, and maternity leaves are excluded.*
*** Injury Rate = (Number of Accidents / Total Annual Working Hours)*200,000*
**** Lost day rate = (Total Absenteeism Day caused by Accident / Total Annual Working Days)*100*
***** Absenteeism rate = (Total Absenteeism / Total Annual Working Hours)*100 Calculated with formulas above.*
The average number of employees during the reporting period is taken into account in calculating the total annual working hours.

	2019		2020		2021		2022	
Subcontractor Employees	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Number of Subcontractor's Employees	941	2,660	1,576	2,125	1,567	2,131	1,490	2,024
Number of Accidents	12	5	5	1	11	6	2	6
Number of Fatalities	0	0	0	0	0	1	0	1
Number of Occupational Diseases	0	0	0	0	0	0	0	0
Number of Absenteeism Days caused by Accident	16	40	20	2	57	40	36	7,576
Number of Absenteeism Days	7,018	1,126	39,177	22,298	21,748	22,193	15,496	9,867
Accident Frequency Ratio (IR)*	0.454		0.154		0.464		0.228	
Occupational Disease Rate (ODR)	0		0		0		0	
Lost Day Rate**	0.0063		0.0024		0.0106		0.8695	
Absenteeism Rate***	0.92		6.67		4.79		2.90	

** Injury Rate = (Number of Accidents / Total Annual Working Hours)*200,000*
*** Lost Day Rate = (Total Absenteeism Day caused by Accident / Total Annual Working Days)*100*
**** Absenteeism rate = (Total Absenteeism / Total Annual Working Hours)*100 Calculated with formulas above.*

For detailed information, please see "Key Definitions and Reporting Scope" in "Annex 5: Reporting Guidelines for Integrated Annual Report 2022"

√ *It has been subjected to limited assurance by the Independent Audit Firm.*

GRI 2-7, 2-8, 2-30, 401-1, 401-3, 403-8, 403-9, 403-10, 404-1, 405-1, 407-1

Annex 5: Reporting Guidelines for Integrated Annual Report 2022

This reporting guidance ("Guidance") provides information on the data preparation and reporting methodologies of indicators within the scope of the independent audit in the 2022 VakıfBank ("Bank") Integrated Annual Report. These indicators include **financial and operational indicators** (total loans amount extended to SMEs, number of renewable energy projects financed and the amount of financing provided, increase in the number of digital banking customers), **social indicators** (ratio of female employees, number of female employees in management, ratio of female employees that returned to work after maternity leave, number of employees taking maternity leave, number of employees that returned to work after maternity leave, number of employees that returned to work after maternity leave and still continue to work, average seniority year in gender breakdown, filling rate of top positions with in-Bank promotion, employee turnover rate, number of disabled employees, total training hours, average training hours per employee, ratio of online trainings in total trainings, occupational health and safety), **environmental indicators** (energy consumption, other environmental indicators, carbon emissions, energy consumption per employee (GJ/Employee)). It is the responsibility of the Bank's management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guideline is for the FY 22 (1 January – 31 December 2022), fiscal year ended December 31, 2022, and as detailed in the "Key Definitions and Reporting Scope" section comprises only the relevant operations in Türkiye and in the World that are the responsibility of the Bank by excluding information about group companies, affiliates and subcontractors.

General Reporting Principles

In preparing this guidance document, consideration has been given to the following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability/consistency with other data including a prior year and understandability/ transparency providing clarity to users.

Key Definitions and Reporting Scope

For the purpose of this report, the Bank defines:

Type	Indicator	Scope
Financial and Operational Indicators	Total loans amount extended to SMEs	This indicator means the remaining principal amount of the Bank's commercial loans extended to SMEs during the reporting period. It is calculated by the Bank's Credit Reporting Department.
	Number of renewable energy projects financed by the bank and the amount of financing provided	This indicator means the number of renewable energy projects financed by the Bank and the amount of financing provided to these projects within the scope of Sustainable Energy Financing during the reporting period. In this context, Hydroelectric Power Plant (HPP), Geo-thermal Power Plant (GPP), Biomass Power Plant (BPP), Biogas Energy Plant, Solar Energy Plant (SEP) and Wind Power Plant (WPP) renewable energy projects are assessed.
	Number of Digital Banking Customers	This indicates the number of customers using digital banking in the reporting period compared to the previous year. Digital banking includes internet and mobile banking channels. Digital Banking definitions have been made, it refers to the number of customers defined to Digital.
Social Indicators	Ratio of Female Employees	This indicator means the gender distribution of employees of only the Bank (excluding subsidiaries and group companies) during the reporting period.
	Number of Employees in Managing Bodies (Manager and Higher Level)	This indicator means the distribution of employees of only the Bank (except subsidiaries and group companies) in managing bodies (man-ager and higher level) by age groups and gender. The employees in managing bodies include General Manager, Executive Vice President, Chief Legal Advisor, Assistant Chief Legal Advisor, Executive Legal Advisor, Head, Assistant Head, Coordinator, Regional Manager, Manager, New York Branch General Manager, New York Branch Manager.
	Ratio of Female Employees that Returned to Work After Maternity Leave	Indicates the ratio of female employees who took maternity leave but did not leave the Bank during the reporting period among all female Bank employees who took maternity leave during the reporting period.
	Number of Employees Benefitting from Maternity Leave	The sum of the female employees who took postpartum leave during the reporting period and the male employees who took joint maternity leave.
	Number of Employees Returned to Work After Maternity Leave	Total number of female employees who took postpartum leave during the reporting period and male employees who took spousal maternity leave, who returned to work after their respective legal leave ended.
	The Number of People Who Returned to Work After Maternity Leave and are Still Working (People)	Total number of those who returned to work within 12 months after the expiration of the relevant legal leave (if it has not yet passed 12 months) of the female employees who took postpartum leave during the reporting period and the male employees who took spousal maternity leave, as of the date of withdrawal of the report.
	The Average Year of Seniority in Gender Breakdown	This indicator means the average working time of the Bank's staff (excluding subsidiaries and group companies) on the basis of male and female employees during the reporting period.
	Filling Rate of Top Positions with Internal Promotion	This indicator means the rate of filling an opened position with the current Bank employee instead of the external recruitment during the re-porting period. The scope of "top positions" is as described for "Managing Bodies" above. Employees who have been promoted to top positions for the first time are accounted for in this indicator.
	Employee Turnover Rate	This indicator means the ratio of those leaving the job by the resignation and termination of employment to the average number of employees. Employee turnover rate is calculated according to the following formula: Total Number of Employees Leaving from Work (Resignation and Termination of Employment) / Average Number of Employees * 100; Average Number of Employees = (Number of Employees per Semester + End of Semester Employees) / 2
	Number of Disabled Employees	This indicator means the number of employees of only the Bank (excluding subsidiaries and group companies) with disabilities during the reporting period.
	Average Training Hours per Employee	This indicator means the ratio of the total hours of in-class and e-learning training provided to employees to the total number of employees during the reporting period.
	Total Training Hours	This indicator means the total hours of in-class and online training provided to employees during the reporting period.
	Ratio of Online Trainings in Total Trainings	This indicator means the ratio of the online training hours provided to the Bank employees to the total training hours during the reporting period.
	Occupational Health and Safety	This indicator includes number of accidents, number of fatalities, number of occupational diseases, injury rate (IR), occupational disease rate (ODR), lost day rate and absenteeism rate of employees during the reporting period.

Annex 5: Reporting Guidelines for Integrated Annual Report 2022

Type	Indicator	Scope
	Energy Consumption (GJ)	This indicator only means the amount of energy directly and indirectly consumed during the Bank's operations (Headquarters, Regional Di-rectorates, Branches, Storehouses, ATMs (offsite)) at every location where the Bank performs its operations.
	Electricity consumption (kWh)	This indicator reflects the total purchased electricity consumption used for air conditioning, lighting, electrical equipment uses and other business operations that require electricity, at the relevant locations of the Bank during the reporting period.
	Natural gas consumption (m^3)	This indicator means the total purchased natural gas (volume- m^3) consumption used for heating, cooking and other business operations that require natural gas at all relevant locations of the Bank during the reporting period.
	Lignite (kg)	This indicator means the total purchased lignite (by weight-kg) consumption used for heating at the all relevant locations of the Bank during the reporting period.
	Diesel (l)	This indicator means the total purchased diesel (volume - l) consumption used for heating, generators and company-owned cars at the all relevant locations of the Bank during the reporting period.
	Heating Oil (l)	This indicator means the total heating oil (Fuel-oil No:4) (volume - l) consumption used for heating at the all relevant locations of the Bank during the reporting period.
	Gasoline (l)	This indicator means the total purchased gasoline (volume - l) consumption used for company-owned cars at the all relevant locations of the Bank during the reporting period.
Environmental Indicators	Energy consumption per employee (GJ/Employee)	
	Other Environmental Performance Data	
	Water consumption (m^3)	This indicator means the total municipal water and dispenser size bottled water consumption (volume-m^3) during the reporting period.
	Paper Consumption (tons)	This indicator means the total paper consumption (by weight – ton) used in printers at the locations where the Bank operated during the reporting period.
	Recycled waste (tons)	This indicator means the weight of recycled paper (by weight – ton) during the reporting period.
	Carbon Emissions ton CO_2-e	
	Scope 1	This indicator means the emission of greenhouse gases due to the use of natural gas, lignite, diesel, heating fuel, gasoline consumption and refrigerant and fire extinguishers at the all relevant locations of the Bank during the reporting period.
	Scope 2	This indicator means the emission of greenhouse gases due to the use of purchased electricity at the all relevant locations of the Bank during the reporting period.
	Scope 3	This indicator means the emission of greenhouse gases due to the use of employee commuting – shuttle, air travel, paper consumption, tap water, drinking water, waste oil, paper waste disposal, courier/post at the all relevant locations of the Bank during the reporting period.
	Total Carbon Emission Intensity kg CO_2e/m^2	This indicator means the ratio of Scope 1 and 2 emissions per unit closed surface area (m^2) in all relevant locations of the Bank during the reporting period.

4. Data Preparation

Social Indicators

Occupational Health and Safety (OHS) Indicators
The following formulas are used to calculate OHS data. The average number of employees during the reporting period is taken into account when calculating the total annual working hours

* Injury Rate (IR) = [(Number of accidents) / (Total Annual Working Hours)] x 200,000

Occupational Disease Rate (ODR) = [(Number of Occupational Diseases) / (Total Annual Working Hours)] x 200,000

Lost Day Rate = [(Total Absenteeism Day caused by Accident) / (Total Annual Working Days)] x 100

Absenteeism Rate = [(Total Absenteeism*) / (Total Annual Working Hours)] x 100

** Annual paid leave, unpaid leave, hourly leaves and maternity reports are excluded.*

Environmental Indicators

Energy Consumption
Energy consumption data are reported for electricity and primary fuel sources, which comprise natural gas, lignite, heating oil, diesel and gasoline.

Electricity and natural gas consumption data are obtained from supplier meters and service provider in-voices. Diesel consumption for the use of heating, generators, company-owned cars, and employee commuting data are obtained from service provider invoices. Lignite and heating oil consumption for the use of heating data are obtained from service provider invoices. Gasoline consumption for the use of company owned cars data are obtained from service provider invoices.

The Bank has used the following published conversion factors:

- For electricity, since the electricity supply unit is billed in kWh, 1 kWh=0.0036 GJ is used as GJ conversion factor;
- For natural gas, for the consumptions invoiced with m^3 supply unit, [1m^3*joule/ton (34,541,100)*(heating value) 1.033042]*1000 is used ; for the consumptions invoiced with kWh supply unit, firstly the consumption was converted to m^3 by using the conversion "k" factor 10.836911 and then the conversions mentioned above are used;
- For diesel, since the diesel supply unit is billed in lt, [1l*kg (0.83)*1,000* joule/ton (42,697,200)] is used as GJ conversion factor.
- For gasoline, since the gasoline supply unit is billed in lt, [1l*kg (0.735)*1,000* joule/ton (43,534,400)] is used as GJ conversion factor.
- For heating oil, since the fuel oil supply unit is billed in lt, [1l*kg (0.9)*1,000* joule/ton (40,185,600)] is used as GJ conversion factor.
- For lignite, since the lignite supply unit is billed in lt, [1kg* 1,000* 12,558,000 joule/ton (12,558,000)] is used as GJ conversion factor.
- The "k" factor and heating value used in converting natural gas consumption to m^3 in kWh and reference values taken from 2018 İGDAŞ are used.
- For density and conversion coefficient values "Annex 2 Lower Heating Values and Factors of Conversion to Petroleum Equivalents of the "Regulation on Increasing Efficiency in the Use of Energy Sources and Energy" published in the Official Gazette No. 28097 dated October 27, 2011 and IPCC Net table and calorific values table are used.

Annex 5: Reporting Guidelines for Integrated Annual Report 2022

Carbon Emissions

Scope 1, scope 2 and scope 3 carbon emissions are calculated in accordance with ISO 14064-3 and with the operational control principle within the framework of the "GHG Protocol Corporate Accounting and Reporting Standard."

CO_2 equivalent factors for emissions CO_2, CH_4, N_2O, HFCs (refrigerant gas), and CO_2 equivalent factors arising from fire extinguishers were used in calculations. There was no greenhouse gas emission arising from the use of fire extinguishers in 2020. The emission factors used are detailed in the table below. Global Warming Potential (GWP) coefficients were taken from Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report and DEFRA Greenhouse Gas reporting: It was taken from the Evaluation Report and the resultant ton CO_2-e value was calculated by multiplying with the appropriate coefficients. Grid emission factor has been calculated by using the relevant annual data provided by Turkish Electricity Transmission Company (TEİAŞ).

Emission Factors – Scope 1 (kg/TJ)	CO_2	CH_4	N_2O	Total tons of CO_2-e
Diesel (fixed)	74,100	3	0.6	74,343
Diesel (mobile)	74,100	3.9	3.9	75,242.7
Gasoline (fixed)	69,300	3	0.6	69,543
Gasoline (mobile)	69,300	3.8	5.7	70,916.9
Natural Gas	56,100	1	0.1	56,154.5
Heating oil (Fuel oil)	77,400	3	0.6	77,643
Lignite	101,000	1	1.5	101,425.5
Refrigerants - R22	1,760			1,760
Refrigerants - R32	677			677
Refrigerants - R134A	1,300			1,300
Refrigerants - R407A	2,107			2,107
Refrigerants - R407C	1,774			1,774
Refrigerants - R410A	2,088			2,088

Emission Factors – Scope 2 (kg/kWh)	$kgCO_2$-e/kWh
Electricity (renewables)	0.0000
Türkiye Electrical energy (grid)	0.4661
Bahrain Electrical energy (grid)	0.6905
Iraq Electrical energy (grid)	1.0441
US Electrical energy (grid)	0.3818

Emission Factors – Scope 3	Unit	
Employee services	0.28453	$kgCO_2$-e/km
Short distance flights for business purposes	0.0002242200	tCO_2-e/mil*passenger
Medium distance flights for business purposes	0.0001292300	tCO_2-e/mil*passenger
Long distance flights for business purposes	0.0001587300	tCO_2-e/mil*passenger
Paper use	939	$kgCO_2$-e/t
Tap water	1.052	tCO_2-e/m^3
Drinking water	0.717	tCO_2-e/l
Waste oil	0.021	tCO_2-e/l
Paper disposal	0.021	tCO_2-e/t
Sending mail	30	$grCO_2$-e/number

5. Restatement

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5% at the Bank level.

Annex 6: Verification Statement

Verification Opinion

GHGEV 690581 – 23.02.2023

Responsible Party: TURKIYE VAKIFLAR BANKASI T.A.O.
Vakifbank Istanbul Genel Mudurlugu
No:7/A-B Saray Mah. Dr. Adnan Buyukdeniz Cad.
Umraniye/Istanbul, 34768, Turkey

Type of GHG Statement:
Organisational

Identification of GHG Statement:
TURKIYE VAKIFLAR BANKASI T.A.O. GHG Report 2022

Scope of activities:
Banking services

Organisational Boundary:
Operational Control

Sites Included in Organisational Boundary:
VAKIFBANK has both administrative and financial control over its operations. All emissions arising from all activities of Vakıfbank at its Head Office, Regional Directorates, branches, affiliated branches and ATMs are within organizational limits

Reporting Boundary:
GHG emissions aggregated into the following categories at the organisational level
a) Direct GHG emissions and removals
b) Indirect greenhouse gas emissions from imported energy;
c) Indirect GHG emissions from transportation
d) Indirect GHG emissions from products used by the organisation
e) Indirect GHG emissions associated with the use of products from the organisation
f) Greenhouse gas emissions from other sources

Criteria for developing the organisational carbon footprint:
ISO14064-1:2018
TURKIYE VAKIFLAR BANKASI T.A.O. GHG Management System Documentation

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Level of Assurance:
Limited

Materiality level:
%10

Period:
01.01.2022-31.12.2022

GHG Emissions:

DIRECT GHG EMISSIONS		
1- Direct GHG emissions and removals;	12,825	tCO2e
INDIRECT GHG EMISSIONS		
2 - Indirect GHG emissions from imported energy;	112	tCO2e
3 - Indirect GHG emissions from transportation;	47,607	tCO2e
4 - Indirect GHG emissions from products used by organization;	2,291	tCO2e
5 - Indirect GHG emissions associated with the use of products from the organization;	415,176,615	tCO2e
6 - Indirect GHG emissions from other sources	65	tCO2e
TOPLAM	415,239,515	tCO2e

Non-biogenic GHG emissions	*415,239,515*	*tCO2e*
Anthropogenic biogenic GHG emissions	*0*	*tCO2e*
Non-anthropogenic biogenic GHG emissions	*0*	*tCO2e*
TOPLAM	**415,239,515**	***tCO2e***

Verification Opinion: Verified as Satisfactory

Based on the process and procedures conducted, there is no evidence that the GHG report 2022 produced by TURKIYE VAKIFLAR BANKASI T.A.O.
- is not a fair representation of GHG data and information;
- has not been prepared in accordance with ISO14064-1:2018

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Annex 6: Verification Statement

Verification Activities:
The following were the verification activities undertaken:

- Evaluation of the monitoring and controls systems through interviewing employees observation & inquiry
- Verification of the data through sampling recalculation, retracing, cross checking, reconciliation

The quantification and reporting of the carbon footprint have been independently verified by BSI against the specifications defined in ISO 14064-1:2018. The verification activity has been carried out in accordance with ISO 14064-3:2019 and the principles of ISO 14065:2020

Responsibilities:
The data on which the footprint is based has been provided by TURKIYE VAKIFLAR BANKASI T.A.O. in the document GHG report 2022. This document is the responsibility of TURKIYE VAKIFLAR BANKASI T.A.O. and is historical in nature.

The responsible party is responsible for the preparation and fair presentation of the GHG statement in accordance with the criteria.

The verifier is responsible for expressing an opinion on the GHG statement based on the verification

Lead Verifier: Elif Odabas Yesilot

Signed on behalf of BSI: ----------
Theuns Kotze, Managing Director Assurance – IMETA

Issue Date: 27.02.2023

NOTE: BSI Eurasia Belgelendirme Hizm. Ltd. Sti. is independent to and has no financial interest in TURKIYE VAKIFLAR BANKASI T.A.O. This verification Opinion has been prepared for TURKIYE VAKIFLAR BANKASI T.A.O. only for the purposes of verifying its statement relating to its carbon emissions more particularly described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Eurasia Belgelendirme Hizm. Ltd. Sti. has assumed that all information provided to it by TURKIYE VAKIFLAR BANKASI T.A.O. is true, accurate and complete. BSI Eurasia Belgelendirme Hizm. Ltd. Sti. accepts no liability to any third party who places reliance on this Statement.

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Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	Partial	No	Exempt	Not applicable	DESCRIPTION
1.1. FACILITATING THE EXERCISE OF SHAREHOLDERS RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND EXAMINE INFORMATION						
1.2.1- The company management has avoided taking any action that makes it difficult to carry out a special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7-Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Assembly Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10-The agenda of the General assembly meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					The General Assembly meetings are open to all stakeholders, however there was no media participation to the 68th Ordinary General Assembly meeting.

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is no company in which the Bank has cross-ownership and no votes were cast in the 68th Ordinary General Assembly for this reason.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.					X	X There is no minority rights in the Bank.
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.					X	
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum in-formation to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					Considering that the negative reflections of the Covid-19 epidemic that experienced in the world and in our country may continue in 2022 on the real economy and financial markets, it was recommended by BRSA to maintain the conservative policies to sustain banks' strong capital structures and keep the profit within the body. In accordance, the Bank decided not to distribute profits to the shareholders.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657 http://www.vakifbank.com.tr/investor-relations.aspx?pageID=625
2.1.2- The shareholding structure (names, privileges, number and ratio of shares of real person shareholders owning more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4- The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				There is no agreement or inhouse guideline that determines the employees' participation to the management. However, the Bank applies to the opinion of internal stakeholders through surveys or various interaction channels while determining the priority investment areas in the fields like sustainability.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					VakıfBank adopts it as a principle to provide equal opportunities to candidates in its recruitment and processes.
3.3.2 - Recruitment criteria are documented.	X					The criteria related to the personnel to be employed in our bank are stated in writing in the Personnel Regulation.
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					The relevant issues are specified in the Performance Management System Regulation and the Career and Salary Management System Regulation, and the processes are being progressed in accordance with the relevant regulation.
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					Regarding this, we have ethical notification communication channels available, and in case of a situation that constitutes a violation of the Ethical Principles of our Bank and the Harassment and Violence Procedure, the transmission of relevant situations to the Ethics Notification Line has been announced to the organization of our Bank.
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					Our Occupational Health Policy is published on the Bank's website, and efforts are continuing uninterruptedly to ensure a safe working environment for employees.

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1- The Company measured customer satisfaction, and operated to ensure unconditional customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					Regarding goods and services, our Bank determines the minimum technical and administrative characteristics of the product to be supplied before the purchase, although it varies depending on the nature of the product / service, quality certificates, if any, of the product/service, compliance with standards are requested from companies before the purchase process. Finalizes the purchase with the participation of companies that provide the minimum technical and administrative features determined.
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					The necessary policies for data security have been established, and automatic controls are carried out with data classification and data leak prevention tools to protect the relevant sensitive data.
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					https://www.vakifbank.com.tr/Default.aspx?pageID=2794
3.5.2- The company has been mindful of its social responsibility. Has adopted measures to prevent corruption and bribery.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2- The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategic targets, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Covered with Manager Financial Liability insurance policy of USD 10,000,000 limit between 27.05.2022-27.05.2023.

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There isn't any woman member among the Board members. Until today, there has not been any conflict of interest between the stakeholders arising from non-compliance with the principles. Necessary studies are being carried out to comply with non-mandatory principles.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Assembly Meeting.	X					The members of the Board of Directors of the Bank have been given permission on matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code, and this issue was submitted to the shareholders' information and approval at the General Assembly with a separate agenda item.

CORPORATE GOVERNANCE COMPLIANCE REPORT						
	Yes	**Partial**	**No**	**Exempt**	**Not applicable**	**DESCRIPTION**
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The appointment of the Members of the Board of Directors in committees is performed by taking into consideration their knowledge and experience and in line with the relevant legislation and some Members of the Board of Directors are appointed to more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There is no consulting company/ counselor that the committee gets service.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors is not evaluated, however performance evaluation is planned in the medium term.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration information is not published on an individual basis. Nevertheless, it is included collectively under the title of "Board of Directors Remuneration" in the section of Corporate Governance in 2022 Integrated Report within the section of Corporate Governance Compliance Report (Page 163)

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	In 2022, 12 domestic and foreign investor conferences and webinars were attended. Besides, online and physical meetings were held throughout the year, and over 300 investors / analysts were interviewed. In 2022, 4 web-casts were organized, giving information about the financial results.
1.2. Right to Obtain and Examine Information	
The number of private auditor requests	There was no demand for private auditor in 2022.
The number of private auditor requests that were accepted at the general assembly meeting	There was no demand for private auditor.
1.3. General Assembly	
The link of the announcement made in the Public Disclosure Platform (PDP) that includes the information requested under the principle 1.3.1 (a-d)	https://www.kap.org.tr/en/Bildirim/1006706
Whether the general assembly meeting documents were presented in Turkish and English languages simultaneously	The documents regarding the General Assembly are published in Turkish and English at the same time. https://www.vakifbank.com.tr/genel-kurul.aspx?pageID=1042 https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651
The links of the announcements made on PDP associated with the transactions that are not approved by the majority of independent members or by unanimous votes of present Board Members in the context of Principle 1.3.9.	None
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	None
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	None
The heading of the section on the corporate website that contains the policy regarding donations and aids	Home Page / Investor Relations / Corporate Governance / Policies / Donation and Aid Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2785
The link of the announcement made on PDP with the minutes of the General Assembly Meeting where the donation and aid policy has been approved	https://www.kap.org.tr/en/Bildirim/426548
The number of the article in the Articles of Association governing stakeholders' attendance at the general assembly	The regulation related to the attendance of stakeholders in the General Assembly is included in Article 14 in the articles of association of our Bank.
Information regarding the stakeholders who attend general assemblies	The Ordinary General Assembly meeting for the year 2021, held on 25.03.2022, was attended by the members of the Board of Directors of the Bank, shareholders and representatives of the Bank, as well as representatives of the independent audit firm.

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
1.4. Voting Rights	
Whether there are any privileged voting rights	No
In case there are voting privileges, indicate the privileged shareholders and their voting percentages.	-
Shareholding rate of the majority shareholder	64.84%
1.5. Minority Rights	
Whether the scope of minority rights is expanded (in terms of content or percentage) in the Articles of the Association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Rights	
The name of the section on the corporate website that describes the dividend distribution policy	Home Page / Investor Relations / Corporate Governance / Policies / Profit Distribution Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2786
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Home Page/ Investor Relations/ General Assembly/ Summary Minutes / 2022 https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651
The link of the announcement made on PDP with relevant general assembly meeting minutes in case the Board proposed to the general assembly not to distribute profit	https://www.kap.org.tr/en/Bildirim/1013219

General Assembly Meetings

General Assembly Date	The number of information requests received by the company regarding the clarification of the agenda of the general assembly	Shareholder participation rate to the General Assembly Meeting	Percentage of shares directly present	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of people who have the privilege to access shareholding information upon notification of the Board (the Insider List)	The link to the related PDP general shareholder meeting notification
25.03.2022	0	92.145%	0.00003328%	92.1451%	https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651 Home Page / Investor Relations / General Assembly / Summary Minutes / 2022	https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651	There is no article or paragraph about related parties.	122	https://www.kap.org.tr/en/Bildirim/1006706

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
The headings of the sections on the corporate website that include information required by the corporate governance principle numbered 2.1.1	https://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657 https://www.vakifbank.com.tr/investor-relations.aspx?pageID=625
The heading of the section of the corporate website of the Company that includes the list of real person shareholders who own more than 5% of the Company's shares, directly or indirectly	There is no real person who directly or indirectly owns more than 5% of the shares. Link to information about the Bank's Ownership Structure is https://www.vakifbank.com.tr/ownership-structure.aspx?pageID=842
Languages in which the corporate website is presented	Turkish and English
2.2. Annual Report	
The page numbers or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	**Integrated Annual Report 2022** **Part:** Corporate Governance Principles Compliance Report **Chapter V-** Board of Directors **Page 160**
b) Page number or heading of the section in the annual report that provides information on the committees established under the Board of Directors	**Integrated Annual Report 2022** **Part:** Committees **Page 146-147**
c) Page number or heading of the section in the annual report that includes the number of board meetings held throughout the year, and the members' attendance status	**Integrated Annual Report 2022** **Part:** Committees **Page 146-147**
d) Page number or heading of the section in the annual report that provides information on regulatory changes that can have a material impact on the Company's activities	**Integrated Annual Report 2022** **Part:** Summary Information on Important Legislative Regulations Published in 2022 **Page 168-171**
e) The page number or heading of the section that includes information regarding important lawsuits filed against the company and possible consequences thereof	**Integrated Annual Report 2022** **Part:** Other Information On the Bank and Its Activities **Page 171**
f) Page number or heading of the section in the annual report that provides information on the conflicts of interest between the Company and entities providing investment advisory and rating services to the Company, and the precautions taken to prevent these	**Integrated Annual Report 2022** **Part:** Outsourced Support Services **Page 148**
g) Sermayeye doğrudan katılım oranının %5'i aştığı karşılıklı iştiraklere ilişkin bilginin sayfa numarası veya bölüm adı	**Integrated Annual Report 2022** **Part:** Corporate Governance Principles Compliance Report **Page 149-163**
h) Page number or heading of the section that provides information on employees' benefits and professional training, as well as other corporate social responsibility activities related to the Company's operations that have social and environmental impacts	**Integrated Annual Report 2022** **Part:** Our Human Capital **Page 112-127** **Part:** Our Social and Relational Capital **Page 100-111,** Corporate Social Responsibility in VakıfBank **Page 106-107**

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The heading of the section on the corporate website that includes the policy on compensation	Home Page / Investor Relations / Corporate Governance / Policies / Indemnity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2790
The number of final court verdicts against the Company that result from violation of employee rights	13
The title of the individual in charge of the whistleblowing programme	Head of the Audit Board, Head of Human Resources, Office of Legal Counsel
Contact information of the Company's mechanism to report violations	**Ethics Hot Line** etikihbar@vakifbank.com.tr ethics@vakifbank.com.tr 0850 955 38 45
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
The heading of the section on the corporate website that includes internal regulations on employees' participation in the managerial bodies of the Company	None
Corporate bodies where employees are represented	Bank Finance and Insurance Workers Union (BASS)
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	None
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Home Page / Investor Relations / Corporate Governance / Policies / Equal Opportunity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=4025
Whether the company provides an employee stock ownership programme	There is not an employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also, provide a summary of relevant parts of the human resource policy.	Home Page / Investor Relations / Corporate Governance / Policies / Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787 AHome Page / Investor Relations / Corporate Governance Policies / Equal Opportunity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=4025 Home Page / Investor Relations / Corporate Governance / Policies https://www.vakifbank.com.tr/Default.aspx?pageID=5115
The number of definitive convictions the company is subject to in relation to health and safety measures	There are no definitive convictions the company is subject to in relation to health and safety measures
3.5. Ethical Rules and Social Responsibility	
The heading of the section on the corporate website that includes the policy on ethical principles	https://www.vakifbank.com.tr/Default.aspx?pageID=2794 Home Page / Investor Relations / Corporate Governance / Policies Ethical Principles Policy
The name of the section on the company website that demonstrates the corporate social responsibility report. If there is no report on corporate social responsibility, precautions taken with respect to the environmental, social and corporate governance issues	The Bank's activities in the field of corporate social responsibility are included in the Integrated Annual Report every year.
Any measures combating any kind of corruption including embezzlement and bribery	https://www.vakifbank.com.tr/Default.aspx?pageID=2783 Home Page / Investor Relations / Corporate Governance / Policies / Anti-Bribery and Corruption Policy "In case of violation of the Anti-Bribery and Corruption policy, disciplinary penalties are brought to the agenda according to the nature of the incident. In case of violation of the Anti-Bribery and Anti-Corruption Policy, due to the evaluation of the Inspection Board, disciplinary penalties may come to the fore."

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
4. BOARD OF DIRECTORS-I	
4.2. Principles of Activity of the Board of Directors	
Date of the last board evaluation conducted	There is no performance-based remuneration system for the Members of the Board of Directors.
Whether the board evaluation was externally facilitated or not	No
Whether all board members are discharged or not	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Audit Committee: Abdülkadir AKSU, Sadık YAKUT Credit Committee: Abdi Serdar ÜSTÜNSALİH, Mustafa SAYDAM, Şahin UĞUR, Cemil Ragıp ERTEM (Substitute Member) ve Adnan ERTEM (Substitute Member) Corporate Governance Committee: Abdulkadir AKSU, Adnan ERTEM and Sadık YAKUT Remuneration Committee Member: Adnan ERTEM and Şahin UĞUR
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Within the scope of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation Process, the reports about the practices of the Bank are presented to the Audit Committee every three months by the Internal Control Department. In addition, within the scope of the Regulation on Banks' Information Systems and Electronic Banking Services, the findings that are detected as a result of the activities carried out by the Information Systems Internal Control Directorate and findings that have not been corrected for more than a year are presented to the Audit Committee annually. In addition, findings that are detected and ongoing as a result of information systems internal control activities and critical findings that cannot be resolved despite the first action date are reported to senior management annually.
The name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	**Integrated Annual Report 2022** **Part:** Assessment of the Internal Systems and Operations **Page 166-171**
Name of the Chairman	Mustafa SAYDAM
Name of the CEO / General Manager	Abdi Serdar ÜSTÜNSALİH
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Pursuant to of Article 24 Paragraph 1 of the VakıfBank Articles of Incorporation, Chairman of the Board of Directors cannot be elected as CEO.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	Covered with Manager Financial Liability insurance policy of USD 10,000,000 limit between 27.05.2022-27.05.2023. No PDP notification.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None
The number and ratio of woman directors	There are no women members on the Board of Directors of our Bank.

Structure of the Board of Directors

Name-Surname	Executive or Not	Independent Member or Not	The First Election Date to Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether a Member Ceased to Qualify as an Independent Member	Whether Minimum 5 Years of Experience in Audit/Accounting and/or Finance Is Held
Abdülkadir Aksu	Non-executive	Independent director	27.05.2019	PDP notification has not been made.	Considered	No	Yes
Mustafa Saydam	Non-executive	Not independent director	26.03.2021			No	Yes
Abdi Serdar Üstünsalih	Executive	Not independent director	27.05.2019	-		No	Yes
Dr. Adnan Ertem	Non-executive	Not independent director	28.10.2010	-		No	Yes
Şahin Uğur	Non-executive	Not independent director	9.06.2017	-		No	Yes
Haydar Kemal Kurt	Non-executive	Independent director	25.03.2022	PDP notification has not been made.	Considered	No	No
Prof Dr. Mehmet Hüseyin Bilgin	Non-executive	Independent director	25.03.2022	PDP notification has not been made.	Considered	No	Yes
Sadık Yakut	Non-executive	Not independent director	27.05.2019	-		No	Yes
Cemil Ragıp Ertem	Non-executive	Not independent director	13.08.2018	-		No	Yes

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
The number of physical board meetings involving members attending in person in the reporting period	The Board of Directors have been gathered 62 times in 2022.
Average attendance rate at board meetings	Attendance rate was 98% in 2022.
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Although the agenda files of the Board of Directors Meeting vary, they are presented to our Members at least 2 days before the meeting day.
The name of the section on the corporate website that demonstrates information about the board charter	The relevant information has been given in the section of Investor Relations/ Corporate Governance/ Articles of Incorporation. The working principles of the Board of Directors are regulated in Articles 19, 20, 21, 22, 23 in the Articles of Association of our Bank.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy related with this. However, the shareholders allowed the Board of Directors to take other positions out of the Bank pursuant to the Article 396 of Turkish Commercial Code which is titled "Prohibition of Competition" in the 68th General Assembly Meeting 2022.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	**Integrated Annual Report 2022** **Part:** Committees **Page 146-147**
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/1013245

Composition of Board Committees-II

Names of the Board Committees	Name of Committees Defined as "Other" In the First Column	Name-Surname of Committee Members	Whether Committee Chair or Not	Whether Board Member or Not
Audit Committee		Abdülkadir Aksu	No	Board member
Audit Committee		Sadık Yakut	No	Board member
Other	Credit Committee	Abdi Serdar Üstünsalih	No	Board member
Other	Credit Committee	Şahin Uğur	No	Board member
Other	Credit Committee	Mustafa Saydam	No	Board member
Other	Credit Committee (Substitute Member)	Cemil Ragıp Ertem	No	Board member
Other	Credit Committee (Substitute Member)	Adnan Ertem	No	Board member
Corporate Governance Committee		Sadık Yakut	No	Board member
Corporate Governance Committee		Adnan Ertem	No	Board member
Corporate Governance Committee		Abdülkadir Aksu	No	Board member
Corporate Governance Committee	Ali Tahan	No		Not board member
Corporate Governance Committee	Korhan Turgut	No		Not board member
Remuneration Committee	Şahin Uğur	No		Board member
Remuneration Committee	Dr. Adnan Ertem	No		Board member

Annex 7: Corporate Governance Principles Compliance Report (CRF-CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
4. BOARD OF DIRECTORS-III	
4.5. Committees Established under the Board of Directors-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/ website)	https://www.vakifbank.com.tr/committees.aspx?pageID=2528 Home Page / Investor Relations / Corporate Governance / Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	https://www.vakifbank.com.tr/committees.aspx?pageID=2528 Home Page / Investor Relations / Corporate Governance / Committees
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	In accordance with the Article 4.5.1 of Communiqué on Corporate Governance (II-17.1), Corporate Governance Committee carries out the duties of the Nomination Committee. https://www.vakifbank.com.tr/committees.aspx?pageID=2528 Home Page / Investor Relations / Corporate Governance / Committees
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	https://www.vakifbank.com.tr/committees.aspx?pageID=2528 Home Page / Investor Relations / Corporate Governance / Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	https://www.vakifbank.com.tr/committees.aspx?pageID=2528 Home Page / Investor Relations / Corporate Governance / Committees
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	**Integrated Annual Report 2022** **Part:** Our Financial Capital **Page 68-81,** Evaluation of the Bank's Financial Position, Profitability and Solvency **Page 498-499**
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Home Page / Investor Relations / Corporate Governance / Policies / Remuneration Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2789
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	**Integrated Annual Report 2022** **Part:** Corporate Governance Principles Compliance Report, Financial Rights Provided to the Board of Directors **Page 163**

Composition of Board Committees-III

Names of the Board Committees	Name of Committees Defined as "Other" in the First Column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee		100%	50%	21	77
Other	Credit Committee	80%	0%	38	433
Corporate Governance Committee		100%	20%	3	3
Remuneration Committee		100%	0%	2	2

Annex 8: Sustainability Principles Compliance Report

	PRINCIPLES	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
	A. General Principles						
	A1. Strategy, Policy and Targets						
A1.1	The Board of Directors determines environmental, social and governance (ESG) priority issues, risks and opportunities.	X					Corporate Governance, page 133 Committee Structures and Policies, page 145 Our Value Creation Model, page 58-60 Determining the Materiality, page 54 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	The Board of Directors establishes ESG policies (For example: Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) and declares to the public.	X					Our Bank's website, Investor Relations, Corporate Governance, Policies https://www.vakifbank.com.tr/corporate-governance.aspx?pageID=1304
A1.2	The short and long term goals in line with ESG policies are declared to the public.	X					Our Medium and Long Term (3 to 5 Years) Goals, page 64-65 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	A2. Implementation/Monitoring						
A2.1	The committees and/ or units responsible for the implementation of ESG policies as well as the highest-level person in charge of ESG issues and their duties are determined and publicly disclosed.	X					Corporate Governance, Committee Structures and Policies, page 133, 145 Sustainability Management, page 181-182 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	The responsible committee / unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year.	X					Committee Structures and Policies, 145 Meeting Schedule of the Committees and Attendance at Meetings, page 147 Integrated Annual Report 2022, https://www.vakifbank.com.tr/corporate-governance.aspx?pageID=1304

Annex 8: Sustainability Principles Compliance Report

	PRINCIPLES	COMPLIANCE STATUS					
		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
A2.2	Implementation and action plans in line with the ESG targets are formed and declared to the public.	X					Integrated Thinking in VakıfBank, page 38-67 Our Medium and Long Term (3 to 5 Years) Goals, page 64-65 Responsible Financing, page 80-81 Corporate Social Responsibility in VakıfBank, page 106-107 Human Rights, Equal Opportunity and Diversity, page 117-118 Climate Change and Environmental Performance of the Bank, page 130-131 Annex 3: Environmental Performance Indicators, page 507 Annex 4: Social Performance Indicators, page 508-511 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
A2.3	The scope of ESG Key Performance Indicators (KPI) and relevant indicators are announced on a yearly basis.	X					Our Performance Indicators by Capital Elements, page 61 Annex-3 Environmental Performance Indicators, page 507 Annex 4: Social Performance Indicators, page 508-511 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
A2.4	Activities that improve sustainability performance in business processes, products, and services have been disclosed to the public.	X					Responsible Finance and Sustainable Development, page 74-81 Our Material Topics and Sustainability Approach, page 50-57 Climate Change and Environmental Performance of the Bank, page 130-131 Our Contribution to the Sustainable Development Goals and Our Strategies, page 66-67 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	A3. Reporting						
A3.1	Information regarding the performance of the Incorporation in terms of sustainability performance, targets and activities are included correctly and adequately in the annual report.	X					Integrated Thinking in VakıfBank, page 38-67 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
A3.2	Information about its activities on which of the United Nations (UN) 2030 Sustainable Development Goals are related to has been disclosed to the public by the Incorporation.	X					The Relation of Our Material Topics with Capital Components and UN Sustainable Development Goals, page 56-57 Our Contribution to the Sustainable Development Goals and Our Strategies, page 66-67 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
A3.3	Information about the important lawsuits filed and/or concluded in ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.	X					Other Information on the Bank and its Activities, page 171 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	A4. Verification						
A4.1	ESG Key Performance metrics of the Incorporation have been verified and publicly disclosed by an independent third party organization.	X					Independent Assurance Statement, page 184-185 Annex 5: Reporting Guidelines for Integrated Annual Report 2022, page 512-517 Annex 6 Verification Statement, page 518-520 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	B. Environmental Principles						
B1	The Company has disclosed its policies and practices in the field of environmental management, action plans, environmental management systems (known with ISO 14001 standard), and programs to the public.	X					Integrated Thinking in VakıfBank, page 38-67 Our Medium and Long Term (3 to 5 Years) Goals, page 64-65 Climate Change and Environmental Performance of the Bank, page 130-131 Safe Working Environment, page 120-121 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638 Environmental Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2793
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared to provide information on environmental management.	X					About the Report, page 14 Annex 5: Reporting Guidelines for Integrated Annual Report 2022, page 512-517 Annex 6: Verification Statement, page 518-520 Annex 11: Task Force on Climate-Related Financial Disclosures (TCFD), page 551 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638 CDP Climate Change Report 2022, page 1, 98 https://www.vakifbank.com.tr/documents/pdf/CDP_Climate_Change_Questionnaire_2022.pdf
B3	Stated in A2.1.						

Annex 8: Sustainability Principles Compliance Report

	PRINCIPLES	COMPLIANCE STATUS					
		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems based on stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.	X					Our Medium and Long Term (3 to 5 Years) Goals page 64-65 Annex 9: UN Global Compact (UNGC) Communication on Progress page 545 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B5	How priority environmental issues are integrated into business targets and strategies has been disclosed to the public.	X					Our Medium and Long Term (3 to 5 Years) Goals page 64-65 Our Material Topics and Sustainability Approach, sayfa 50-57 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B6	Stated in A2.4.						
B7	How environmental issues are managed and integrated into business targets and strategies throughout the company's value chain, including the operational process, suppliers and customers has been disclosed to the public.	X					Supplier Selection and Compliance Policy / https://www.vakifbank.com.tr/supplier-selection-and-compliance-policy.aspx?pageID=3997
B8	Whether the environment organizations and non-governmental organizations are involved in the policy-making processes or not, and the collaborations with these institutions and organizations have been disclosed to the public.	X					Memberships and Collaborations, page 105 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B9	In the light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Indirect energy), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), comparable information on its environmental impacts are disclosed to the public.	X					Annex-3 Environmental Performance Indicators, page 503 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B10	Standards, protocols, methodologies, and reference year details used to collect and calculate data are disclosed to the public.	X					Annex 5: Reporting Guidelines for Integrated Annual Report 2022, page 512-517 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638

	PRINCIPLES	COMPLIANCE STATUS					
		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
B11	The status of the environmental indicators for the reporting year (increase or decrease) in comparison with previous years has been described.	X					Annex-3 Environmental Performance Indicators, page 503 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B12	Short and long term targets to reduce environmental impact are set and these targets are announced together with information on their progress in relation to the goals set in the past years.	X					Our Medium and Long Term (3 to 5 Years) Goals page 64-65 Climate Change and Environmental Performance of the Bank, page 130-131 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B13	The strategy and actions to combat the climate crisis are announced.			X			Climate Risk, page 177 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B14	In order to prevent or minimize the potential negative impact of products and/or services on the environment, programs or procedures have been established and disclosed to the public.	X					Environmental and Social Risk Management System / https://www.vakifbank.com.tr/Default.aspx?pageID=5150 The Policy of Management of Environmental and Social Impacts in VakıfBank Lending Processes / https://www.vakifbank.com.tr/Default.aspx?pageID=5100
	Actions for reducing greenhouse gas emissions of third parties (eg. suppliers, subcontractors, dealers, etc.) are taken and these actions have been disclosed to the public.	X				During environmental and social risk assessment carried out in scope of the Environmental and Social Risk Management System applied for loan applications of USD 20 million and above, annual greenhouse gas emission data of companies are requested, and it is aimed to provide different types of information requests with this infrastructure in case of need.	Our Material Topics and Sustainability Approach, page 50-57 Responsible Financing, page 80-81 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638

Annex 8: Sustainability Principles Compliance Report

	PRINCIPLES	COMPLIANCE STATUS					
		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
B15	The environmental benefits / profits and cost savings provided by projects and initiatives carried out to reduce environmental impact are announced.		X			The calculation of benefit/ gain and cost savings in the process of analyzing environmental and social risks performed in the loan allocation process is not disclosed to the public.	
B16	The total energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling) data are announced as Scope-1 and Scope-2.	X					Annex-3 Environmental Performance Indicators, page 503 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638 CDP Climate Change Report 2022, page 94-96 / https://www.vakifbank.com.tr/documents/pdf/CDP_Climate_Change_Questionnaire_2022.pdf
B17	Information on electricity, heat, steam and cooling generated and consumed in the reporting year is provided.	X					Annex-3 Environmental Performance Indicators, page 503 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B18	Efforts to increase the use of renewable energy and transition to zero or low-carbon electricity have been made and disclosed to the public.	X					Climate Change and Environmental Performance of the Bank, page 130-131 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B19	The renewable generation of energy and the usage data are announced.	X					Climate Change and Environmental Performance of the Bank, page 130-131 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B20	Energy efficiency projects are realized and the amount of energy consumption and emission reduction gained by means of these studies are announced.	X					Climate Change and Environmental Performance of the Bank, page 130-131 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B21	The amount of water withdrawn, used, recycled and discharged from underground or above ground, its sources and procedures are reported.	X					Annex-3 Environmental Performance Indicators, page 503 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B22	Explains whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).				X	Although the Bank is not included in any carbon pricing system, it closely monitors the subject's developments.	
B23	The carbon credit information accumulated or purchased during the reporting period is announced.	X					Our priorities and Sustainability approach, pages 50-57 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
B24	If carbon pricing is applied in the company, details are disclosed.				X	Although the Bank is not included in any carbon pricing system, it closely monitors the subject's developments.	
B25	Platforms where the Company discloses environmental information is announced.	X					Our Social and Relational Capital, page 100-111 Memberships and Collaborations, page 105 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	C. Social Principles						
	C1. Human Rights and Labor Rights						
C1.1	Corporate Human Rights and Labor Rights Policy is established in which full compliance with the legal framework and legislation regulating the human rights and business life in Türkiye, ILO Conventions that are ratified by Türkiye and the Universal Declaration of Human Rights is committed. Roles and responsibilities associated with the implementation of the policy are determined and announced.	X					Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787

Annex 8: Sustainability Principles Compliance Report

	PRINCIPLES	COMPLIANCE STATUS					
		YES	NO	PARTIAL	NOT APPLICABLE	DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
C1.2	Considering the supply and value chain effects, the Company includes fair workforce, improvement of labor standards, women's employment and inclusion (such as nondiscrimination on women,men,gender, religious belief, language, ethnicity, race, age, disability, refugee etc.) in its policy regarding the labor rights.	X					Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787 Equal Opportunity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=4025 https://www.vakifbank.com.tr/Default.aspx?pageID=5115 Supplier Selection and Compliance Policy https://www.vakifbank.com.tr/supplier-selection-and-compliance-policy.aspx?pageID=3997
C1.3	Precautions taken throughout the value chain regarding the consideration of specific economic, environmental, and social factors such as low-income groups, women, or minority rights/opportunities have been disclosed to the public.	X					Equal Opportunity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=4025
C1.4	Developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced labor and child labor are reported.	X					Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787
C1.5	Investment in employees (training, improvement policies), compensation, vested benefits, right to unionize, work/life balance solutions and talent management issues are included in employee rights policy.	X					Remuneration and Benefits https://www.vakifbank.com.tr/Default.aspx?pageID=2789 Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787 Indemnity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2790
	Dispute resolution processes are determined by creating mechanisms for employee complaints and dispute.	X					Ethical Principles of Banking, page 178 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	The activities carried out to ensure employee satisfaction during the reporting period are announced.	X					Employee Engagement and Satisfaction https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
C1.6	Occupational health and safety policies are established and declared to the public.	X					Occupational Health and Safety Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2788 Our Intellectual Capital, page 82-93 Annex 4: Social Performance Indicators, page 504-507 https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	The occupational accidents, measures taken to maintain health, and accident statistics are announced.	X					Our Intellectual Capital, page 82-93 Annex 4: Social Performance Indicators, page 504-507 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
C1.7	Protection of personal data and data security policies are established and disclosed to the public.	X					Privacy Policy, https://www.vakifbank.com.tr/Default.aspx?pageID=4005 Cookie Policy, https://www.vakifbank.com.tr/Default.aspx?pageID=4020 Information about the Law on the Protection of Personal Data, https://www.vakifbank.com.tr/information-on-the-protection-of-personal-data-law.aspx?pageID=3894
C1.8	Ethical policy is established and declared to the public.	X					Ethical Principles Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2794
C1.10	Information meetings and training programs for employees on ESG policies and practices are organized.	X					Employee Development and Training, page 124-125 Compliance and Audit, page 179 Safe Working Environment, page 120-121 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	C2. Stakeholders, International Standards and Initiatives						
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints is established and announced.	X					Customer Satisfaction Policy / https://www.vakifbank.com.tr/customer-satisfaction-policy.aspx?pageID=3996
C2.2	Information on stakeholders communication (with which stakeholders, on what issue and how often) is announced.	X					Our Material Topics and Sustainability Approach, page 50-57 Stakeholder Communication and Transparency, page 104-105 Customer Experience and Satisfaction, page 102-103 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638 Customer Satisfaction Policy https://www.vakifbank.com.tr/customer-satisfaction-policy.aspx?pageID=3996

Annex 8: Sustainability Principles Compliance Report

	PRINCIPLES	COMPLIANCE STATUS				DESCRIPTION	REPORT INFORMATION (Including the page number)/LINK ON PUBLIC DISCLOSURE
		YES	NO	PARTIAL	NOT APPLICABLE		
C2.3	International reporting standards adopted for the reportings are disclosed.	X					Annex 9: UN Global Compact (UNGC) Communication on Progress page 545 Annex 10: UN Principles for the Empowerment of Women (UN WEPs) Progress Report page 546 Annex 11: Task Force on Climate-Related Financial Disclosures (TCFD), page 551 Annex 12: GRI Standards Content Index page 548 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
C2.4	Principles, signatory and member international organizations, committees and principles on sustainabilty and adopted by the Company are disclosed.	X					Our Material Topics and Sustainability Approach, page 50-57 Sustainability Management, page 181-182 Memberships and Collaborations, page 105 Annex 9: UN Global Compact (UNGC) Communication on Progress page 545 Annex 10: UN Principles for the Empowerment of Women (UN WEPs) Progress Report page 546 Annex 11: Task Force on Climate-Related Financial Disclosures (TCFD), page 551 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
C2.5	Improvements and activities are conducted in order to be listed in the sustainability indices of Borsa Istanbul and/or international index providers.	X					Our Material Topics and Sustainability Approach, page 50-57 Sustainability Management, page 181-182 Human Rights, Equal Opportunity and Diversity, page 117-118 Our Social and Relational Capital, page 100-111 Memberships and Collaborations, page 105 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
	D. Corporate Governance Principles						
D1	Stakeholders were consulted in determining measures and strategies in the field of sustainability.	X					Our Material Topics and Sustainability Approach page 50-57 Committees, page 146-147 Sustainability Management, page 181-182 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638
D2	Efforts have been made to increase awareness about sustainability and its importance through social responsibility projects, awareness-raising activities, and trainings.	X					Our Social and Relational Capital, page 100-111 Corporate Social Responsibility in VakıfBank, page 106-107 Integrated Annual Report 2022, https://www.vakifbank.com.tr/annual-reports.aspx?pageID=638

Annex 9: UN Global Compact (UNGC) Communication on Progress (COP)

UN Global Compact (UNGC) Communication on Progress (COP)		
Principles		**Related Title**
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Responsible Finance Human Rights, Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Supplier Selection and Compliance Policy Equal Opportunity Policy
	Principle 2: Businesses make sure that they are not complicit in human rights abuses.	Responsible Finance Human Rights, Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Supplier Selection and Compliance Policy
WORKING STANDARDS	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Remuneration and Benefits VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Annex 4: Social Performance Indicators
	Principle 4: The elimination of all forms of forced and compulsory labor	Responsible Finance Human Rights, Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy Supplier Selection and Compliance Policy
	Principle 5: The effective abolition of child labor	Responsible Finance Human Rights, Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy Supplier Selection and Compliance Policy
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	Human Rights, Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Equal Opportunity Policy Annex 4: Social Performance Indicators
ENVIRONMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges	Climate Change and Environmental Performance of the Bank Responsible Finance VakıfBank Ethical Principles Policy Environmental Policy Sustainability Policy
	Principle 8: Undertake initiatives to promote greater environmental responsibility.	Climate Change and Environmental Performance of the Bank Responsible Finance and Sustainable Development Environmental Policy Sustainability Policy Supplier Selection and Compliance Policy
	Principle 9: Businesses should encourage the development and diffusion of environment-friendly technologies	Climate Change and Environmental Performance of the Bank Responsible Finance and Sustainable Development Digital Transformation and Innovation Environmental Policy Sustainability Policy
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	VakıfBank Anti-Bribery and Anti-Corruption Policy VakıfBank Ethical Principles Policy Corporate Governance Combating Bribery and Corruption Responsible Supply Chain Supplier Selection and Compliance Policy

Annex 10: UN Women's Empowerment Principles (UN WEPs) Communication on Progress

	UN WEPs Progress Report	Related Title
Principle 1	Providing High-Level Corporate Leadership for Equality	Human Rights, Equal Opportunity and Diversity Our Material Topics and Sustainability Approach
Principle 2	Treating All Men and Women Fairly at the Workplace, Respecting Human Rights and Principles of Non-Discrimination, and Supporting These Principles;	Human Rights, Equal Opportunity and Diversity Capacity Building and Talent Management Remuneration and Benefits VakıfBank Remuneration Policy VakıfBank Ethical Principles Policy Equal Opportunity Policy
Principle 3	Ensuring Health, Security and Prosperity for All Women and Men	Human Rights, Equal Opportunity and Diversity Safe Working Environment Remuneration and Benefits Ethical Principles of Banking Occupational Health and Safety Policy VakıfBank Ethical Principles Policy VakıfBank Human Rights and Employee Rights Policy Equal Opportunity Policy
Principle 4	Supporting Women Through Education, Courses and Professional Development Opportunities	Human Rights, Equal Opportunity and Diversity Capacity Building and Talent Management Employee Development and Trainings Equal Opportunity Policy
Principle 5	Application of Entrepreneurial Development, Supply Chain and Marketing Methods for Women's Empowerment	Support to the Real Sector Support for SMEs Human Rights, Equal Opportunity and Diversity Supplier Selection and Compliance Policy Equal Opportunity Policy
Principle 6	Promoting Equality through Community Initiatives and Advocacy Work	Human Rights, Equal Opportunity and Diversity Corporate Social Responsibility at VakıfBank-Sport Equal Opportunity Policy
Principle 7	Evaluating the Achievements Regarding Gender Equality and Public Reporting	2020 Awards Human Rights, Equal Opportunity and Diversity Corporate Social Responsibility at VakıfBank-Sport Annex-4 Social Performance Indicator

Annex 11: Task Force on Climate-Related Financial Disclosures (TCFD)

Suggestion	Recommended Statement	Related Reference
Governance	Describe the board's oversight of climate-related risks and opportunities.	Sustainability Management CDP Climate Change Report 2022 C1.1b
	Describe management's role in assessing and managing climate-related risks and opportunities.	Sustainability Management Our Material Topics and Sustainability Approach Climate Change and Environmental Performance of the Bank Risk Management CDP Climate Change Report 2022 C1.1b
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium- and long-term.	Financial Capital Risks and Opportunities Intellectual Capital Risks and Opportunities Manufactured Capital Risks and Opportunities Social and Relational Capital Risks and Opportunities Human Capital Risks and Opportunities Natural Capital Risks and Opportunities Risk Management CDP Climate Change Report 2022 C2.1a C2.3 C2.3a C2.4 C2.4a CDP Water Security Report 2022
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Our Material Topics and Sustainability Approach Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank CDP Climate Change 2022 C2.3a C2.4a C3.1 C3.2 C3.2a C3.2b CDP Water Security Report 2022
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate Change and Environmental Performance of the Bank List of Companies Covered by the Science-Based Target initiative CDP Climate Change Report 2022 C3.1 C3.2 C3.2a C3.2b CDP Water Security Report 2022
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Our Material Topics and Sustainability Approach Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank CDP Climate Change Report 2022 C2.1 C2.2 C2.2a C-FS2.2b C-FS2.2c C-FS2.2e CDP Water Security Report 2022
	Describe the organization's processes for managing climate-related risks.	Environmental Policy Responsible Financing and Sustainable Development Climate Change and Environmental Performance of the Bank Risk Management CDP Climate Change Report 2022 C2.1 C2.2 C-FS2.2e CDP Water Security Report 2022
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk Management Responsible Finance and Sustainable Development CDP Climate Change Report 2022 C2.1 C2.2 CDP Water Security Report 2022
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Financial Capital Risks and Opportunities Intellectual Capital Risks and Opportunities Manufactured Capital Risks and Opportunities Social and Relational Capital Risks and Opportunities Human Capital Risks and Opportunities Natural Capital Risks and Opportunities Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank Risk Management Annex 3: Social Performance Indicators CDP Climate Change Report 2022 C4.2 C4.2a C4.2b C9.1 CDP Water Security Report 2022
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks.	Annex 3: Social Performance Indicators CDP Climate Change Report 2022 C6.1 C6.3 C6.5 C-FS14.1 C-FS14.1a C-FS14.1b
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Our Performance Indicators by Capital Elements Our Medium and Long-Term (3 to 5 Years) Goals Climate Change and Environmental Performance of the Bank CDP Climate Change Report 2022 C4.1 C4.1a C4.1b C4.2 C4.2a C4.2b
GRI 201-2		

Annex 12: GRI Standards Content Index

GRI CONTENT INDEX ESSENTIALS SERVICE 2023

GRIContent Index - Basic Service, the GRI Services team reviewed that the GRI Content Index was presented in a clear and consistent manner in line with the standards and references to disclosures 2-1 to 2-5, 3-1 and 3-2 were consistent with the relevant sections of the report. The service was performed on the Turkish version of the Report.

Declaration of Use	T. Vakıflar Bankası T.A.O. reported the information specified in the GRI content index for the period 1 January 2022-31 December 2022 by referring to the GRI Standards.
GRI 1 Use	GRI 1: Foundation 2021

GRI Standard	Statements	Related Title	
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational Details	VakıfBank in Brief History and Ownership Structure	20-26-27
	2-2 Units involved in the reporting of the organization	About the Report	14
	2-3 Reporting period, frequency and contact person	About the Report Contact-Back Cover	14-561
	2-4 Information changes	No information changes have been made.	552
	2-5 External Audit	Independent Assurance Statement	184-185
	2-6 Activities, value chain and other business relations	Direct Economic Value Generated and Distributed	70
	2-7 Employees	Annex-4 Social Performance Indicator	508-511
	2-8 Workers who are not employees	Annex-4 Social Performance Indicator	508-511
	2-9 Governance Structure	Committee Structures and Policies	145
	2-10 Election of the top management	Corporate Governance Principles	149-163
	2-11 Chair of the highest governance body	Corporate Governance Principles	149-163
	2-12 Duties of the top management level in managing the effects	Committees	146-147
	2-13 Delegation of authority in managing effects	Committees	146-147
	2-14 Duties of the top management in sustainability reporting	Declaration of Responsibility Committees	30 146-147
	2-15 Conflict of interest	Committees Other Information on Bank and its Operations https://www.vakifbank.com.tr/Default.aspx?pageID=2794	146-147 171
	2-16 Communication of critical issues	Stakeholder Engagement and Transparency Committees	104-105 146-147
	2-17 Collective knowledge of the highest governance body	Board of Directors	135-139
	2-18 Performance evaluation of the top management level	Committees	146-147
	2-19 Remuneration policies	Committees https://www.vakifbank.com.tr/maddi-ve-sosyal-haklar.aspx?pageID=114	146-147
	2-20 Remuneration processes	Committees	146-147
	2-21 Annual total wage ratio	Financial Rights Committees	144 146-147
	2-22 Sustainable development strategy	Our Material Topics and Sustainability Approach	50-57
	2-23 Policies	Committee Structures and Policies	145
	2-24 Embedding policy commitments	Committee Structures and Policies Sustainability Management	145 181-182
	2-25 Processes that regulate negative effects	Customer Experience and Satisfaction Ethical Principles of Banking Prevention of Laundering of Criminal Proceeds and Terrorism Financing Combating Bribery and Corruption	102-103 178 179 180
	2-26 Complaint mechanism	Customer Experience and Satisfaction Ethical Principles of Banking	102-103 178
	2-27 Compliance with laws and regulations	There were no penalties for non-compliance with laws and regulations during the reporting period.	549
	2-28 Memberships	Memberships and Collaborations	105
	2-29 Stakeholder engagement	Our Material Topics and Sustainability Approach	50-57
	2-30 Collective bargaining agreements	Annex-4 Social Performance Indicator	508-511

Annex 12: GRI Standards Content Index

GRI Standard	Statements	Related Title	
Material Topics			
GRI 3: Materiality Topics 2021	3-1 Process to determine material topics	Our Material Topics and Sustainability Approach	50-57
	3-2 Öncelikli konular listesi	Our Material Topics and Sustainability Approach	50-57
Financial and Economic Performance			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Our Financial Capital	68-81
GRI 201 Economic Performance 2016	201-1 Economic Value Generated and Distributed	Direct Economic Value Generated and Distributed	70
	201-2 Financial impacts and other risks and opportunities arising from Climate Change	Trends and Highlights in the Banking Sector Climate Change and Environmental Performance of the Bank Annex 11: Task Force on Climate-Related Financial Disclosures (TCFD)	48-49 130-131 551
	201-3 Benefits and Retirement Plans	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2022 Explanations on Obligations Regarding Employee Rights Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2022 Explanations on Obligations Regarding Employee Rights	475 223
	201-4 Financial aid from the government	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2022 INFORMATION ON GOVERNMENT INCENTIVES Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2022 INFORMATION ON GOVERNMENT INCENTIVES	382 229
GRI 203 Indirect Economic Impacts 2016	203-1 Infrastructure investments and supported services	Responsible Finance and Sustainable Development Annex 2: Five-Year Summary Financial Information	74-81 505-506
	203-2 Indirect economic impacts	Direct Economic Value Generated and Distributed	70

GRI Standard	Statements	Related Title	
Supplier Management			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Responsible Supply Chain Supplier Selection and Compliance Policy (https://www.vakifbank.com.tr/supplier-selection-and-compliance-policy.aspx?pageID=3997)	108
GRI 204 Responsible Purchasing Practices 2016	204-1 Local Purchase Rate	Responsible Supply Chain	108
Business Ethics			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Prevention of Laundering of Criminal Proceeds and Terrorism Financing Combating Bribery and Corruption Corporate Governance Principles Compliance Report Anti-Bribery and Anti-Corruption Policy (https://www.vakifbank.com.tr/rusvet-ve-yolsuzlugun-onlenmesi-politikasi.aspx?pageID=1030) Masak Compliance Policy (https://www.vakifbank.com.tr/Default.aspx?pageID=2784)	179 180 149-163
GRI 205 Anti-Corruption 2016	205-1 Anti-corruption	Prevention of Laundering of Criminal Proceeds and Terrorism Financing Combating Bribery and Corruption	179 180
	205-2 Anti-corruption trainings, policies and procedures	Prevention of Laundering of Criminal Proceeds and Terrorism Financing Combating Bribery and Corruption	179 180
	205-3 Reported complaints about corruption and actions taken	Prevention of Laundering of Criminal Proceeds and Terrorism Financing Combating Bribery and Corruption	179 180
GRI 206 Anti-Competitive Behavior 2016	206-1 Legal proceedings for anticompetitive conduct, trust and monopoly practices	During the reporting period, there were no lawsuits regarding anti-competitive behavior, trust and monopoly activities.	551

Annex 12: GRI Standards Content Index

GRI Standard	Statements	Related Title	
Social Responsibility			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Corporate Social Responsibility in VakıfBank Explanations and Notes to the Consolidated Financial Statements Prepared as of December 31, 2022 EXPLANATIONS RELATED TO TAX APPLICATIONS Explanations and Notes to the Unconsolidated Financial Statements Prepared as of December 31, 2022 EXPLANATIONS RELATED TO TAX APPLICATIONS	106-107 379 225
GRI 207 Tax 2019	207-1 Tax approach	VakıfBank acts in line with the principle of transparency in tax. In this context, you can access our Bank's tax practices from the Explanations Regarding Tax Practices in Section 3 of the Independent Audit Report. In addition, our Bank contributes to the development of the financial system by sharing its views on tax-related issues with the relevant institutions and organizations in order to support sustainable development.	552
	207-2 Governance, control and risk management in tax matters	VakıfBank acts in line with the principle of transparency in tax. In this context, you can access our Bank's tax practices from the Explanations Regarding Tax Practices in Section 3 of the Independent Audit Report. In addition, our Bank contributes to the development of the financial system by sharing its views on tax-related issues with the relevant institutions and organizations in order to support sustainable development.	552
Climate Change and Environmental Performance of the Bank			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Climate Change and Environmental Performance of the Bank Sustainability Management Environmental Policy (https://www.vakifbank.com.tr/Default.aspx?pageID=2793)	130-131 181-182
GRI 302 Energy 2016	302-1 Organizasyon içindeki enerji tüketim	Annex 3: Social Performance Indicators	503
	302-4 Reducing energy consumption	Annex 3: Social Performance Indicators	503
GRI 303 Water and Wastewater 2018	303-3 Water withdrawal	Annex 3: Social Performance Indicators	503
	303-4 Water discharge	Annex 3: Social Performance Indicators	503
	303-5 Water consumption	Since we are in banking sector, the amount of water drawn and discharged is equal to each other. For this reason, the water consumption of our Bank is zero.	552

GRI Standard	Statements	Related Title	
GRI 305 Emissions2016	GRI 305-1 - Direct (Scope 1) greenhouse gas emissions	Annex 3: Social Performance Indicators	503
	305-2 Indirect energy (Scope 2) greenhouse gas	Annex 3: Social Performance Indicators	503
	305-3 Other indirect (Scope 3) greenhouse gas emissions	Annex 3: Social Performance Indicators	503
	305- Greenhouse gas emission intensity	Annex 3: Social Performance Indicators	503
	305-5 Reduction of greenhouse gas emissions	Annex 3: Social Performance Indicators	503
GRI 306 Environmental Compliance 2020	306-1 Significant impacts on waste and waste generation	Annex 3: Social Performance Indicators	503
	306-2 Management of waste-related impacts	Annex 3: Social Performance Indicators	503
Equal Opportunity and Diversity			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Human Capital Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787	112-127
GRI 401 Employment 2016	401-1 New recruitments and employee turnover rate	Annex 4: Social Performance Indicators	508-511
	401-2 Benefits provided to full-time employees, not provided to temporary or part-time employees	Human Rights, Equal Opportunity and Diversity Remuneration and Benefits	117-118 119
	401-3 Maternity leave	Annex 4: Social Performance Indicators	508-511
GRI 405 Equal Opportunity and Diversity 2016	405-1 Diversity of governance bodies and employees	Board of Directors Annex 4: Social Performance Indicators	135-139 508-511
	405-2 Ratio of basic salary and remuneration of women to men	There is no gender discrimination in remuneration. Remuneration is based on seniority and performance.	553

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GRI Standard	Statements	Related Title	
Employee Engagement and Satisfaction			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Employee Engagement and Satisfaction Safe Working Environment Remuneration and Benefits Occupational Health and Safety Policy (https://www.vakifbank.com.tr/is-sagligi-ve-guvenligi.aspx?pageID=2619) Remuneration Policy (https://www.vakifbank.com.tr/Default.aspx?pageID=2777)	114-116 120-121 119
GRI 403 Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System	Safe Working Environment	120-121
	403-2 Damage Identification, Risk Assessment and Case Study	Safe Working Environment	120-121
	403-3 Occupational Health Services	Safe Working Environment	120-121
	403-4 Employee Participation in OHS Processes, Consultation and Communication Methods	Safe Working Environment	120-121
	403-5 Employee OHS trainings	Safe Working Environment Employee Development and Trainings	120-121 124-125
	403-6 Supporting Occupational Health	Safe Working Environment Employee Engagement and Satisfaction Remuneration and Benefits	120-121 114-116 119
	403-7 Protection and Prevention of OHS Effects Arising from Business Relationships	Safe Working Environment	120-121
	403-8 Employees within the scope of occupational health and safety management system	Annex 4: Social Performance Indicators	508-511
	403-9 Occupational Injuries	Annex 4: Social Performance Indicators	508-511
	403-10 Occupational Diseases	Annex 4: Social Performance Indicators	508-511
GRI 407 Collective Bargaining and Union Right 2016	407-1 Operations and suppliers where freedom of association and the right to collective bargaining may be at risk	Annex 4: Social Performance Indicators	508-511

GRI Standard	Statements	Related Title	
Capacity Building and Talent Management			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Employee Development and Trainings Capacity Building and Talent Management	124-125 122-123
GRI 404 Training and Education 2016	404-1 Average annual training hours per employee	Annex 4: Social Performance Indicators	508-511
	404-2 Programs aimed at improving employee skills and orientation programs	Employee Development and Trainings	124-125
	404-3 Percentage notification of employees who receive regular performance and career development assessments	Human Rights, Equal Opportunity and Diversity Capacity Building and Talent Management	117-118 122-123
Human Rights			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Human Rights, Equal Opportunity and Diversity https://www.vakifbank.com.tr/Default.aspx?pageID=2787	117-118
GRI 406 Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There have been no cases of discrimination.	555
Digital Transformation			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Digital Transformation and Innovation	84-85
Inovation			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Digital Transformation and Innovation Information Technologies	84-85 88-89
Customer Experience and Satisfaction			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Customer Experience and Satisfaction	102-103

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GRI Standard	Statements	Related Title	
Responsible Finance and Sustainable Development			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Responsible Finance and Sustainable Development	74-81
Corporate Governance			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Corporate Governance	133
Compliance and Audit			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Compliance and Audit	179
Risk Management			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Risk Management	172-177
System Continuity and Data Security			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Business Continuity and Customer Information Security	90-91
Financial Literacy			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Corporate Social Responsibility in VakıfBank Employee Engagement and Satisfaction	106-107 114-116
Financial Inclusion			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Financial Inclusion	96
Stakeholder Engagement and Transparency			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Stakeholder Engagement and Transparency	104
Non-Financial Performance			
GRI 3: Materiality Topics 2021	3-3 Management of materiality topics	Digital Transformation and Innovation Internet Banking and Mobile Banking Extensive ATM Network Corporate Social Responsibility in VakıfBank Employee Engagement and Satisfaction Human Rights, Equal Opportunity and Diversity Safe Working Environment Capacity Building and Talent Management Employee Development and Trainings Climate Change and Environmental Performance of the Bank	84-85 86-87 97 106-107 114-116 117-118 120-121 122-123 124-125 130-131

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